

# **VILLAGE OF BARONS**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

# VILLAGE OF BARONS

DECEMBER 31, 2017

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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, 2017, 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.

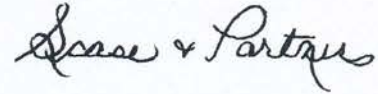
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**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, 2017, 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.

April 9, 2018  
Calgary, Alberta

A handwritten signature in black ink, appearing to read "Scase & Partners", written in a cursive style.

Professional Accountants

# VILLAGE OF BARONS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

	2017	2016
<b>FINANCIAL ASSETS</b>		
Cash and investments (Note 2)	\$ 595,031	\$ 643,102
Receivables:		
Taxes and grants in lieu receivable (Note 3)	72,572	55,916
Trade and other receivables	36,246	65,700
Due from other governments - GST	11,336	12,059
Land held for resale	16,345	16,345
	731,530	793,122
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	478	5,170
Deposit liabilities (Note 6)	15,778	15,761
Deferred revenue (Note 6)	66,468	368,696
Long term debt (Note 5)	122,940	132,363
	205,664	521,990
<b>NET FINANCIAL ASSETS (DEBT)</b>	525,866	271,132
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 4)	3,013,557	2,993,568
Prepaid expenses	20,722	20,914
	3,034,279	3,014,482
<b>ACCUMULATED SURPLUS (Schedule 1, (Note 10))</b>	\$ 3,560,145	\$ 3,285,614

**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, 2017

	BUDGET (Unaudited)	2017	2016
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 215,830	\$ 216,419	\$ 212,862
User fees and sales	248,700	164,633	154,127
Penalties and costs of taxes	14,000	13,022	13,453
Government transfers (Schedule 4)	-	42,782	41,953
Fines	-	4,210	3,665
Franchise and concession contracts	20,000	23,886	20,491
Investment income	4,000	7,608	4,341
Licences and permits	2,050	925	1,048
Other	18,300	55,388	6,000
	522,880	528,873	457,940
<b>EXPENSES</b>			
Legislative	17,250	15,306	14,817
Administration	198,706	225,255	201,178
Fire	49,150	86,689	52,167
Bylaws enforcement	16,200	11,250	17,388
Common service	32,707	53,074	65,378
Roads, streets, walks, lighting	29,320	79,190	88,574
Water supply and distribution	100,892	156,948	95,484
Wastewater treatment and disposal	32,209	39,980	40,282
Waste management	44,170	46,123	46,994
Family and community support	2,500	2,325	2,280
Subdivision land development	4,638	6,925	3,856
Parks and recreation	25,085	47,073	29,870
Culture	3,060	-	-
	555,887	770,138	658,268
<b>(SHORTFALL) OF REVENUE OVER EXPENSES</b>			
- BEFORE OTHER	(33,007)	(241,265)	(200,328)
Government transfers for capital (Schedule 4)	205,000	515,796	360,539
<b>EXCESS OF REVENUE OVER EXPENSES</b>	171,993	274,531	160,211
<b>ACCUMULATED SURPLUS, beginning of year</b>	7,231,712	3,285,614	3,125,403
<b>ACCUMULATED SURPLUS, end of year</b>	\$ 7,403,705	\$ 3,560,145	\$ 3,285,614

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, 2017

	BUDGET (Unaudited)	2017	2016
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	\$ 171,993	\$ 274,531	\$ 160,211
Acquisition of tangible capital assets	-	(168,691)	(305,851)
Proceeds on disposal of tangible capital assets	-	45,000	-
Prior year adjustment (Note 4)	-	-	79,834
Amortization of tangible capital assets	-	137,567	136,813
(Gain) loss on sale of tangible capital assets	-	(33,867)	-
	-	(19,991)	(89,204)
Acquisition of prepaid assets	-	(20,722)	(20,916)
Use of prepaid assets	-	20,916	23,073
	-	194	2,157
<b>DECREASE (INCREASE) IN NET DEBT</b>	\$ <u>171,993</u>	254,734	73,164
<b>NET FINANCIAL ASSETS, beginning of year</b>		271,132	197,968
<b>NET FINANCIAL ASSETS, end of year</b>		\$ 525,866	\$ 271,132

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, 2017

	2017	2016
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (shortfall) of revenues over expenses	\$ 274,531	\$ 160,211
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization	137,567	136,813
(Gain) loss on disposal of tangible capital assets	(33,867)	-
Prior year adjustment (Note 4)	-	79,834
Non-cash changes to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	(16,656)	(11,227)
Decrease (increase) in due from government receivables	724	7,823
Decrease (increase) in trade other receivables	29,454	(258)
Decrease (increase) in prepaid expenses	192	2,155
Increase (decrease) in accounts payable and accrued liabilities	(4,690)	(71,876)
Increase (decrease) in deposit liabilities	17	(12,021)
Increase (decrease) in deferred revenue	(302,228)	(196,027)
<b>CASH PROVIDED BY OPERATING TRANSACTIONS</b>	<b>85,044</b>	<b>95,427</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(168,691)	(305,851)
Sale of tangible capital assets	45,000	-
<b>CASH APPLIED TO CAPITAL TRANSACTIONS</b>	<b>(123,691)</b>	<b>(305,851)</b>
<b>FINANCING</b>		
Long-term debt repaid	(9,424)	(8,994)
<b>CASH APPLIED TO FINANCING TRANSACTIONS</b>	<b>(9,424)</b>	<b>(8,994)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(48,071)</b>	<b>(219,418)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>149,157</b>	<b>368,575</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 101,086</b>	<b>\$ 149,157</b>
<b>CASH AND CASH EQUIVALENTS IS REPRESENTED BY:</b>		
Cash and temporary investments (Note 2)	\$ 595,031	\$ 643,102
Less: restricted portion of cash and cash investments	(164,017)	(466,228)
	\$ 431,014	\$ 176,874
<b>INTEREST PAID ON LONG-TERM DEBT</b>	<b>\$ 6,145</b>	<b>\$ 6,576</b>

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, 2017 SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017	2016
<b>BALANCE, beginning of year</b>	\$ 342,638	\$ 81,771	\$ 2,861,206	\$ 3,285,615	\$ 3,125,404
Excess (deficiency) of revenues over expenses	274,531	-	-	274,531	160,211
Current year funds used for tangible capital assets	(168,691)	-	168,691	-	-
Disposal of tangible capital assets	11,135	-	(11,135)	-	-
Annual amortization expense	137,567	-	(137,567)	-	-
Long term debt decrease	(9,424)	-	9,424	-	-
Change in accumulated surplus	245,118	-	29,413	274,531	160,211
<b>BALANCE, end of year</b>	\$ 587,756	\$ 81,771	\$ 2,890,619	\$ 3,560,146	\$ 3,285,615

# VILLAGE OF BARONS

## SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2017

### SCHEDULE 2

	LAND		ENGINEERED STRUCTURES		WASTE MACHINERY AND		VEHICLES		2017	2016
	LAND	IMPROVEMENTS	ROADS AND STREETS	WATER SYSTEM	SYSTEM	EQUIPMENT				
<b>COST:</b>										
BALANCE, beginning of year	\$ 99,609	\$ 74,687	\$ 683,576	\$ 1,286,592	\$ 1,868,741	\$ 540,697	\$ 294,745	\$ 186,547	\$ 5,035,194	\$ 4,809,179
Acquisition of tangible capital assets	-	-	-	51,121	-	-	117,570	-	168,691	305,851
Disposal of tangible capital assets	-	-	-	(11,859)	-	-	(69,900)	-	(81,759)	(79,834)
BALANCE, end of year	99,609	74,687	683,576	1,325,854	1,868,741	540,697	342,415	186,547	5,122,126	5,035,196
<b>ACCUMULATED AMORTIZATION:</b>										
BALANCE, beginning of year	-	17,361	284,664	983,488	355,227	165,439	183,409	52,039	2,041,627	1,904,815
Annual amortization	-	4,740	12,816	42,504	24,781	8,020	26,927	17,780	137,568	136,812
Reverse amortization on disposals	-	-	-	(11,211)	-	-	(59,415)	-	(70,626)	-
BALANCE, end of year	-	22,101	297,480	1,014,781	380,008	173,459	150,921	69,819	2,108,569	2,041,627
<b>NET BOOK VALUE OF</b>										
<b>TANGIBLE CAPITAL ASSETS \$</b>	<b>99,609</b>	<b>\$ 52,586</b>	<b>\$ 386,096</b>	<b>\$ 311,073</b>	<b>\$ 1,488,733</b>	<b>\$ 367,238</b>	<b>\$ 191,494</b>	<b>\$ 116,728</b>	<b>\$ 3,013,557</b>	<b>\$ 2,993,568</b>
<b>2016 NET BOOK VALUE OF</b>										
<b>TANGIBLE CAPITAL ASSETS \$</b>	<b>99,609</b>	<b>\$ 57,326</b>	<b>\$ 398,912</b>	<b>\$ 303,104</b>	<b>\$ 1,513,514</b>	<b>\$ 375,258</b>	<b>\$ 111,336</b>	<b>\$ 134,508</b>	<b>\$ 2,993,567</b>	

# VILLAGE OF BARONS

## SCHEDULE OF PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2017

### SCHEDULE 3

	<b>BUDGET (Unaudited)</b>	<b>2017</b>	<b>2016</b>
<b>TAXATION</b>			
Real property taxes	\$ 264,524	\$ 218,580	\$ 222,917
Linear property taxes	-	5,590	5,990
Business taxes	-	39,636	33,087
Government grants in place of property taxes	-	1,307	1,307
	264,524	265,113	263,301
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	46,412	46,412	48,033
Seniors Lodge	2,282	2,282	2,406
	48,694	48,694	50,439
<b>NET MUNICIPAL TAXES</b>	<b>\$ 215,830</b>	<b>\$ 216,419</b>	<b>\$ 212,862</b>



# VILLAGE OF BARONS

## SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2017

### SCHEDULE 4

	<b>BUDGET (Unaudited)</b>	<b>2017</b>	<b>2016</b>
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	\$ -	\$ 40,282	\$ 41,541
Other Local Governments	-	2,500	412
	-	42,782	41,953
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	205,000	515,796	360,539
	205,000	515,796	360,539
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 205,000</b>	<b>558,578</b>	<b>\$ 402,492</b>

# VILLAGE OF BARONS

## SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2017

SCHEDULE 5

	BUDGET (Unaudited)	2017	2016
<b>CONSOLIDATED EXPENDITURES BY OBJECT</b>			
Salaries, wages and benefits	\$ 211,317	\$ 187,000	\$ 180,634
Contracted and general services	233,185	265,143	219,182
Materials, goods and utilities	97,950	171,184	111,856
Provision for allowances	250	-	-
Transfers to local boards and agencies	5,560	3,059	2,989
Bank charges and short-term interest	250	40	218
Interest on long-term debt	6,576	6,145	6,576
Purchases from other governments	800	-	-
Amortization of tangible capital assets	-	137,567	136,813
	\$ 555,888	\$ 770,138	\$ 658,268

# VILLAGE OF BARONS

## SCHEDULE OF SEGMENTED DISCLOSURE - REVENUES AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

### SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total
<b>REVENUE</b>								
Net municipal taxes	\$ 216,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,419
Government transfers	16,921	23,000	137,475	3,409	3,059	374,714	-	558,578
User fees and sales of goods	2,542	2,710	11,099	-	-	148,282	-	164,633
Investment income	7,608	-	-	-	-	-	-	7,608
Contributed assets	-	-	-	-	-	-	-	-
Other revenues	58,930	-	38,077	424	-	-	-	97,431
	302,420	25,710	186,651	3,833	3,059	522,996	-	1,044,669
<b>EXPENSES</b>								
Contract and general services	105,694	24,917	-	6,925	25,327	102,281	-	265,144
Salaries and wages	121,114	-	30,474	-	10,161	25,250	-	186,999
Goods and supplies	12,524	48,403	37,288	-	1,773	71,196	-	171,184
Transfers to local boards	3,059	-	-	-	-	-	-	3,059
Long-term debt interest	6,145	-	-	-	-	-	-	6,145
Other expenses	40	-	-	-	-	-	-	40
	248,576	73,320	67,762	6,925	37,261	198,727	-	632,571
<b>NET REVENUE BEFORE AMORTIZATION</b>								
Amortization Expense	53,844	(47,610)	118,889	(3,092)	(34,202)	324,269	-	412,098
	457	24,618	64,501	-	9,812	38,179	-	137,567
<b>NET REVENUE</b>	<b>\$ 53,387</b>	<b>\$ (72,228)</b>	<b>\$ 54,388</b>	<b>\$ (3,092)</b>	<b>\$ (44,014)</b>	<b>\$ 286,090</b>	<b>\$ -</b>	<b>\$ 274,531</b>



# VILLAGE OF BARONS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

### 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) 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, 2017

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (d) 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.

#### (e) 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.

#### (f) 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.



# VILLAGE OF BARONS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (g) 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.

#### (h) Pension Liability

The Village of Barons and its eligible employees participate in the Local Authorities Pension Plan, which provides pensions to the Village of Barons employees based on years of service and earnings. Employer, employee and Government of Alberta contributions and investment earnings of the LAPP Fund finance the plan.

The actuarial valuation was determined using the projected benefit method prorated on service. Assumptions used in the valuation are based on the Pension board's best estimate of future events. The plan's future experiences will inevitably differ, perhaps significantly, from the assumptions. Any differences between actuarial assumptions and future experience will emerge as gains or losses in future valuations and will be amortized over the expected average remaining service life of the employee group.

#### (i) 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.

#### (j) 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.



# VILLAGE OF BARONS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

### 2. CASH AND TEMPORARY INVESTMENTS

	<u>2017</u>	<u>2016</u>
Cash	\$ 199,086	\$ 145,697
Temporary investments	<u>395,945</u>	<u>497,405</u>
	<u>\$ 595,031</u>	<u>\$ 643,102</u>
	<u>2017</u>	<u>2016</u>
<u>Restricted cash</u>		
Restricted surplus	\$ 81,771	\$ 81,771
Deferred revenue	66,468	368,696
Deposits and other amounts	<u>15,778</u>	<u>15,761</u>
	164,017	466,228
<u>Unrestricted</u>	<u>431,014</u>	<u>176,874</u>
<u>Total</u>	<u>\$ 595,031</u>	<u>\$ 643,102</u>

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

Investments - cash and other investments that have maturities that extend beyond the normal operating cycle of the village.

### 3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2017</u>	<u>2016</u>
Current taxes and grants in place of taxes	\$ 52,704	\$ 45,111
Arrears taxes	<u>19,868</u>	<u>10,805</u>
	72,572	55,916
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 72,572</u>	<u>\$ 55,916</u>

# VILLAGE OF BARONS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

### 4. TANGIBLE CAPITAL ASSETS

NET BOOK VALUE	2017	2016
Land	\$ 99,609	\$ 99,609
Buildings	386,096	398,912
Land Improvements	52,586	57,326
Engineered Structures		
Roadway system	311,072	303,104
Storm drainage	313,851	318,064
Water distribution system	1,488,733	1,513,514
Wastewater treatment system	53,388	57,195
Machinery and equipment	191,494	111,336
Vehicles	116,728	134,508
	<u>\$ 3,013,557</u>	<u>\$ 2,993,568</u>

A prior year adjustment was made to the tangible capital assets. There was an error in the internal records of the municipality where work-in-progress on the storage drainage system was included twice when the project was completed. The over capitalized amount was \$79,833 and it happened in the 2014 fiscal year. Amortization claimed due to the error amounted to \$1,596 that has been effectively adjusted in the 2016 fiscal year as it was not material to make a retroactive entry.

### 5. LONG-TERM DEBT

		<u>2017</u>	<u>2016</u>	
AMFC debentures		\$ <u>122,940</u>	\$ <u>132,363</u>	
Current Portion		\$ <u>9,874</u>	\$ <u>9,424</u>	
		<u>Principle</u>	<u>Interest</u>	<u>Total</u>
	2018	\$ 9,874	\$ 5,695	\$ 15,569
	2019	10,346	5,223	15,569
	2020	10,841	4,728	15,569
	2021	11,360	4,209	15,569
	2022	11,903	3,666	15,569
	Thereafter	<u>68,616</u>	<u>9,230</u>	<u>77,846</u>
		\$ <u>122,940</u>	\$ <u>32,751</u>	\$ <u>155,691</u>

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 \$6,145 (2016 \$6,575)

# VILLAGE OF BARONS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

### 6. DEFERRED REVENUE AND DEPOSIT LIABILITIES

	<u>2017</u>	<u>2016</u>
Unearned income		
MPC bond	\$ 1,802	\$ 1,796
Tax surplus	11,460	11,449
Water deposits	2,516	2,516
Deferred revenue	<u>66,468</u>	<u>368,696</u>
	<u>\$ 82,246</u>	<u>\$ 384,457</u>

### 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:

	<u>2017</u>			<u>2016</u>
	Salary (1)	Benefits and Allowances (2)	Total	Total
Deputy Mayor Gorzitiza	\$ 2,140	\$ -	\$ 2,140	\$ 2,160
Mayor Weistra	4,590	-	4,590	4,230
Councilor Golding	2,450	-	2,450	3,480
Councilor Tarditi	700	-	700	-
Administrator	73,705	3,488	77,193	76,103

- (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, 2017

### 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:

	<u>2017</u>	<u>2016</u>
Total debt limit	\$ 793,310	\$ 686,910
Total debt	<u>(122,940)</u>	<u>(132,363)</u>
Amount of debt limit (exceeded) unused	\$ <u>670,370</u>	\$ <u>554,547</u>
	<u>2017</u>	<u>2016</u>
Debt servicing limit	\$ 132,218	\$ 114,485
Debt servicing	<u>(15,569)</u>	<u>(15,569)</u>
Amount of debt servicing limit (exceeded) unused	\$ <u>116,649</u>	\$ <u>98,916</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 bear 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

	<u>2017</u>	<u>2016</u>
Tangible capital assets (Schedule 2)	\$ 5,122,126	\$ 5,035,196
Accumulated amortization (Schedule 2)	<u>(2,108,569)</u>	<u>(2,041,627)</u>
Long-term debt (Note 5)	<u>(122,940)</u>	<u>(132,363)</u>
	\$ <u>2,890,617</u>	\$ <u>2,861,206</u>

# VILLAGE OF BARONS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### 10. ACCUMULATED SURPLUS

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

	<u>2017</u>	<u>2016</u>
Unrestricted surplus	\$ 587,755	\$ 342,638
Restricted surplus (Schedule 1)	81,771	81,771
Equity in tangible capital assets	<u>2,890,618</u>	<u>2,861,205</u>
	<u>\$ 3,560,144</u>	<u>\$ 3,285,614</u>

### 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 2017 were \$17,976 (2016 - \$16,235). Total current service contributions by the employees of the Village to the LAPP in 2017 were \$16,497 (2016 - \$14,902).

### 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 these 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.



# VILLAGE OF BARONS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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### 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.



# VILLAGE OF BARONS

## MANAGEMENT REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report as of December 31, 2017 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.

  
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Mayor  
\_\_\_\_\_  
Date

APRIL 24, 2018