VILLAGE OF BARONS

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

VILLAGE OF BARONS

DECEMBER 31, 2023

CONTENTS

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 4
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Changes in Net Financial Assets (Debt)	7
Consolidated Statement of Cash Flows	8
Schedule of Changes in Accumulated Surplus	9
Schedule of Tangible Capital Assets	10
Schedule of Property and Other Taxes	11
Schedule or Government Transfers	12
Schedule of Consolidated Expenses by Object	13
Schedule of Segmented Disclosure	14
Notes to Financial Statements	15 - 24

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements and other information contained in this Financial Report as of December 31, 2023 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

April 29, 2024
Date

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, 2023 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, 2023, 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 Municipalities 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.

Scase & Partner

April 26, 2024
Calgary, Alberta

Chartered Professional Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and investments (Note 2)	$ 615,795	$ 503,960
Receivables:		
Taxes and grants in lieu receivable (Note 3)	51,437	47,284
Due from other governments (Note 3)	1,560,266	553,310
Trade and other receivables (Note 3)	118,078	75,438
Land held for resale (Note 4)	727	728
	2,346,303	1,180,720
LIABILITIES		
Accounts payable and accrued liabilities	-	2,494
Deposit liabilities (Note 7)	18,660	17,745
Deferred revenue (Note 7)	2,066,271	823,900
Long term debt (Note 6)	56,144	68,616
	2,141,075	912,755
NET FINANCIAL ASSETS (DEBT)	205,228	267,965
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2, Note 5)	2,669,996	2,612,784
Prepaid expenses	20,393	17,226
	2,690,389	2,630,010
ACCUMULATED SURPLUS (Schedule 1, Note 11)	$ 2,895,617	$ 2,897,975

APPROVED:

David Doell **Mayor**

Ron T. Gorzitza **Councilor**

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	BUDGET (Unaudited)	2023	2022
REVENUE			
Net municipal taxes (Schedule 3)	$ 225,879	$ 225,755	$ 217,526
User fees and sales	197,560	223,799	196,074
Government transfers (Schedule 4)	-	141,560	51,143
Penalties and costs of taxes	10,000	5,258	9,233
Licences and permits	2,200	1,530	1,940
Fines	4,000	4,686	3,069
Franchise and concession contracts	32,100	32,753	29,591
Investment income	9,360	28,183	6,973
Other	111,300	18,750	30,000
Net gain (loss) on sale of capital assets	-	14,019	-
	592,399	696,293	545,549
EXPENSES			
Legislative	27,650	24,113	27,083
Administration	247,005	238,456	279,941
Fire and disaster	15,935	57,948	25,925
Bylaws enforcement	35,223	51,211	19,347
Common service	37,550	83,103	64,859
Roads, streets, walks, lighting	37,250	68,047	64,766
Water supply and distribution	125,275	157,710	134,476
Wastewater treatment and disposal	29,775	46,620	40,115
Waste management	69,100	76,966	72,547
Family and community support	2,624	2,624	2,673
Subdivision land development	8,060	13,924	8,191
Parks and recreation	35,900	36,027	38,931
Culture	3,300	3,201	3,543
Net gain (loss) on sale of capital assets	-	-	4,797
	674,647	859,950	787,194
(SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	(82,248)	(163,657)	(241,645)
Government transfers for capital (Schedule 4)	293,399	161,299	3,597
(SHORTFALL) EXCESS OF REVENUE OVER EXPENSES	211,151	(2,358)	(238,048)
ACCUMULATED SURPLUS, beginning of year	2,897,975	2,897,975	3,136,023
ACCUMULATED SURPLUS, end of year	$ 3,109,126	$ 2,895,617	$ 2,897,975

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, 2023

	BUDGET (Unaudited)	2023	2022
(SHORTFALL) OF REVENUES OVER EXPENSES	$ 211,151	$ (2,358)	$ (238,048)
Acquisition of tangible capital assets	(201,500)	(193,365)	-
Proceeds on disposal of tangible capital assets	-	19,852	163,500
Amortization of tangible capital assets	-	130,318	111,232
(Gain) loss on sale of tangible capital assets	-	(14,019)	4,796
	(201,500)	(57,214)	279,528
Acquisition of prepaid assets	-	(20,393)	(17,226)
Use of prepaid assets	-	17,228	25,643
	-	(3,165)	8,417
DECREASE (INCREASE) IN NET DEBT	9,651	(62,737)	49,897
NET FINANCIAL ASSETS, beginning of year	267,965	267,965	218,068
NET FINANCIAL ASSETS, end of year	$ 277,616	$ 205,228	$ 267,965

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	$ (2,358)	$ (238,048)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization	130,318	111,232
(Gain) loss on disposal of tangible capital assets	(14,019)	4,796
Non-cash changes to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	(1,006,956)	(114,421)
Decrease (increase) in due from government receivables	(42,640)	(10,691)
Decrease (increase) in trade and other receivables	(4,153)	(10,660)
Decrease (increase) in land for resale	1	-
Decrease (increase) in prepaid expenses	(3,168)	8,416
Increase (decrease) in accounts payable and accrued liabilities	(2,492)	1,250
Increase (decrease) in deposit liabilities	917	398
Increase (decrease) in deferred revenue	1,242,370	118,140
CASH PROVIDED BY OPERATING TRANSACTIONS	297,820	(129,588)
CAPITAL		
Acquisition of tangible capital assets	(193,365)	-
Proceeds on sale of tangible capital assets	19,852	163,500
CASH APPLIED TO CAPITAL TRANSACTIONS	(173,513)	163,500
FINANCING		
Long-term debt repaid	(12,472)	(11,903)
CASH USED IN FINANCING TRANSACTIONS	(12,472)	(11,903)
CHANGE IN CASH AND CASH EQUIVALENTS	111,835	22,009
CASH AND CASH EQUIVALENTS, beginning of year	503,960	481,951
CASH AND CASH EQUIVALENTS, end of year	$ 615,795	$ 503,960
CASH AND CASH EQUIVALENTS IS REPRESENTED BY:		
Cash and temporary investments (Note 2)	$ 615,795	$ 503,960
INTEREST PAID ON LONG-TERM DEBT	$ 3,097	$ 3,666

The accompanying notes form an integral part of these financial statements

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	$ 272,036	$ 81,771	$ 2,544,168	$ 2,897,975	$ 3,136,023
(Deficiency) of revenues over expenses	(2,358)	-	-	(2,358)	(238,048)
Current year funds used for tangible capital assets	(193,365)	-	193,365	-	-
Disposal of tangible capital assets	5,836	-	(5,836)	-	-
Annual amortization expense	130,318	-	(130,318)	-	-
Long term debt decrease	(12,472)	-	12,472	-	-
Change in accumulated surplus	(72,041)	-	69,683	(2,358)	(238,048)
BALANCE, end of year	$ 199,995	$ 81,771	$ 2,613,851	$ 2,895,617	$ 2,897,975

VILLAGE OF BARONS

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 2

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES ROADS AND STREETS	ENGINEERED STRUCTURES WATER SYSTEM	ENGINEERED STRUCTURES WASTE SYSTEM	MACHINERY AND EQUIPMENT	VEHICLES	2023	2022
COST:										
BALANCE, beginning of year	$ 99,609	$ 74,687	$ 703,012	$ 1,386,552	$ 1,882,628	$ 609,271	$ 379,598	$ 65,493	$ 5,200,850	$ 5,551,213
Acquisition of assets	-	-	-	67,382	-	50,641	75,342	-	193,365	(350,363)
Disposal of tangible capital assets	-	-	-	-	-	-	-	(32,376)	(32,376)	-
Write (down) up of assets	-	-	-	(33,823)	-	-	29,169	-	(4,654)	-
BALANCE, end of year	99,609	74,687	703,012	1,420,111	1,882,628	659,912	484,109	33,117	5,357,185	5,200,850
ACCUMULATED AMORTIZATION:										
BALANCE, beginning of year	-	43,284	365,058	1,163,371	503,912	213,558	242,850	56,033	2,588,066	2,658,900
Annual amortization	-	4,022	13,594	34,636	24,781	14,248	35,728	3,312	130,321	111,232
Reverse amortization on disposals	-	-	-	-	-	-	-	(31,195)	(31,195)	(182,066)
BALANCE, end of year	-	47,306	378,652	1,198,007	528,693	227,806	278,578	28,150	2,687,192	2,588,066
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	$ 99,609	$ 27,381	$ 324,360	$ 222,104	$ 1,353,935	$ 432,106	$ 205,531	$ 4,967	$ 2,669,993	$ 2,612,784
2022 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	

SCHEDULE OF PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 3

	BUDGET (Unaudited)	2023	2022
TAXATION			
Real property taxes, net of requisition	$ 195,951	$ 195,827	$ 187,639
Linear property taxes, net of requisition	6,648	6,648	5,968
Land and improvements, net of requisition	23,280	23,280	23,919
	$ 225,879	$ 225,755	$ 217,526
REQUISITIONS			
Alberta School Foundation Fund	$ 54,776	$ 54,022	$ 52,441
Seniors Lodge	3,079	3,049	2,856
Designated Industrial Property Tax	40	-	-
	$ 57,895	$ 57,071	$ 55,297

SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 4

	BUDGET (Unaudited)	2023	2022
TRANSFERS FOR OPERATING:			
Provincial Government	$ -	$ 130,267	$ 51,143
Other Local Governments	-	11,293	-
	-	141,560	51,143
TRANSFERS FOR CAPITAL:			
Provincial Government	293,399	161,299	3,597
	293,399	161,299	3,597
TOTAL GOVERNMENT TRANSFERS	$ 293,399	$ 302,859	$ 54,740

SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 5

	BUDGET (Unaudited)	2023	2022
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	$ 223,200	$ 228,107	$ 248,189
Contracted and general services	320,498	357,650	300,618
Materials, goods and utilities	117,525	134,859	113,026
Transfers to local boards and agencies	4,500	3,957	4,193
Bank charges and short-term interest	1,600	1,962	1,473
Interest on long-term debt	7,075	3,097	3,666
Other expenses	250	-	-
Amortization of tangible capital assets	-	130,318	111,232
Loss on disposal of tangible capital assets	-	-	4,797
	$ 674,648	$ 859,950	$ 787,194

SCHEDULE OF SEGMENTED DISCLOSURE - REVENUES AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	$ 225,755	$ -	$ -	$ -	$ -	$ -	$ -	$ 225,755
Government transfers	130,266	4,969	129,513	-	11,293	26,818	-	302,859
User fees and sales of goods	2,165	29,197	3,416	-	-	189,021	-	223,799
Investment income	28,183	-	-	-	-	-	-	28,183
Other revenues	36,357	5,606	14,019	19,150	-	1,864	-	76,996
	422,726	39,772	146,948	19,150	11,293	217,703	-	857,592
EXPENSES								
Contract and general services	106,984	76,796	-	10,701	7,438	153,106	2,624	357,649
Salaries and wages	146,082	-	25,145	-	27,543	29,337	-	228,107
Goods and supplies	17,961	9,621	63,853	-	3,042	40,383	-	134,860
Transfers to local boards	756	-	-	-	3,201	-	-	3,957
Long-term debt interest	-	-	-	-	-	3,097	-	3,097
Other expenses	1,962	-	-	-	-	-	-	1,962
	273,745	86,417	88,998	10,701	41,224	225,923	2,624	729,632
NET REVENUE BEFORE AMORTIZATION	148,981	(46,645)	57,950	8,449	(29,931)	(8,220)	(2,624)	127,960
Amortization Expense	1,234	7,554	72,500	-	5,442	43,588	-	130,318
Deferred revenue prior year adjustment	-	-	-	-	-	-	-	-
NET REVENUE	$ 147,747	$ (54,199)	$ (14,550)	$ 8,449	$ (35,373)	$ (51,808)	$ (2,624)	$ (2,358)

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.

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.

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.

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 sires 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.

2. CASH AND TEMPORARY INVESTMENTS

	2023	2022
Cash and temporary investments		
Cash	$ 244,801	$ 142,091
Temporary investments	370,994	361,869
	615,795	503,960
Restricted cash		
Restricted surplus	81,771	81,771
Deferred revenue	520,096	275,820
Deposits and other amounts	18,660	17,745
	620,527	375,336
Unrestricted	(4,732)	128,624
Total	$ 615,795	$ 503,960

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

	2023	2022
Property taxes		
Current taxes and grants in place of taxes	$ 46,983	$ 34,853
Arrears taxes	4,454	12,431
	51,437	47,284
Less: allowance for doubtful accounts	-	-
Net property tax	51,437	47,284
Other		
Goods and services tax	14,091	5,230
Grants	1,546,175	548,080
	1,560,266	553,310
Trade receivables	118,077	75,438
Total all receivables	$ 1,729,780	$ 676,032

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.

5. TANGIBLE CAPITAL ASSETS

NET BOOK VALUE	2023	2022
Land	$ 99,609	$ 99,609
Buildings	324,361	337,954
Land Improvements	27,382	31,403
Engineered Structures		
Roadway system	222,104	223,181
Storm drainage	284,341	288,554
Water distribution system	1,353,935	1,378,716
Wastewater treatment system	147,765	107,159
Machinery and equipment	205,532	136,748
Vehicles	4,967	9,460
	$ 2,669,996	$ 2,612,784

6. LONG-TERM DEBT

	2023	2022
ACFA debentures	$ 56,144	$ 68,616
Current Portion	$ 11,903	$ 11,903

	Principle	Interest	Total
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
2028			
Thereafter	-	-	-
	$ 56,144	$ 6,133	$ 62,277

6. LONG-TERM DEBT, continued

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 2023 - $3,097 and in 2022 - $3,666.

7. DEFERRED REVENUE AND DEPOSIT LIABILITIES

	2023	2022
Unearned income		
MPC bond	$ 6,291	$ 5,983
Tax surplus	12,369	11,762
	18,660	17,745
Deferred revenue	2,066,270	823,900
	$ 2,084,930	$ 841,645
Deferred revenue consists of:		
Canada Community-Building Fund	$ 504,060	$ 454,060
MSI Capital`	242,530	346,174
BMTG	23,505	23,504
MSI Operating	-	-
AMWWP	1,296,175	-
Other	-	162
	$ 2,066,270	$ 823,900

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:

	2023			2022
	Salary (1)	Benefits and Allowances (2)	Total	Total
Mayor Weistra	$ 2,097	$ -	$ 2,097	$ 10,875
Deputy Mayor Doell	$ 8,730	$ -	$ 8,730	$ 6,840
Councillor Gorzitza	$ 5,110	$ -	$ 5,110	$ 3,259
Councillor Clinton Bishop	$ 2,315	$ -	$ 2,315	$ -
Chief Administrative Officer	$ 73,299	$ 8,463	$ 81,762	$ 84,262
Designated Officer - Assessor	$ 5,737	$ -	$ 5,737	$ 5,085

8. SALARY AND BENEFITS DISCLOSURE, continued

(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.

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:

	2023	2022
Total debt limit	$ 1,044,440	$ 818,324
Total debt	(56,144)	(68,616)
Amount of debt limit (exceeded) unused	$ 988,296	$ 749,708
Debt servicing limit	$ 174,073	$ 136,387
Debt servicing	(15,569)	(15,569)
Amount of debt servicing limit (exceeded) unused	$ 158,504	$ 120,818

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

	2023	2022
Tangible capital assets (Schedule 2)	$ 5,357,188	$ 5,200,849
Accumulated amortization (Schedule 2)	(2,687,192)	(2,588,066)
Net book value	2,669,996	2,612,783
Long-term debt (Note 6)	(56,145)	(68,616)
	$ 2,613,851	$ 2,544,167

11. ACCUMULATED SURPLUS

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

	2023	2022
Unrestricted surplus (Schedule 1)	$ 199,995	$ 272,036
Restricted surplus (Schedule 1)	81,771	81,771
Equity in TCAs (Schedule 1)	2,613,851	2,544,168
	$ 2,895,617	$ 2,897,975

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 12.23% 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 $10,482 (2022 - $14,129). Total current service contributions by the employees of the Village to the LAPP in 2023 were $9,248 (2022 - $12,822).

At December 31, 2022, which is the most recent actuarial assessment, the LAPP disclosed an actuarial surplus of $12.7 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 July 1, 2023 to June 30, 2028. Payments are as follows, excluding GST:

2024	$ 16,793

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.

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, 2023.

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.