
VILLAGE OF BARONS

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

VILLAGE OF BARONS

DECEMBER 31, 2022

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VILLAGE OF BARONS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements and other information contained in this Financial Report as of December 31, 2022 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 estimates 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 consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The Village of Barons 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 of Barons' 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 consolidated 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 & Partner Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of Council, residents and ratepayers of the Village of Barons. Scase & Partners has full and free access to Council.



Mayor

Apr 19 / 2023
Date



SCASE & PARTNER

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNCIL VILLAGE OF BARONS

Opinion

We have audited the consolidated financial statements of the Village of Barons, which comprise the consolidated statement of financial position for the year ended December 31, 2022 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Barons as at December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Village of Barons in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Village'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 liquidate the Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 our 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 Village'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 Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Village to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Village's audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.

April 18, 2023
Calgary, Alberta

Scase & Partner

Chartered Professional Accountants

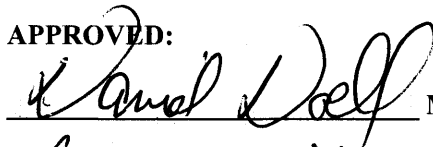
VILLAGE OF BARONS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and investments (Note 2)	\$ 503,960	\$ 481,951
Receivables:		
Taxes and grants in lieu receivable (Note 3)	47,284	36,625
Due from other governments (Note 3)	553,310	438,889
Trade and other receivables (Note 3)	75,438	64,747
Land held for resale (Note 4)	728	728
	1,180,720	1,022,940
LIABILITIES		
Accounts payable and accrued liabilities	2,494	1,247
Deposit liabilities (Note 7)	17,745	17,347
Deferred revenue (Note 7)	823,900	705,760
Long term debt (Note 6)	68,616	80,518
	912,755	804,872
NET FINANCIAL ASSETS (DEBT)	267,965	218,068
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2, Note 5)	2,612,784	2,892,313
Prepaid expenses	17,226	25,642
	2,630,010	2,917,955
ACCUMULATED SURPLUS (Schedule 1, Note 11)	\$ 2,897,975	\$ 3,136,023

APPROVED:

 Mayor

 Councilor

The accompanying notes form an integral part of these financial statements

VILLAGE OF BARONS

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2022

	BUDGET (Unaudited)	2022	2021
REVENUE			
Net municipal taxes (Schedule 3)	\$ 207,918	\$ 217,526	\$ 190,649
User fees and sales	187,860	196,074	179,304
Government transfers (Schedule 4)	-	51,143	69,706
Penalties and costs of taxes	15,000	9,233	5,641
Licences and permits	2,200	1,940	2,335
Fines	4,500	3,069	2,564
Franchise and concession contracts	32,373	29,591	26,746
Investment income	9,360	6,973	2,450
Other	147,300	30,000	64,986
	606,511	545,549	544,381
EXPENSES			
Legislative	20,550	27,083	12,407
Administration	286,035	279,941	273,449
Fire and disaster	24,885	25,925	108,316
Bylaws enforcement	30,006	19,347	17,232
Common service	36,750	64,859	71,299
Roads, streets, walks, lighting	32,050	64,766	82,800
Water supply and distribution	-	134,476	141,862
Wastewater treatment and disposal	29,928	40,115	24,633
Waste management	69,000	72,547	66,209
Family and community support	2,673	2,673	2,595
Subdivision land development	4,160	8,191	6,545
Parks and recreation	37,100	38,931	55,905
Culture	-	3,543	3,328
Net gain (loss) on sale of capital assets	-	4,797	-
	573,137	787,194	866,580
(SHORTFALL) OF REVENUE OVER EXPENSES			
BEFORE OTHER	33,374	(241,645)	(322,199)
Government transfers for capital (Schedule 4)	170,381	3,597	177,908
Deferred revenue adjustment	-	-	(52,366)
(SHORTFALL) EXCESS OF REVENUE OVER EXPENSES			
	203,755	(238,048)	(196,657)
ACCUMULATED SURPLUS, beginning of year	3,136,023	3,136,023	3,332,680
ACCUMULATED SURPLUS, end of year	\$ 3,339,778	\$ 2,897,975	\$ 3,136,023

The accompanying notes form an integral part of these financial statements

VILLAGE OF BARONS

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

	BUDGET (Unaudited)	2022	2021
(SHORTFALL) OF REVENUES OVER EXPENSES	\$ 203,755	\$ (238,048)	\$ (196,657)
Acquisition of tangible capital assets	(60,000)	-	(153,038)
Proceeds on disposal of tangible capital assets	-	163,500	-
Amortization of tangible capital assets	-	111,232	146,233
(Gain) loss on sale of tangible capital assets	-	4,796	-
	(60,000)	279,528	(6,805)
Acquisition of prepaid assets	-	(17,226)	(25,642)
Use of prepaid assets	-	25,643	23,168
	-	8,417	(2,474)
DECREASE (INCREASE) IN NET DEBT	143,755	49,897	(205,936)
NET FINANCIAL ASSETS, beginning of year	218,068	218,068	424,004
NET FINANCIAL ASSETS, end of year	\$ 361,823	\$ 267,965	\$ 218,068

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, 2022

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ (238,048)	\$ (196,657)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization	111,232	146,233
(Gain) loss on disposal of tangible capital assets	4,796	-
Non-cash changes to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	(114,421)	(75,497)
Decrease (increase) in due from government receivables	(10,691)	(5,593)
Decrease (increase) in trade and other receivables	(10,660)	22,078
Decrease (increase) in prepaid expenses	8,416	(2,474)
Increase (decrease) in accounts payable and accrued liabilities	1,249	(6,522)
Increase (decrease) in deposit liabilities	398	(4,763)
Increase (decrease) in deferred revenue	118,140	132,062
CASH PROVIDED BY OPERATING TRANSACTIONS	(129,589)	8,867
CAPITAL		
Acquisition of tangible capital assets	-	(153,038)
Sale of tangible capital assets	163,500	-
CASH APPLIED TO CAPITAL TRANSACTIONS	163,500	(153,038)
FINANCING		
Long-term debt repaid	(11,903)	(11,360)
CASH USED IN FINANCING TRANSACTIONS	(11,903)	(11,360)
CHANGE IN CASH AND CASH EQUIVALENTS	22,008	(155,531)
CASH AND CASH EQUIVALENTS, beginning of year	481,951	637,482
CASH AND CASH EQUIVALENTS, end of year	\$ 503,959	\$ 481,951
CASH AND CASH EQUIVALENTS IS REPRESENTED BY:		
Cash and temporary investments (Note 2)	\$ 503,960	\$ 481,951
INTEREST PAID ON LONG-TERM DEBT	\$ 3,666	\$ 4,210

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, 2022 SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
BALANCE, beginning of year	\$ 242,458	\$ 81,771	\$ 2,811,794	\$ 3,136,023	\$ 3,332,680
(Deficiency) of revenues over expenses	(238,048)	-	-	(238,048)	(196,657)
Disposal of tangible capital assets	168,297	-	(168,297)	-	-
Annual amortization expense	111,232	-	(111,232)	-	-
Long term debt decrease	(11,903)	-	11,903	-	-
Change in accumulated surplus	29,578	-	(267,626)	(238,048)	(196,657)
BALANCE, end of year	\$ 272,036	\$ 81,771	\$ 2,544,168	\$ 2,897,975	\$ 3,136,023

VILLAGE OF BARONS

SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 2

	LAND		ENGINEERED STRUCTURES		MACHINERY AND VEHICLES		2022	2021
	LAND	IMPROVEMENTS	ROADS AND STREETS	WATER SYSTEM	WASTE SYSTEM	EQUIPMENT		
COST:								
BALANCE, beginning of year	\$ 99,609	\$ 74,687	\$ 703,012	\$ 1,386,552	\$ 1,882,628	\$ 609,271	\$ 551,267	\$ 5,398,175
Acquisition of assets	-	-	-	-	-	-	-	153,038
Disposal of tangible capital assets	-	-	-	-	-	(171,669)	(178,694)	(350,363)
BALANCE, end of year	99,609	74,687	703,012	1,386,552	1,882,628	609,271	379,598	5,200,850
								5,551,213
ACCUMULATED AMORTIZATION:								
BALANCE, beginning of year	-	39,263	351,465	1,135,473	479,131	205,538	300,080	2,512,667
Annual amortization	-	4,021	13,593	27,898	24,781	8,020	27,245	146,233
Reverse amortization on disposals	-	-	-	-	-	-	(84,475)	(182,066)
BALANCE, end of year	-	43,284	365,058	1,163,371	503,912	213,558	242,850	2,658,900
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 99,609	\$ 31,403	\$ 337,954	\$ 223,181	\$ 1,378,716	\$ 395,713	\$ 136,748	\$ 9,460
								\$ 2,612,784
								\$ 2,892,313
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 99,609	\$ 35,424	\$ 351,547	\$ 251,079	\$ 1,403,497	\$ 403,733	\$ 251,187	\$ 96,237
								\$ 2,892,313

VILLAGE OF BARONS

SCHEDULE OF PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 3

	BUDGET (Unaudited)	2022	2021
TAXATION			
Real property taxes, net of requisition	\$ 178,031	\$ 187,639	\$ 165,865
Linear property taxes, net of requisition	5,968	5,968	3,813
Land and improvements, net of requisition	23,919	23,919	20,971
	\$ 207,918	\$ 217,526	\$ 190,649
REQUISITIONS			
Alberta School Foundation Fund	\$ 52,441	\$ 52,441	\$ 53,084
Seniors Lodge	2,856	2,856	2,876
Designated Industrial Property Tax	35	-	-
	\$ 55,332	\$ 55,297	\$ 55,960

VILLAGE OF BARONS

SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 4

	BUDGET (Unaudited)	2022	2021
TRANSFERS FOR OPERATING:			
Provincial Government	\$ -	\$ 51,143	\$ 69,706
	-	51,143	69,706
TRANSFERS FOR CAPITAL:			
Provincial Government	170,381	3,597	177,908
	170,381	3,597	177,908
TOTAL GOVERNMENT TRANSFERS	\$ 170,381	\$ 54,740	\$ 247,614

VILLAGE OF BARONS

SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 5

	BUDGET (Unaudited)	2022	2021
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	\$ 252,278	\$ 248,189	\$ 249,483
Contracted and general services	323,246	300,618	316,894
Materials, goods and utilities	118,250	113,026	144,838
Transfers to local boards and agencies	4,743	4,193	4,078
Bank charges and short-term interest	1,400	1,473	844
Interest on long-term debt	7,075	3,666	4,210
Other expenses	250	-	-
Amortization of tangible capital assets	-	111,232	146,233
Loss on disposal of tangible capital assets	-	4,797	-
	\$ 707,242	\$ 787,194	\$ 866,580

VILLAGE OF BARONS

SCHEDULE OF SEGMENTED DISCLOSURE - REVENUES AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022 SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 217,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 217,526
Government transfers	10,197	5,073	4,488	4,320	3,543	27,119	-	54,740
User fees and sales of goods	2,493	-	14,054	-	-	179,527	-	196,074
Investment income	6,973	-	-	-	-	-	-	6,973
Other revenues	37,412	34,329	-	250	-	1,842	-	73,833
	274,601	39,402	18,542	4,570	3,543	208,488	-	549,146
EXPENSES								
Contract and general services	131,355	12,804	-	6,282	4,248	143,256	2,673	300,618
Salaries and wages	173,035	-	25,367	-	23,324	26,464	-	248,190
Goods and supplies	15,206	11,154	43,592	-	5,859	37,215	-	113,026
Transfers to local boards	650	-	-	-	3,543	-	-	4,193
Long-term debt interest	-	-	-	-	-	3,666	-	3,666
Other expenses	1,473	4,797	-	-	-	-	-	6,270
	321,719	28,755	68,959	6,282	36,974	210,601	2,673	675,963
NET REVENUE BEFORE AMORTIZATION								
Amortization Expense	(47,118)	10,647	(50,417)	(1,712)	(33,431)	(2,113)	(2,673)	(126,817)
Deferred revenue	1,234	7,057	58,994	-	7,410	36,536	-	111,231
prior year adjustment	-	-	-	-	-	-	-	-
NET REVENUE	\$ (48,352)	\$ 3,590	\$ (109,411)	\$ (1,712)	\$ (40,841)	\$ (38,649)	\$ (2,673)	\$ (238,048)

VILLAGE OF BARONS

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

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 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.

VILLAGE OF BARONS

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Investments

Investments are recorded at 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, provides the Consolidated Change in Net Financial Assets (Debt) 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 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:

Buildings	25-50 years
Land Improvements	15-20 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 are 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.

iii. Inventories

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

VILLAGE OF BARONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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) 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.

(h) Reserves for Future Expenditures

Reserves are established at the discretion of council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the applicable fund.

(i) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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.

(j) Fund Accounting

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Capital fund debt principal and interest payments are recorded as operating fund expenditures. Proceeds from sales of land held for resale are recorded as operating fund revenue.

VILLAGE OF BARONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(k) 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.

(l) Inventories for resale

Land held for resale is recorded at cost. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling 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 their respective functions. When land is sold the inventory balance is reduced with an offsetting adjustment to cost of operations in the statement of operations.

(m) Liability for contamination of sites.

Contaminated sites are result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under environmental standard. This standard relates to that are not in productive use and site in productive use where an unexpected event resulted in contamination. A liability for remediation of contaminated sites is recognized when all of the following criteria is met:

- an environmental standard exists
- contamination exceeds environmental standard
- the town is directly responsible or accepts responsibility
- the town expects the future economic benefits will be given up
- a reasonable estimate of the amount can be made

The town has determined that all of the above criteria have not been met and as such no amounts have been accrued.

VILLAGE OF BARONS

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

2. CASH AND TEMPORARY INVESTMENTS

	<u>2022</u>	<u>2021</u>
<u>Cash and temporary investments</u>		
Cash	\$ 142,091	\$ 71,519
Temporary investments	<u>361,869</u>	<u>410,432</u>
	<u>\$ 503,960</u>	<u>\$ 481,951</u>

Temporary investments are short-term deposits with maturities within the normal operating cycle of the village. Interest rates for the investments vary from 0.35% to 2.45%.

3. RECEIVABLES

<u>Property taxes</u>	<u>2022</u>	<u>2021</u>
Current taxes and grants in place of taxes	\$ 34,853	\$ 28,482
Arrears taxes	<u>12,431</u>	<u>8,143</u>
	47,284	36,625
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
Net property tax	<u>\$ 47,284</u>	<u>\$ 36,625</u>
<u>Other</u>		
Goods and services tax	\$ 5,230	\$ 12,385
Grants	<u>548,080</u>	<u>426,504</u>
	<u>\$ 553,310</u>	<u>\$ 438,889</u>
<u>Trade receivables</u>	<u>\$ 75,438</u>	<u>\$ 64,747</u>
Total all receivables	<u>\$ 676,032</u>	<u>\$ 540,261</u>

4. INVENTORY

Land held for resale

Inventory is comprised of parcels of land purchased and or acquired by the Village from 2001 to 2008 for future subdivision purposes. The land is recorded at the lower of cost or net realizable value. The cost includes the original purchase price and incidental costs expended by the village during ownership. 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. The land is recorded as a financial asset as it meets the requirements for such classification under the public sector standards.

VILLAGE OF BARONS

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

5. TANGIBLE CAPITAL ASSETS

	NET BOOK VALUE	2022	2021
Land		\$ 99,609	\$ 99,609
Buildings		337,954	351,547
Land Improvements		31,403	35,424
Engineered Structures			
Roadway system		223,181	251,079
Storm drainage		288,554	292,766
Water distribution system		1,378,716	1,403,497
Wastewater treatment system		107,159	110,967
Machinery and equipment		136,748	251,187
Vehicles		<u>9,460</u>	<u>96,237</u>
		<u>\$ 2,612,784</u>	<u>\$ 2,892,313</u>

6. LONG-TERM DEBT

		2022	2021
ACFA debentures		<u>\$ 68,616</u>	<u>\$ 80,518</u>
Current Portion		<u>\$ 11,903</u>	<u>\$ 11,903</u>
		<u>Principle</u>	<u>Interest</u>
2023	\$ 12,472	\$ 3,097	\$ 15,569
2024	13,068	2,501	15,569
2025	13,693	1,876	15,569
2026	14,348	1,221	15,569
2027	15,035	535	15,570
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 68,616</u>	<u>\$ 9,230</u>	<u>\$ 77,846</u>

Debenture debt is payable to Alberta Municipal Financing Authority and matures in 2027 with annual interest of 4.726%.

Debenture debt is issued on the credit and security of the Village of Barons at large. The payments for the debenture are made semi-annually in June and December of each year. Interest on long-term debt amounted to, in 2022 - \$3,666 and in 2021 - \$4,210.

VILLAGE OF BARONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

7. DEFERRED REVENUE AND DEPOSIT LIABILITIES

	<u>2022</u>	<u>2021</u>
Unearned income		
MPC bond	\$ 5,983	\$ 5,843
Tax surplus	11,762	11,504
Water deposits	-	-
Deferred revenue	<u>823,900</u>	<u>705,760</u>
	<u>\$ 841,645</u>	<u>\$ 723,107</u>
Deferred revenue consists of:		
Canada Community-Building Fund	\$ 454,060	\$ 404,060
MSI Capital	346,174	278,195
BMTG	23,504	23,505
MSI Operating	-	-
Other	<u>162</u>	<u>-</u>
	<u>\$ 823,900</u>	<u>\$ 705,760</u>

8. 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:

	<u>2022</u>			<u>2021</u>
	Salary (1)	Benefits and Allowances (2)	Total	Total
Mayor Weistra	\$ 10,875	\$ -	\$ 10,875	\$ 5,882
Deputy Mayor Doell	\$ 6,840	\$ -	\$ 6,840	\$ 1,735
Councillor Gorzitza	\$ 3,259	\$ -	\$ 3,259	\$ 1,970
Chief Administrative Officer	\$ 84,262	\$ 4,982	\$ 89,244	\$ 85,011
Designated Officer - Assessor	\$ 5,085	\$ -	\$ 5,085	\$ 4,964

- (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.
- (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.

VILLAGE OF BARONS

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

9. 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:

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 818,324	\$ 816,572
Total debt	<u>(68,616)</u>	<u>(80,518)</u>
Amount of debt limit (exceeded) unused	\$ <u>749,708</u>	\$ <u>736,054</u>
Debt servicing limit	\$ 136,387	\$ 136,095
Debt servicing	<u>(15,569)</u>	<u>(15,569)</u>
Amount of debt servicing limit (exceeded) unused	\$ <u>120,818</u>	\$ <u>120,526</u>

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 beat 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.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets (Schedule 2)	\$ 5,200,850	\$ 5,551,213
Accumulated amortization (Schedule 2)	<u>(2,588,066)</u>	<u>(2,658,900)</u>
Net book value	2,612,784	2,892,313
Long-term debt (Note 6)	<u>(68,616)</u>	<u>(80,518)</u>
	\$ <u>2,544,168</u>	\$ <u>2,811,795</u>

11. 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 (Schedule 1)	\$ 272,036	\$ 242,458
Restricted surplus (Schedule 1)	81,771	81,771
Equity in TCAs (Schedule 1)	<u>2,544,168</u>	<u>2,811,794</u>
	\$ <u>2,897,975</u>	\$ <u>3,136,023</u>

VILLAGE OF BARONS

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

12. 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 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 \$14,129 (2021 - \$15,873). Total current service contributions by the employees of the Village to the LAPP in 2022 were \$12,822 (2021 - \$14,272).

At December 31, 2021, which is the most recent actuarial assessment, the LAPP disclosed an actuarial surplus of \$11.9 billion.

13. COMMITMENTS

Interstrategy Inc.

The village has entered into a contract with Interstrategy Inc. for the management and operation of the village's website. The village is required to pay \$500 per month to the provider and the provider is responsible for active management, operation and support of the website.

Benchmark Assessment Consultants Inc.

The agreement is for the provision of assessment services of all lands and premises within the Village's boundaries primarily for taxation purposes. The fees are based on a agreed amount per parcel of land. Fees for appeals will be in addition to the cost per parcel of land assessment services.

Term of the agreement is from October 1, 2017 to June 30, 2023. Payments are as follows, excluding GST:

2023	\$ 12,530
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14. 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.

VILLAGE OF BARONS

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

15. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, receivables, accounts payable and accrued liabilities, deposit liabilities, employee benefit obligations, and long-term debt. It is management's opinion that the town is not exposed to significant interest or currency risk arising from these financial instruments. Financial instruments that are traded on an exchange are reported at fair market value at the reporting date. The adjustment to fair value at the reporting period is reported as an unrealized gain or loss in the statement of operations. All other financial instruments are reported at amortized cost unless there is a permanent decline in value at which time the adjustment to fair value is recorded as an unrealized loss in the statement of operations.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables 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 minimizes the credit risk.

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

16. 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. Schedule 6 reports the segmented revenues and expenditures for the year ended December 31, 2022.

17. COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

18. ROUNDING IN THE FINANCIAL STATEMENTS

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

19. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.