# VILLAGE OF BARONS

## CONSOLIDATED FINANCIAL STATEMENTS

**DECEMBER 31, 2020**

# VILLAGE OF BARONS

**DECEMBER 31, 2020**

**CONTENTS**

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, 2020 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, 2020, 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 organizations 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 Municipality'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 Foundation 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



fw

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 Municipality'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 Municipality'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 Municipality 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 Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Municipality'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.

The engagement partner on the audit resulting in this independent auditor's report is Darryl Scase

Scase & Partner

April 26, 2020
Calgary, Alberta

Chartered Professional Accountants

GW

# VILLAGE OF BARONS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS AT DECEMBER 31, 2020

| | 2020 | 2019 |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| Cash and investments (Note 2) | $ 637,482 | $ 553,824 |
| Receivables (Note 3) | | |
| Taxes and grants in lieu receivable | 58,703 | 76,253 |
| Trade and other receivables | 59,154 | 98,789 |
| Due from other governments (Note 3) | 363,392 | 249,381 |
| Land held for resale | 728 | 728 |
| | 1,119,459 | 978,975 |
| **LIABILITIES** | | |
| Accounts payable and accrued liabilities | 7,769 | 3 |
| Deposit liabilities (Note 7) | 22,111 | 19,804 |
| Deferred revenue (Note 7) | 573,698 | 391,348 |
| Long term debt (Note 6) | 91,878 | 102,719 |
| | 695,456 | 513,874 |
| **NET FINANCIAL ASSETS (DEBT)** | 424,003 | 465,101 |
| **NON-FINANCIAL ASSETS** | | |
| Tangible capital assets (Note 5) | 2,885,508 | 2,919,152 |
| Prepaid expenses | 23,168 | 25,344 |
| | 2,908,676 | 2,944,496 |
| **ACCUMULATED SURPLUS** (Schedule 1), (Note 11) | $ 3,332,679 | $ 3,409,597 |

**APPROVED:**

_______________ **Mayor**

_______________ **Councilor**

The accompanying notes form an integral part of these financial statements



fw

## CONSOLIDATED STATEMENT OF OPERATIONS
## FOR THE YEAR ENDED DECEMBER 31, 2020

| | BUDGET (Unaudited) | 2020 | 2019 |
|---|---|---|---|
| **REVENUE** | | | |
| Net municipal taxes (Schedule 3) | $ 158,644 | $ 217,913 | $ 214,940 |
| User fees and sales | 185,700 | 185,359 | 188,657 |
| Penalties and costs of taxes | 15,000 | 9,933 | 13,891 |
| Government transfers (Schedule 4) | - | 77,624 | 48,251 |
| Fines | 5,000 | 3,268 | 3,932 |
| Franchise and concession contracts | 26,000 | 26,581 | 22,787 |
| Investment income | 9,000 | 8,850 | 10,041 |
| Licences and permits | 900 | 575 | 450 |
| Other | 150,440 | 52,992 | 47,641 |
| | 550,684 | 583,095 | 550,590 |
| **EXPENSES** | | | |
| Legislative | 15,650 | 10,673 | 12,287 |
| Administration | 243,126 | 250,354 | 265,604 |
| Fire | 58,940 | 100,117 | 80,655 |
| Bylaws enforcement | 20,825 | 13,956 | 9,728 |
| Common service | 30,522 | 56,033 | 58,050 |
| Roads, streets, walks, lighting | 36,896 | 60,904 | 79,802 |
| Water supply and distribution | - | 108,569 | 115,914 |
| Wastewater treatment and disposal | 40,429 | 52,102 | 42,346 |
| Waste management | 52,932 | 58,270 | 53,484 |
| Family and community support | 2,595 | 2,595 | 2,595 |
| Subdivision land development | 4,528 | 97,943 | 3,912 |
| Parks and recreation | 34,523 | 36,355 | 35,727 |
| | 540,966 | 847,871 | 760,104 |
| **(SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER** | 9,718 | (264,776) | (209,514) |
| Government transfers for capital (Schedule 4) | 207,353 | 223,767 | 95,689 |
| Deferred Revenue Prior Period Adjustment | | (35,909) | |
| **(SHORTFALL) EXCESS OF REVENUE OVER EXPENSES** | $ 217,071 | (76,918) | (113,825) |
| **ACCUMULATED SURPLUS**, beginning of year | | 3,409,597 | 3,523,422 |
| **ACCUMULATED SURPLUS**, end of year | | $ 3,332,679 | $ 3,409,597 |

The accompanying notes form an integral part of these financial statements



fw/

# VILLAGE OF BARONS

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

### FOR THE YEAR ENDED DECEMBER 31, 2020

| | BUDGET (Unaudited) | 2020 | 2019 |
|---|---|---|---|
| **EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES** | $ 217,071 | $ (76,918) | $ (113,825) |
| Acquisition of tangible capital assets | (160,100) | (101,535) | (86,413) |
| Amortization adjustment | - | - | (432) |
| Amortization of tangible capital assets | - | 135,180 | 132,432 |
| | (160,100) | 33,645 | 45,587 |
| Acquisition of prepaid assets | - | (23,168) | (25,344) |
| Use of prepaid assets | - | 25,343 | 22,305 |
| | | 2,175 | (3,039) |
| **DECREASE (INCREASE) IN NET DEBT** | $ 56,971 | (41,098) | (71,277) |
| **NET FINANCIAL ASSETS,** beginning of year | | 465,101 | 536,378 |
| **NET FINANCIAL ASSETS,** end of year | | $ 424,003 | $ 465,101 |

The accompanying notes form an integral part of these financial statements



fw

# VILLAGE OF BARONS

## CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED DECEMBER 31, 2020

| | 2020 | 2019 |
|---|---|---|
| **NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:** | | |
| **OPERATING** | | |
| Excess (shortfall) of revenues over expenses | $ (76,918) | $ (113,825) |
| Non-cash items included in excess (shortfall) of revenues over expenses: | | |
| Amortization | 135,180 | 132,432 |
| (Gain) loss on disposal of tangible capital assets | - | - |
| Amortization adjustment | - | (432) |
| Non-cash changes to operations (net change): | | |
| Decrease (increase) in taxes and grants in place receivable | (114,011) | (239,159) |
| Decrease (increase) in due from government receivables | 39,635 | (20,226) |
| Decrease (increase) in trade other receivables | 17,550 | 7,493 |
| Decrease (increase) in land for resale | - | 15,617 |
| Decrease (increase) in prepaid expenses | 2,175 | (3,038) |
| Increase (decrease) in accounts payable and accrued liabilities | 7,766 | (644) |
| Increase (decrease) in deposit liabilities | 2,306 | - |
| Increase (decrease) in deferred revenue | 182,351 | 150,811 |
| **CASH PROVIDED BY OPERATING TRANSACTIONS** | 196,034 | (70,971) |
| **CAPITAL** | | |
| Acquisition of tangible capital assets | (101,535) | (86,413) |
| **CASH APPLIED TO CAPITAL TRANSACTIONS** | (101,535) | (86,413) |
| **FINANCING** | | |
| Long-term debt repaid | (10,841) | (10,346) |
| **CASH USED IN FINANCING TRANSACTIONS** | (10,841) | (10,346) |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | 83,658 | (167,730) |
| **CASH AND CASH EQUIVALENTS,** beginning of year | 553,824 | 721,554 |
| **CASH AND CASH EQUIVALENTS,** end of year | $ 637,482 | $ 553,824 |
| **CASH AND CASH EQUIVALENTS IS REPRESENTED BY:** | | |
| Cash and temporary investments (Note 2) | $ 637,482 | $ 553,824 |
| **INTEREST PAID ON LONG-TERM DEBT** | $ 4,728 | $ 5,223 |

The accompanying notes form an integral part of these financial statements



FLJ

# VILLAGE OF BARONS

## SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

### FOR THE YEAR ENDED DECEMBER 31, 2020

### SCHEDULE 1

| | Unrestricted Surplus | Restricted Surplus | Equity in Tangible Capital Assets | 2020 | 2019 |
|---|---|---|---|---|---|
| **BALANCE**, beginning of year | $ 511,392 | $ 81,771 | $ 2,816,434 | $ 3,409,597 | $ 3,523,422 |
| Excess (deficiency) of revenues over expenses | (76,918) | - | - | (76,918) | (113,825) |
| Current year funds used for tangible capital assets | (101,535) | - | 101,535 | - | - |
| Annual amortization expense | 135,180 | - | (135,180) | - | - |
| Long term debt decrease | (10,841) | - | 10,841 | - | - |
| Change in accumulated surplus | (54,114) | - | (22,804) | (76,918) | (113,825) |
| **BALANCE**, end of year | $ 457,278 | $ 81,771 | $ 2,793,630 | $ 3,332,679 | $ 3,409,597 |



F-W

# VILLAGE OF BARONS

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

## FOR THE YEAR ENDED DECEMBER 31, 2020

## SCHEDULE 2

| | | | | ENGINEERED STRUCTURES | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | LAND | LAND IMPROVEMENTS | BUILDINGS | ROADS AND STREETS | WATER SYSTEM | WASTE SYSTEM | MACHINERY AND EQUIPMENT | VEHICLES | 2020 | 2019 |
| COST: | | | | | | | | | | |
| BALANCE, beginning of year | $ 99,609 | $ 74,687 | $ 703,012 | $ 1,402,112 | $ 1,878,393 | $ 540,697 | $ 411,582 | $ 186,547 | $ 5,296,639 | $ 5,210,226 |
| Acquisition of assets | - | - | - | - | - | - | 60,245 | 41,290 | 101,535 | 86,413 |
| Reclassification of assets | - | - | - | (15,560) | 4,235 | (4,235) | 15,560 | - | - | - |
| BALANCE, end of year | 99,609 | 74,687 | 703,012 | 1,386,552 | 1,882,628 | 536,462 | 487,387 | 227,837 | 5,398,174 | 5,296,639 |
| ACCUMULATED AMORTIZATION: | | | | | | | | | | |
| BALANCE, beginning of year | - | 31,221 | 324,278 | 1,080,184 | 429,570 | 189,498 | 217,358 | 105,379 | 2,377,488 | 2,245,488 |
| Annual amortization | - | 4,021 | 13,594 | 27,392 | 24,780 | 8,020 | 37,528 | 19,844 | 135,179 | 132,432 |
| Adjustment amortization | - | - | - | - | - | - | - | - | - | (432) |
| Reverse amortization on disposals | - | - | - | - | - | - | - | - | - | - |
| BALANCE, end of year | - | 35,242 | 337,872 | 1,107,576 | 454,350 | 197,518 | 254,886 | 125,223 | 2,512,667 | 2,377,488 |
| **NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS** | $ 99,609 | $ 39,445 | $ 365,140 | $ 278,976 | $ 1,428,278 | $ 338,944 | $ 232,501 | $ 102,614 | $ 2,885,507 | $ 2,919,151 |
| **2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS** | $ 99,609 | $ 43,466 | $ 378,734 | $ 321,928 | $ 1,448,823 | $ 351,199 | $ 194,224 | $ 81,168 | $ 2,919,151 | |



fw

# VILLAGE OF BARONS

**SCHEDULE OF PROPERTY AND OTHER TAXES**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE 3**

| | BUDGET (Unaudited) | 2020 | 2019 |
|---|---|---|---|
| **TAXATION** | | | |
| Real property taxes | $ 216,698 | $ 236,760 | $ 218,538 |
| Linear property taxes | - | 7,565 | 7,145 |
| Business taxes | - | 28,024 | 39,085 |
| Government grants in place of property taxes | - | 1,742 | 1,688 |
| | 216,698 | 274,091 | 266,456 |
| **REQUISITIONS** | | | |
| Alberta School Foundation Fund | 55,239 | 53,363 | 48,905 |
| Seniors Lodge | 2,815 | 2,815 | 2,578 |
| Designated Industrial Property Tax | - | - | 33 |
| | 58,054 | 56,178 | 51,516 |
| **NET MUNICIPAL TAXES** | $ 158,644 | $ 217,913 | $ 214,940 |

FW

# VILLAGE OF BARONS

## SCHEDULE OF GOVERNMENT TRANSFERS
## FOR THE YEAR ENDED DECEMBER 31, 2020
### SCHEDULE 4

| | BUDGET (Unaudited) | 2020 | 2019 |
|---|---|---|---|
| **TRANSFERS FOR OPERATING:** | | | |
| Provincial Government | $ - | $ 70,566 | $ 48,251 |
| Other Local Governments | - | 7,058 | - |
| | - | 77,624 | 48,251 |
| **TRANSFERS FOR CAPITAL:** | | | |
| Provincial Government | 207,353 | 223,767 | 95,689 |
| | 207,353 | 223,767 | 95,689 |
| **TOTAL GOVERNMENT TRANSFERS** | $ 207,353 | 301,391 | $ 143,940 |

RW

# VILLAGE OF BARONS

## SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT

## FOR THE YEAR ENDED DECEMBER 31, 2020

## SCHEDULE 5

| | BUDGET (Unaudited) | 2020 | 2019 |
|---|---|---|---|
| **CONSOLIDATED EXPENDITURES BY OBJECT** | | | |
| Salaries, wages and benefits | $ 186,163 | $ 198,770 | $ 197,217 |
| Contracted and general services | 298,356 | 349,411 | 244,362 |
| Materials, goods and utilities | 138,962 | 147,398 | 151,455 |
| Transfers to local boards and agencies | 3,470 | 3,468 | 3,413 |
| Bank charges and short-term interest | 956 | 1,447 | 1,222 |
| Interest on long-term debt | 6,576 | 4,728 | 5,223 |
| Other expenses | 5,860 | 7,469 | 24,780 |
| Amortization of tangible capital assets | - | 135,180 | 132,432 |
| | $ 640,343 | $ 847,871 | $ 760,104 |

fw

# VILLAGE OF BARONS

## SCHEDULE OF SEGMENTED DISCLOSURE - REVENUES AND EXPENSES

## FOR THE YEAR ENDED DECEMBER 31, 2020

## SCHEDULE 6

| | General Government | Protective Services | Transportation Services | Planning and Development | Recreation and Culture | Environmental Services | Other | Total |
|---|---|---|---|---|---|---|---|---|
| **REVENUE** | | | | | | | | |
| Net municipal taxes | $ 217,912 | $ - | $ - | $ - | $ - | $ - | $ - | $ 217,912 |
| Government transfers | 78,798 | 74,304 | 99,806 | - | 10,397 | 38,086 | - | 301,391 |
| User fees and sales of goods | 2,044 | 3,950 | 19,339 | - | - | 160,026 | - | 185,359 |
| Investment income | 8,850 | - | - | - | - | - | - | 8,850 |
| Contributed assets | - | - | - | - | - | - | - | - |
| Other revenues | 48,603 | 43,708 | - | 200 | - | 838 | - | 93,349 |
| | 356,207 | 121,962 | 119,145 | 200 | 10,397 | 198,950 | - | 806,861 |
| **EXPENSES** | | | | | | | | |
| Contract and general services | 99,641 | 45,973 | 41,660 | 4,672 | 19,783 | 137,682 | - | 349,411 |
| Salaries and wages | 141,293 | - | 27,416 | - | 7,646 | 22,415 | - | 198,770 |
| Goods and supplies | 17,264 | 46,022 | 34,305 | - | 3,253 | 46,554 | - | 147,398 |
| Transfers to local boards | - | - | - | - | 3,468 | - | - | 3,468 |
| Long-term debt interest | - | - | - | - | - | 4,728 | - | 4,728 |
| Other expenses | 1,447 | - | - | - | - | 7,469 | - | 8,916 |
| | 259,645 | 91,995 | 103,381 | 4,672 | 34,150 | 218,848 | - | 712,691 |
| **NET REVENUE BEFORE AMORTIZATION** | 96,562 | 29,967 | 15,764 | (4,472) | (23,753) | (19,898) | - | 94,170 |
| Amortization Expense | 1,234 | 31,537 | 55,216 | - | 9,013 | 38,179 | - | 135,179 |
| Deferred revenue prior year adjustment | 35,909 | - | - | - | - | - | - | 35,909 |
| **NET REVENUE** | $ 59,419 | $ (1,570) | $ (39,452) | $ (4,472) | $ (32,766) | $ (58,077) | $ - | $ (76,918) |



ftw

## 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Barons are the representations of management prepared in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Canada. Significant aspects of the accounting policies adopted by the town are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the village and are therefore, accountable to the village council for the administration of their financial affairs and resources. Included with the municipality are the following:

Village of Barons Fire Department

Village of Barons Family & Community Support Services

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

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

(b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions, and other amounts are received from third parties pursuant to legislation, regulation, or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.



FW

## 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.

fr W

## 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.

RW

## 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.

## 2. CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments

| | 2020 | 2019 |
|---|---|---|
| Cash | $ 230,093 | $ 42,565 |
| Temporary investments | 407,389 | 511,259 |
| | $ 637,482 | $ 553,824 |

| | 2020 | 2019 |
|---|---|---|
| Restricted cash | | |
| Restricted surplus | $ 81,771 | $ 81,771 |
| Deferred revenue | 227,180 | 149,935 |
| Deposits and other amounts | 22,111 | 19,804 |
| | 331,062 | 251,510 |
| Unrestricted | 306,420 | 302,314 |
| Total | $ 637,482 | $ 553,824 |

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

FW

## 3. RECEIVABLES

| Property taxes | 2020 | 2019 |
|---|---|---|
| Current taxes and grants in place of taxes | $ 37,920 | $ 51,141 |
| Arrears taxes | 20,783 | 25,112 |
| | 58,703 | 76,253 |
| Less: allowance for doubtful accounts | - | - |
| | $ 58,703 | $ 76,253 |
| Other | | |
| GST | $ 16,874 | $ 7,968 |
| Grants | 346,518 | 241,413 |
| Trade and other receivables | 59,154 | 98,789 |
| | 422,546 | 348,170 |
| Less: allowance for doubtful accounts | - | - |
| | $ 422,546 | $ 348,170 |
| | $ 481,249 | $ 424,423 |

## 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 | 2020 | 2019 |
|---|---|---|
| Land | $ 99,609 | $ 99,609 |
| Buildings | 365,141 | 378,734 |
| Land Improvements | 39,445 | 43,466 |
| Engineered Structures | | |
| Roadway system | 278,976 | 321,928 |
| Storm drainage | 296,979 | 305,426 |
| Water distribution system | 1,428,278 | 1,448,824 |
| Wastewater treatment system | 41,966 | 45,773 |
| Machinery and equipment | 232,501 | 194,224 |
| Vehicles | 102,613 | 81,168 |
| | $ 2,885,508 | $ 2,919,152 |

fw

## 6. LONG-TERM DEBT

| | 2020 | 2019 |
|---|---|---|
| AMFC debentures | $ 91,878 | $ 102,719 |
| Current Portion | $ 11,360 | $ 10,841 |

| | Principle | Interest | Total |
|---|---|---|---|
| 2021 | $ 11,360 | $ 4,209 | $ 15,569 |
| 2022 | 11,903 | 3,666 | 15,569 |
| 2023 | 12,472 | 3,097 | 15,569 |
| 2024 | 13,068 | 2,501 | 15,569 |
| 2025 | 13,693 | 1,876 | 15,569 |
| Thereafter | 29,382 | 1,756 | 31,138 |
| | $ 91,878 | $ 17,105 | $ 108,983 |

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 2020 - $4,728 (2019 - $5,223).

## 7. DEFERRED REVENUE AND DEPOSIT LIABILITIES

| | 2020 | 2019 |
|---|---|---|
| Unearned income | | |
| MPC bond | $ 5,826 | $ 5,823 |
| Tax surplus | 11,471 | 11,465 |
| Water deposits | 2,516 | 2,516 |
| Deferred revenue | 573,698 | 391,348 |
| Holdbacks | 2,297 | - |
| | $ 595,808 | $ 411,152 |
| Deferred revenue consists of: | | |
| Federal Gas Tax Fund | $ 251,694 | $ 201,694 |
| MSI Capital` | 217,194 | 181,989 |
| BMTG | 35,910 | 6,282 |
| MSI Operating | 1,385 | 1,383 |
| Other | 67,515 | - |
| | $ 573,698 | $ 391,348 |

Other

The other deferred revenue consists of $17,515 for the Municipal Operating Support Transfer (MOST) grant and $50,000 for the Municipal Stimulus (MSP) grant.

fw

## 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:

| | 2020 | | | 2019 |
|---|---|---|---|---|
| | Salary (1) | Benefits and Allowances (2) | Total | Total |
| Mayor Weistra | $ 4,975 | $ | $ 4,975 | $ 4,345 |
| Deputy Mayor Gorzitiza | $ 2,610 | $ | $ 2,610 | $ 2,040 |
| Councilor Tarditi | $ 1,755 | $ | $ 1,755 | $ 2,130 |
| Chief Administrative Officer | $ 79,213 | $ 4,085 | $ 83,298 | $ 82,171 |
| Designated Officer - Assessor | $ 4,810 | $ | $ 4,810 | $ 4,722 |

(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:

| | 2020 | 2019 |
|---|---|---|
| Total debt limit | $ 874,643 | $ 825,885 |
| Total debt | (91,878) | (102,719) |
| Amount of debt limit (exceeded) unused | $ 782,765 | $ 723,166 |
| | | |
| Debt servicing limit | $ 145,774 | $ 137,648 |
| Debt servicing | (15,569) | (15,569) |
| Amount of debt servicing limit (exceeded) unused | $ 130,205 | $ 122,079 |

fw

## 9. DEBT LIMITS, continued

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

| | 2020 | 2019 |
|---|---|---|
| Tangible capital assets (Schedule 2) | $ 5,398,174 | $ 5,296,639 |
| Accumulated amortization (Schedule 2) | (2,512,667) | (2,377,488) |
| Net book value | 2,885,507 | 2,919,151 |
| Long-term debt (Note 6) | (91,878) | (102,719) |
| | $ 2,793,629 | $ 2,816,432 |

## 11. ACCUMULATED SURPLUS

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

| | 2020 | 2019 |
|---|---|---|
| Unrestricted surplus (Schedule 1) | $ 457,279 | $ 511,394 |
| Restricted surplus (Schedule 1) | 81,771 | 81,771 |
| Equity in TCAs (Schedule 1) | 2,793,631 | 2,816,435 |
| | $ 3,332,681 | $ 3,409,600 |

## 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 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Village are required to make current

## 12. LOCAL AUTHORITIES PENSION PLAN, continued

service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2020 were $13,210 (2019 - $13,036). Total current service contributions by the employees of the Village to the LAPP in 2020 were $11,901 (2019 - $11,745).

The annual report of the LAPP was not available for the disclosure of surplus or deficiencies of the pension plan at the time of issuance of the financial statements.

## 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:

| | | |
|---|---|---|
| 2021 | $ | 4,899 |
| 2022 | $ | 5,022 |
| 2023 | $ | 5,147 |

## 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.

COVID-19 arose in the first part of the 2020 fiscal year. This has had a material impact on the operations of most organizations. Management and village council have evaluated the potential impact on the operations. The evaluation included the source of revenue for the village and the impact that the shutdown would have on the continued ability to provide services to all citizens and business of the community. The management and council placed restrictions on unnecessary expenditures other than those necessary to maintain existing services. Staff were also advised to maintain distancing both at work and home to mitigate any potential outbreak of the virus among the village staff. The steps taken would remain in place until the federal and provincial governments advised that facilities and operation could be renewed on an as usual basis.

## 15. FINANCIAL INSTRUMENTS

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

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the town provides services may experience financial difficulty and be unable to fulfil 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 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.

## 17. SUBSEQUENT EVENTS

Subsequent to year end, the Village has engaged the services of Civic Solutions Inc. to provide assistance in preparation and scheduling of the purchase, amortization and disposal of the tangible capital assets.

## 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.

kw

# 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, 2020 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-28-2021

Date

AW