VILLAGE OF BARONS

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

VILLAGE OF BARONS

DECEMBER 31, 2015

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Scase & Partners
Professional Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNCIL
VILLAGE OF BARONS

We have audited the accompanying consolidated financial statements of Village of Barons, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Suite 32, 2333 18th Avenue NE, Calgary Alberta. T2E 8T6
Suite 1000, 640 – 8th Avenue SW, Calgary, Alberta T2P 1G7
Ph: 403-735-0735 Fax: 403-735-2377
www.scase.ca

Partners are members of CPA Alberta

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Village of Barons as at December 31, 2015, the results of its operations, changes in its net financial assets (debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Scase & Partners

Professional Accountants

March 11, 2016
Calgary, Alberta

VILLAGE OF BARONS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash and investments (Note 2)	$ 862,520	$ 829,474
Receivables:		
Taxes and grants in lieu receivable (Note 3)	44,689	62,804
Trade and other receivables	65,442	56,305
Due from other governments - GST	19,883	24,128
Land held for resale	16,345	16,345
	1,008,879	989,056
LIABILITIES		
Accounts payable and accrued liabilities	77,047	-
Deposit liabilities	27,782	15,716
Deferred revenue (Note 6)	564,723	577,821
Long term debt (Note 5)	141,357	149,940
	810,909	743,477
NET FINANCIAL ASSETS (DEBT)	197,970	245,579
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 4)	2,904,365	2,816,943
Prepaid expenses	23,070	21,678
	2,927,435	2,838,621
ACCUMULATED SURPLUS (Schedule 1, (Note 10)	$ 3,125,405	$ 3,084,200

APPROVED:

_______________________ **Mayor**

_______________________ **Councilor**

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

	BUDGET (Unaudited)	2015	2014
REVENUE			
Net municipal taxes (Schedule 3)	$ 209,283	$ 209,156	$ 217,506
User fees and sales	257,300	156,071	155,724
Penalties and costs of taxes	10,000	10,457	7,233
Government transfers (Schedule 4)	-	50,879	41,647
Fines	-	5,081	6,448
Franchise and concession contracts	9,000	17,389	10,814
Investment income	3,000	3,646	5,358
Licences and permits	1,900	745	980
Other	11,900	10,798	(2,437)
	502,383	464,222	443,273
EXPENSES			
Legislative	16,300	11,845	10,685
Administration	197,283	205,080	189,022
Fire	62,323	81,143	88,807
Bylaws enforcement	19,100	18,329	22,297
Common service	101,226	47,317	42,017
Roads, streets, walks, lighting	121,100	100,079	108,375
Water supply and distribution	104,449	108,652	96,921
Wastewater treatment and disposal	29,980	39,737	42,320
Waste management	41,143	42,048	41,883
Family and community support	2,236	2,236	2,170
Land use, planning, zoning and development	4,245	-	-
Subdivision land development	-	3,745	3,658
Parks and recreation	27,702	40,248	38,782
Culture	2,926	-	-
	730,013	700,459	686,937
(SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(227,630)	(236,237)	(243,664)
Government transfers for capital (Schedule 4)	235,412	277,440	260,563
(SHORTFALL) EXCESS OF REVENUE OVER EXPENSES	7,782	41,203	16,899
ACCUMULATED SURPLUS, beginning of year	7,223,930	3,084,200	3,067,301
ACCUMULATED SURPLUS, end of year	$ 7,231,712	$ 3,125,403	$ 3,084,200

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2015

	BUDGET (Unaudited)	2015	2014
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	$ 7,782	$ 41,203	$ 16,899
Acquisition of tangible capital assets	(30,000)	(214,884)	(202,169)
Proceeds on disposal of tangible capital assets	-	1,500	-
Amortization of tangible capital assets	-	125,631	124,570
(Gain) loss on sale of tangible capital assets	-	334	-
	(30,000)	(87,419)	(77,599)
Acquisition of supplies inventories	-	-	-
Acquisition of prepaid assets	-	(23,073)	(21,678)
Use of supplies inventories	-	-	-
Use of prepaid assets	-	21,678	19,396
		(1,395)	(2,282)
DECREASE (INCREASE) IN NET DEBT	(22,218)	(47,611)	(62,982)
NET FINANCIAL ASSETS (DEBT), beginning of year	(487,911)	245,579	308,561
NET FINANCIAL ASSETS (DEBT), end of year	$ (510,129)	$ 197,968	$ 245,579

The accompanying notes form an integral part of these financial statements

VILLAGE OF BARONS

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	$ 41,203	$ 16,899
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization	125,631	124,570
(Gain) loss on disposal of tangible capital assets	334	
Amortization adjustment		
Non-cash changes to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	18,115	931
Decrease (increase) in due from government trade receivables	4,245	(5,345)
Decrease (increase) in trade land other receivables	(9,137)	(2,394)
Decrease (increase) in prepaid expenses	(1,392)	(2,280)
Increase (decrease) in accounts payable and accrued liabilities	77,046	
Increase (decrease) in deposit liabilities	12,066	
Increase (decrease) in deferred revenue	(13,098)	492,536
CASH PROVIDED BY OPERATING TRANSACTIONS	255,013	624,917
CAPITAL		
Acquisition of tangible capital assets	(214,884)	(202,170)
Sale of tangible capital assets	1,500	
CASH APPLIED TO CAPITAL TRANSACTIONS	(213,384)	(202,170)
FINANCING		
Long-term debt repaid	(8,583)	(8,191)
CASH APPLIED TO FINANCING TRANSACTIONS	(8,583)	(8,191)
CHANGE IN CASH AND CASH EQUIVALENTS	33,046	414,556
CASH AND CASH EQUIVALENTS, beginning of year	829,474	414,918
CASH AND CASH EQUIVALENTS, end of year	$ 862,520	$ 829,474
CASH AND CASH EQUIVALENTS IS REPRESENTED BY:		
Cash and temporary investments (Note 2)	$ 862,520	$ 829,474
Less: restricted portion of cash and cash investments	(675,309)	(182,761)
	$ 187,211	$ 646,713
INTEREST PAID ON LONG-TERM DEBT	$ 6,986	$ 7,378

The accompanying notes form an integral part of these financial statements

VILLAGE OF BARONS

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014
BALANCE, beginning of year	$ 335,426	$ 81,771	$ 2,667,004	$ 3,084,201	$ 3,067,301
Excess (deficiency) of revenues over expenses	41,203			41,203	16,899
Current year funds used for tangible capital assets	(214,884)		214,884		
Disposal of tangible capital assets	1,833		(1,833)		
Annual amortization expense	125,631		(125,631)		
Long term debt decrease	(8,583)		8,583		
Change in accumulated surplus	(54,800)		96,003	41,203	16,899
BALANCE, end of year	$ 280,626	$ 81,771	$ 2,763,007	$ 3,125,404	$ 3,084,200

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 2

				ENGINEERED STRUCTURES						
	LAND	LAND IMPROVEMENTS	BUILDINGS	ROADS AND STREETS	WATER SYSTEM	WASTE SYSTEM	MACHINERY AND EQUIPMENT	VEHICLES	2015	2014
COST:										
BALANCE, beginning of year	$ 81,714	$ 30,062	$ 638,398	$ 1,250,767	$ 1,858,561	$ 363,095	$ 294,745	$ 129,058	$ 4,646,400	$ 4,444,230
Acquisition of tangible capital assets	13,760	41,385	14,361			112,261		33,117	214,884	202,169
Disposal of tangible capital assets		(15,424)						(36,682)	(52,106)	
BALANCE, end of year	95,474	56,023	652,759	1,250,767	1,858,561	475,356	294,745	125,493	4,809,178	4,646,399
ACCUMULATED AMORTIZATION:										
BALANCE, beginning of year		26,561	260,531	894,493	305,666	155,718	124,346	62,142	1,829,457	1,704,886
Annual amortization		2,107	11,784	43,602	24,780	3,807	29,532	10,018	125,630	124,570
Reverse amortization on disposals		(15,424)						(34,848)	(50,272)	
BALANCE, end of year		13,244	272,315	938,095	330,446	159,525	153,878	37,312	1,904,815	1,829,456
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	$ 95,474	$ 42,779	$ 380,444	$ 312,672	$ 1,528,115	$ 315,831	$ 140,867	$ 88,181	$ 2,904,363	$ 2,816,943
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	$ 81,714	$ 3,501	$ 377,867	$ 356,274	$ 1,552,895	$ 207,377	$ 170,399	$ 66,916	$ 2,816,943	

SCHEDULE OF PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 3

	BUDGET (Unaudited)	2015	2014
TAXATION			
Real property taxes	$ 261,374	$ 218,250	$ 223,694
Linear property taxes	-	5,610	6,041
Business taxes	-	36,126	36,081
Government grants in place of property taxes	-	1,261	4,555
	261,374	261,247	270,371
REQUISITIONS			
Alberta School Foundation Fund	49,609	49,609	50,427
Seniors Lodge	2,482	2,482	2,438
	52,091	52,091	52,865
NET MUNICIPAL TAXES	$ 209,283	$ 209,156	$ 217,506

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2015
SCHEDULE 4

	BUDGET (Unaudited)	2015	2014
TRANSFERS FOR OPERATING:			
Provincial Government	$ -	$ 49,379	$ 41,647
Other Local Governments	-	1,500	-
	-	50,879	41,647
TRANSFERS FOR CAPITAL:			
Provincial Government	235,412	277,440	260,563
	235,412	277,440	260,563
TOTAL GOVERNMENT TRANSFERS	$ 235,412	328,319	$ 302,210

SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 5

	BUDGET (Unaudited)	2015	2014
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	$ 204,936	$ 176,518	$ 165,011
Contracted and general services	236,564	227,655	209,888
Materials, goods and utilities	274,350	160,374	177,258
Provision for allowances	250	-	-
Transfers to local boards and agencies	5,161	2,926	2,832
Bank charges and short-term interest	200	35	-
Interest on long-term debt	7,751	6,986	7,378
Purchases from other governments	800	-	-
Amortization of tangible capital assets	-	125,631	124,570
Loss on disposal of tangible capital assets	-	334	-
	$ 730,012	$ 700,459	$ 686,937

VILLAGE OF BARONS

SCHEDULE OF SEGMENTED DISCLOSURE - REVENUES AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	$ 209,157	$	$	$	$	$	$	$ 209,157
Government transfers	24,915	46,420	80,029	2,000	47,880	127,075		328,319
User fees and sales of goods	3,785	1,150	5,731			145,404		156,070
Investment income	3,646							3,646
Contributed assets								
Other revenues	29,846	5,000	5,081	3,798		745		44,470
	271,349	52,570	90,841	5,798	47,880	273,224		741,662
EXPENSES								
Contract and general services	94,045	35,265		3,745	12,107	82,496		227,658
Salaries and wages	112,994		23,582		12,911	27,031		176,518
Goods and supplies	9,163	43,575	64,056		2,378	41,202		160,374
Transfers to local boards	2,926							2,926
Long-term debt interest	6,986							6,986
Other expenses	369							369
	226,483	78,840	87,638	3,745	27,396	150,729		574,831
NET REVENUE BEFORE AMORTIZATION	44,866	(26,270)	3,203	2,053	20,484	122,495		166,831
Amortization Expense		20,298	59,758		12,852	32,723		125,631
NET REVENUE	$ 44,866	$ (46,568)	$ (56,555)	$ 2,053	$ 7,632	$ 89,772	$	$ 41,200

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Barons are the representations of management prepared in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Canada. Significant aspects of the accounting policies adopted by the town 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 and are therefore, accountable to the village council for the administration of their financial affairs and resources. Included with the municipality are the following:

Village of Barons Fire Department

Village of Barons Family & Community Support Services

The schedule of taxes levied also includes requisitions for education, health, social and other external organization that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties.

(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.

(c) 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.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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) 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, provided the Consolidated Change in Net Financial Assets (Debt) for the year.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which included all amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less residual value of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land Improvements	15-20 years
Buildings	25-50 years
Engineered Structures	
Water System	35-65 years
Wastewater system	35-65 years
Other engineered structures	15-40 years
Machinery and equipment	5-20 years
Vehicles	3-20 years

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

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.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the municipality.

Where a taxpayer has elected to repay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by the amount equal to the debt repayment.

(g) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards for local governments requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures 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.

(h) Requisition Over-levies and Under-levies

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.

2. CASH AND TEMPORARY INVESTMENTS

	2015	2014
Cash	$ 368,565	$ 340,652
Investments - cash	493,955	488,822
	$ 862,520	$ 829,474

2. CASH AND TEMPORARY INVESTMENTS, continued

	2015	2014
Restricted cash		
Restricted surplus	$ 81,771	$ 81,771
Deferred revenue	564,723	577,821
Deposits and other amounts	27,782	15,716
	674,276	675,308
	$ 188,244	$ 154,166

Temporary investments are short-term deposits with maturities within the normal operating cycle of the village.

Investments - cash are term deposits with maturities that extend beyond the normal operating cycle of the village.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2015	2014
Current taxes and grants in place of taxes	$ 38,961	$ 37,878
Arrears taxes	5,728	24,926
	44,689	62,804
Less: allowance for doubtful accounts		
	$ 44,689	$ 62,804

4. TANGIBLE CAPITAL ASSETS

NET BOOK VALUE	2015	2014
Land	$ 95,474	$ 81,714
Buildings	380,445	377,867
Land Improvements	42,779	3,501
Engineered Structures		
Roadway system	312,673	356,274
Storm drainage	257,416	145,155
Water distribution system	1,528,115	1,552,895
Wastewater treatment system	58,415	62,223
Machinery and equipment	140,867	170,398
Vehicles	88,181	66,916
	$ 2,904,365	$ 2,816,943

5. LONG-TERM DEBT

	2015	2014
AMFC debentures	$ 141,357	$ 149,940
Current Portion	$ 8,994	$ 8,583

	Principle	Interest	Total
2016	$ 8,994	$ 6,575	$ 15,569
2017	9,424	6,145	15,569
2018	9,874	5,695	15,569
2019	10,346	5,223	15,569
2020	10,841	4,728	15,569
Thereafter	91,878	17,105	108,983
	$ 141,357	$ 45,471	$ 186,828

Debenture debt is payable to Alberta Municipal Financing Authority and matures in 2032 with annual interest of 4.726%.

Debenture debt is issued on the credit and security of the Village of Barons at large.

Interest on long-term debt amounted to $6,986 (2014 $7,378)

6. DEFERRED REVENUE AND DEPOSIT LIABILITIES

	2015	2014
Unearned income		
MPC bond	$ 13,828	$ 1,779
Tax surplus	11,438	11,422
Water deposits	2,516	2,516
Deferred revenue	564,723	577,821
	$ 592,505	$ 593,538

7. SALARY AND BENEFITS DISCLOSURE

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

	2015			2014
	Salary (1)	Benefits and Allowances (2)	Total	Total
Deputy Mayor Gorzitiza	$ 3,860	$	$ 3,860	$ 2,160
Mayor Weistra	2,120		2,120	3,580
Councilor Golding	2,460		2,460	1,710
Administrator	70,394	3,939	74,333	66,660

(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 amid dismemberment insurance, long and short term disability plans, professional memberships and tuition.

(3) Benefits and allowance figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services. retirement services, concession loans, travel allowances, car allowances and club memberships.

8. 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 Barons be disclosed as follows:

	2015	2014
Total debt limit	$ 696,333	$ 664,910
Total debt	(141,357)	(149,940)
Amount of debt limit (exceeded) unused	$ 554,976	$ 514,970

	2015	2014
Debt servicing limit	$ 116,056	$ 110,818
Debt servicing	(15,569)	(15,569)
Amount of debt servicing limit (exceeded) unused	$ 100,487	$ 95,249

The debt limit is calculated as 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be

8. DEBT LIMITS, continued

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.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2015	2014
Tangible capital assets (Schedule 2)	$ 4,809,180	$ 4,646,400
Accumulated amortization (Schedule 2)	(1,904,815)	(1,829,456)
Long-term debt (Note 5)	(141,357)	(149,940)
	$ 2,763,008	$ 2,667,004

10. ACCUMULATED SURPLUS

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

	2015	2014
Unrestricted surplus	$ 280,626	$ 335,426
Restricted surplus (Schedule 1)	81,771	81,771
Equity in tangible capital assets	2,763,008	2,667,003
	$ 3,125,405	$ 3,084,200

11. 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 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 5.525% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 7.4% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 4.525% of pensionable salary up to the year's maximum pensionable salary and 6.47% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2015 were $15,838 (2014 - $14,502). Total current service contributions by the employees of the Village to the LAPP in 2015 were $14,537 (2014 - $13,292).

12. CONTINGENCIES

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

13. FINANCIAL INSTRUMENTS

The village's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable, deposit liabilities, accrued liabilities, and long-term debt. It is management's opinion that the village is not exposed to significant interest or currency risk arising from there financial instruments.

The village is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimize the credit risk.

Unless otherwise noted, the reported value of these financial instruments approximate fair value.

14. SEGMENTED DISCLOSURE

The Village of Barons 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.

15. ROUNDING IN THE FINANCIAL STATEMENTS

Certain of the balances in the consolidated financial statements may vary due to formula rounding.

16. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

MANAGEMENT REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report as of December 31, 2015 are the responsibility of the management of the Village of Barons.

Management has prepared these consolidated financial statements. Financial statements are not precise since they include certain amounts based on estimated and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Village maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate and that the Village's assets are properly accounted for and adequately safeguarded.

The elected Council of the Village of Barons is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council meets regularly with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Council also approves the engagement or re-appointment of the external auditors. The Council reviews the financial reports.

The consolidated financial statements have been audited by Scase & Partners Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of Council, residents and ratepayers of the Village. Scase & Partners Professional Accountants has full and free access to Council.

Mayor

April 11/16

Date