
VILLAGE OF BARONS

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

VILLAGE OF BARONS

DECEMBER 31, 2021

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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, 2021 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, 2021, 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.

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

Scase & Partner

April 20, 2022
Calgary, Alberta

Chartered Professional Accountants

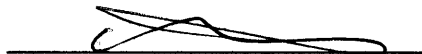
VILLAGE OF BARONS

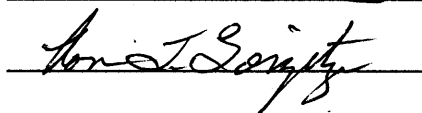
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and investments (Note 2)	\$ 481,951	\$ 637,482
Receivables:		
Taxes and grants in lieu receivable (Note 3)	36,625	58,703
Trade and other receivables (Note 3)	64,747	59,154
Due from other governments (Note 3)	438,889	363,392
Land held for resale (Note 4)	728	728
	1,022,940	1,119,459
LIABILITIES		
Accounts payable and accrued liabilities	1,247	7,768
Deposit liabilities (Note 7)	17,347	22,111
Deferred revenue (Note 7)	705,760	573,698
Long term debt (Note 6)	80,518	91,878
	804,872	695,455
NET FINANCIAL ASSETS (DEBT)	218,068	424,004
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2, Note 5)	2,892,313	2,885,508
Prepaid expenses	25,642	23,168
	2,917,955	2,908,676
ACCUMULATED SURPLUS (Schedule 1, Note 11)	\$ 3,136,023	\$ 3,332,680

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, 2021

	BUDGET (Unaudited)	2021	2020
REVENUE			
Net municipal taxes (Schedule 3)	\$ 189,622	\$ 190,649	\$ 217,913
User fees and sales	207,146	179,304	183,909
Government transfers (Schedule 4)	-	69,706	70,566
Penalties and costs of taxes	15,620	5,641	9,933
Licences and permits	1,950	2,335	2,025
Fines	4,409	2,564	3,268
Franchise and concession contracts	32,373	26,746	33,781
Investment income	9,360	2,450	8,850
Other	150,440	64,986	52,850
	610,920	544,381	583,095
EXPENSES			
Legislative	17,550	12,407	10,673
Administration	277,575	273,449	244,726
Fire and disaster	73,436	108,316	102,276
Bylaws enforcement	35,771	17,232	13,956
Common service	31,970	71,299	56,033
Roads, streets, walks, lighting	38,702	82,800	60,904
Water supply and distribution	-	141,862	113,297
Wastewater treatment and disposal	40,975	24,633	47,374
Waste management	59,721	66,209	58,270
Family and community support	2,700	2,595	2,595
Subdivision land development	4,135	6,545	97,943
Parks and recreation	46,756	55,905	36,355
Culture	-	3,328	3,468
	629,291	866,580	847,870
(SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER			
	(18,371)	(322,199)	(264,775)
Government transfers for capital (Schedule 4)	292,386	177,908	223,767
Deferred revenue adjustment	-	(52,366)	(35,909)
(SHORTFALL) EXCESS OF REVENUE OVER EXPENSES			
	274,015	(196,657)	(76,917)
ACCUMULATED SURPLUS, beginning of year	3,332,681	3,332,680	3,409,597
ACCUMULATED SURPLUS, end of year	\$ 3,606,696	\$ 3,136,023	\$ 3,332,680

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, 2021

	BUDGET (Unaudited)	2021	2020
(SHORTFALL) OF REVENUES OVER EXPENSES	\$ 274,015	\$ (196,657)	\$ (76,917)
Acquisition of tangible capital assets	(155,500)	(153,039)	(101,535)
Amortization of tangible capital assets	-	146,233	135,180
	(155,500)	(6,806)	33,645
Acquisition of prepaid assets	-	(25,642)	(23,168)
Use of prepaid assets	-	23,169	25,343
	-	(2,473)	2,175
DECREASE (INCREASE) IN NET DEBT	118,515	(205,936)	(41,097)
NET FINANCIAL ASSETS, beginning of year	424,004	424,004	465,101
NET FINANCIAL ASSETS, end of year	\$ 542,519	\$ 218,068	\$ 424,004

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, 2021

	2021	2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ (196,657)	\$ (76,917)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization	146,233	135,180
Non-cash changes to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	(75,497)	(114,012)
Decrease (increase) in due from government receivables	(5,592)	39,635
Decrease (increase) in trade and other receivables	22,078	17,550
Decrease (increase) in prepaid expenses	(2,474)	2,175
Increase (decrease) in accounts payable and accrued liabilities	(6,522)	7,766
Increase (decrease) in deposit liabilities	(4,763)	2,306
Increase (decrease) in deferred revenue	132,062	182,351
CASH PROVIDED BY OPERATING TRANSACTIONS	8,868	196,034
CAPITAL		
Acquisition of tangible capital assets	(153,039)	(101,535)
CASH APPLIED TO CAPITAL TRANSACTIONS	(153,039)	(101,535)
FINANCING		
Long-term debt repaid	(11,360)	(10,841)
CASH USED IN FINANCING TRANSACTIONS	(11,360)	(10,841)
CHANGE IN CASH AND CASH EQUIVALENTS	(155,531)	83,658
CASH AND CASH EQUIVALENTS, beginning of year	637,482	553,824
CASH AND CASH EQUIVALENTS, end of year	\$ 481,951	\$ 637,482
CASH AND CASH EQUIVALENTS IS REPRESENTED BY:		
Cash and temporary investments (Note 2)	\$ 481,951	\$ 637,482
INTEREST PAID ON LONG-TERM DEBT	\$ 4,210	\$ 4,728

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, 2021 SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020
BALANCE, beginning of year	\$ 457,279	\$ 81,771	\$ 2,793,630	\$ 3,332,680	\$ 3,409,597
(Deficiency) of revenues over expenses	(196,657)	-	-	(196,657)	(76,917)
Current year funds used for tangible capital assets	(153,037)	-	153,037	-	-
Annual amortization expense	146,233	-	(146,233)	-	-
Long term debt decrease	(11,360)	-	11,360	-	-
Change in accumulated surplus	(214,821)	-	18,164	(196,657)	(76,917)
BALANCE, end of year	\$ 242,458	\$ 81,771	\$ 2,811,794	\$ 3,136,023	\$ 3,332,680

VILLAGE OF BARONS

SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2021

SCHEDULE 2

	LAND		ENGINEERED STRUCTURES		WASTE MACHINERY AND EQUIPMENT		VEHICLES	2021	2020
	LAND	IMPROVEMENTS	BUILDINGS	ROADS AND STREETS	WATER SYSTEM	WASTE SYSTEM			
COST:									
BALANCE, beginning of year	\$ 99,609	\$ 74,687	\$ 703,012	\$ 1,386,552	\$ 1,882,628	\$ 536,462	\$ 487,387	\$ 227,837	\$ 5,398,174
Acquisition of assets	-	-	-	-	-	72,809	63,880	16,350	101,535
BALANCE, end of year	99,609	74,687	703,012	1,386,552	1,882,628	609,271	551,267	244,187	5,551,213
									5,398,174
ACCUMULATED AMORTIZATION:									
BALANCE, beginning of year	-	35,242	337,872	1,107,576	454,350	197,518	254,886	125,223	2,512,667
Annual amortization	-	4,021	13,593	27,897	24,781	8,020	45,194	22,727	146,233
BALANCE, end of year	-	39,263	351,465	1,135,473	479,131	205,538	300,080	147,950	2,658,900
									2,512,667
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 99,609	\$ 35,424	\$ 351,547	\$ 251,079	\$ 1,403,497	\$ 403,733	\$ 251,187	\$ 96,237	\$ 2,892,313
									\$ 2,885,507
2020 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

VILLAGE OF BARONS

SCHEDULE OF PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2021

SCHEDULE 3

	BUDGET (Unaudited)	2021	2020
TAXATION			
Real property taxes, net of requisition	\$ 164,838	\$ 165,865	\$ 188,447
Linear property taxes, net of requisition	3,813	3,813	5,880
Land and improvements, net of requisition	20,971	20,971	22,406
Government grants in place of property taxes	-	-	1,180
	\$ 189,622	\$ 190,649	\$ 217,913
REQUISITIONS			
Alberta School Foundation Fund	\$ 53,084	\$ 53,084	\$ 53,363
Seniors Lodge	2,876	2,876	2,815
Designated Industrial Property Tax	41	-	-
	\$ 56,001	\$ 55,960	\$ 56,178

VILLAGE OF BARONS

SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2021

SCHEDULE 4

	BUDGET (Unaudited)	2021	2020
TRANSFERS FOR OPERATING:			
Provincial Government	\$ -	\$ 69,706	\$ 63,508
Other Local Governments	-	-	7,058
	-	69,706	70,566
TRANSFERS FOR CAPITAL:			
Provincial Government	292,386	177,908	223,767
	292,386	177,908	223,767
TOTAL GOVERNMENT TRANSFERS	\$ 292,386	\$ 247,614	\$ 294,333

VILLAGE OF BARONS

SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2021

SCHEDULE 5

	BUDGET (Unaudited)	2021	2020
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	\$ 239,361	\$ 249,483	\$ 214,963
Contracted and general services	341,092	316,894	359,662
Materials, goods and utilities	143,460	144,838	127,872
Transfers to local boards and agencies	4,328	4,078	4,018
Bank charges and short-term interest	1,380	844	1,447
Interest on long-term debt	6,825	4,210	4,728
Other expenses	250	-	-
Amortization of tangible capital assets	-	146,233	135,180
	\$ 736,696	\$ 866,580	\$ 847,870

VILLAGE OF BARONS

SCHEDULE OF SEGMENTED DISCLOSURE - REVENUES AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021 SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 190,649	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190,649
Government transfers	27,910	80,605	42,256	3,578	3,328	89,936	-	247,613
User fees and sales of goods	2,829	9,312	7,065	-	-	160,098	-	179,304
Investment income	2,450	-	-	-	-	-	-	2,450
Other revenues	33,869	57,974	-	500	8,470	1,460	-	102,273
	257,707	147,891	49,321	4,078	11,798	251,494	-	722,289
EXPENSES								
Contract and general services	97,820	52,296	2,752	6,545	14,000	140,887	2,595	316,895
Salaries and wages	165,532	-	29,690	-	30,597	23,663	-	249,482
Goods and supplies	19,676	33,670	62,977	-	1,929	26,586	-	144,838
Transfers to local boards	750	-	-	-	3,328	-	-	4,078
Long-term debt interest	-	-	-	-	-	4,210	-	4,210
Other expenses	844	-	-	-	-	-	-	844
	284,622	85,966	95,419	6,545	49,854	195,346	2,595	720,347
NET REVENUE BEFORE AMORTIZATION								
Amortization Expense	(26,915)	61,925	(46,098)	(2,467)	(38,056)	56,148	(2,595)	1,942
Deferred revenue	1,234	39,581	58,681	-	9,379	37,358	-	146,233
prior year adjustment	52,366	-	-	-	-	-	-	52,366
NET REVENUE	\$ (80,515)	\$ 22,344	\$ (104,779)	\$ (2,467)	\$ (47,435)	\$ 18,790	\$ (2,595)	\$ (196,657)

VILLAGE OF BARONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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.

VILLAGE OF BARONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Investments

Investments are recorded at cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(e) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Consolidated Change in Net Financial Assets (Debt) for the year.

i. Tangible Capital Assets

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

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

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

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii. Inventories

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

VILLAGE OF BARONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Prepaid Local Improvement Charges

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

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

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

(g) Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

(h) Reserves for Future Expenditures

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

(i) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(j) Fund Accounting

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

VILLAGE OF BARONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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.

2. CASH AND TEMPORARY INVESTMENTS

Cash and temporary investments

	<u>2021</u>	<u>2020</u>
Cash	\$ 71,519	\$ 230,093
Temporary investments	<u>410,432</u>	<u>407,389</u>
	<u>\$ 481,951</u>	<u>\$ 637,482</u>
	<u>2021</u>	<u>2020</u>
<u>Restricted cash</u>		
Restricted surplus	\$ 81,771	\$ 81,771
Deferred revenue	279,256	227,180
Deposits and other amounts	<u>17,347</u>	<u>22,111</u>
	378,374	331,062
<u>Unrestricted</u>	<u>103,577</u>	<u>306,420</u>
<u>Total</u>	<u>\$ 481,951</u>	<u>\$ 637,482</u>

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

VILLAGE OF BARONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

3. RECEIVABLES

<u>Property taxes</u>	<u>2021</u>	<u>2020</u>
Current taxes and grants in place of taxes	\$ 28,482	\$ 37,920
Arrears taxes	<u>8,143</u>	<u>20,783</u>
	36,625	58,703
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
Total property tax	\$ <u>36,625</u>	\$ <u>58,703</u>
<u>Other</u>		
GST	\$ 12,385	\$ 16,874
Grants	<u>426,504</u>	<u>346,518</u>
	\$ <u>438,889</u>	\$ <u>363,392</u>
<u>Trade receivables</u>	\$ <u>64,747</u>	\$ <u>59,154</u>
Total all receivables	\$ <u>540,261</u>	\$ <u>481,249</u>

4. INVENTORY

Land held for resale

Inventory is comprised of parcels of land purchased and or acquired by the Village from 2001 to 2008 for future subdivision purposes. The land is recorded at the lower of cost or net realizable value. The cost includes the original purchase price and incidental costs expended by the village during ownership. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function. The land is recorded as a financial asset as it meets the requirements for such classification under the public sector standards.

5. TANGIBLE CAPITAL ASSETS

<u>NET BOOK VALUE</u>	<u>2021</u>	<u>2020</u>
Land	\$ 99,609	\$ 99,609
Buildings	351,547	365,141
Land Improvements	35,424	39,445
Engineered Structures		
Roadway system	251,079	278,976
Storm drainage	292,766	296,979
Water distribution system	1,403,497	1,428,278
Wastewater treatment system	110,967	41,966
Machinery and equipment	251,187	232,501
Vehicles	<u>96,237</u>	<u>102,613</u>
	\$ <u>2,892,313</u>	\$ <u>2,885,508</u>

VILLAGE OF BARONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

6. LONG-TERM DEBT

		<u>2021</u>	<u>2020</u>
ACFA debentures		\$ <u>80,518</u>	\$ <u>91,878</u>
Current Portion		\$ <u>11,903</u>	\$ <u>11,360</u>
	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
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
2026	14,348	1,221	15,569
Thereafter	<u>15,034</u>	<u>535</u>	<u>15,569</u>
	\$ <u>80,518</u>	\$ <u>12,896</u>	\$ <u>93,414</u>

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

Debenture debt is issued on the credit and security of the Village of Barons at large. The payments for the debenture are made semi-annually in June and December of each year. Interest on long-term debt amounted to 2021 - \$4,210 (2020 - \$4,728).

7. DEFERRED REVENUE AND DEPOSIT LIABILITIES

	<u>2021</u>	<u>2020</u>
Unearned income		
MPC bond	\$ 5,843	\$ 5,826
Tax surplus	11,504	11,471
Water deposits	-	2,516
Deferred revenue	705,760	573,698
Holdbacks	<u>-</u>	<u>2,297</u>
	\$ <u>723,107</u>	\$ <u>595,808</u>
Deferred revenue consists of:		
Canada Community-Building Fund	\$ 404,060	\$ 251,694
MSI Capital	278,195	217,194
BMTG	23,505	35,910
MSI Operating	-	1,385
Other	<u>-</u>	<u>67,515</u>
	\$ <u>705,760</u>	\$ <u>573,698</u>

VILLAGE OF BARONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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:

	2021			2020
	Salary (1)	Benefits and Allowances (2)	Total	Total
Mayor Weistra	\$ 5,882	\$ -	\$ 5,882	\$ 4,975
Deputy Mayor Doell	\$ 1,735	\$ -	\$ 1,735	\$ -
Councillor Gorzitza	\$ 1,970	\$ -	\$ 1,970	\$ 2,610
Councillor Tarditi	\$ -	\$ -	\$ -	\$ 2,130
Chief Administrative Officer	\$ 80,480	\$ 4,531	\$ 85,011	\$ 83,298
Designated Officer - Assessor	\$ 4,964	\$ -	\$ 4,964	\$ 4,810

- (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:

	2021	2020
Total debt limit	\$ 816,572	\$ 874,643
Total debt	(80,518)	(91,878)
Amount of debt limit (exceeded) unused	\$ 736,054	\$ 782,765
Debt servicing limit	\$ 136,095	\$ 145,774
Debt servicing	(15,569)	(15,569)
Amount of debt servicing limit (exceeded) unused	\$ 120,526	\$ 130,205

VILLAGE OF BARONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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 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.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2021</u>	<u>2020</u>
Tangible capital assets (Schedule 2)	\$ 5,551,213	\$ 5,398,174
Accumulated amortization (Schedule 2)	<u>(2,658,900)</u>	<u>(2,512,667)</u>
Net book value	2,892,313	2,885,507
Long-term debt (Note 6)	<u>(80,518)</u>	<u>(91,878)</u>
	<u>\$ 2,811,795</u>	<u>\$ 2,793,629</u>

11. ACCUMULATED SURPLUS

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

	<u>2021</u>	<u>2020</u>
Unrestricted surplus (Schedule 1)	\$ 242,458	\$ 457,280
Restricted surplus (Schedule 1)	81,771	81,771
Equity in TCAs (Schedule 1)	<u>2,811,795</u>	<u>2,793,631</u>
	<u>\$ 3,136,024</u>	<u>\$ 3,332,682</u>

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

VILLAGE OF BARONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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 2021 were \$15,873 (2020 - \$13,210). Total current service contributions by the employees of the Village to the LAPP in 2021 were \$14,272 (2020 - \$11,901).

At December 31, 2020, which is the most recent actuarial assessment, the LAPP disclosed an actuarial surplus of \$4.9 billion.

13. COMMITMENTS

Interstrategy Inc.

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

Benchmark Assessment Consultants Inc.

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

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

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

COVID-19 arose in the first part of the 2020 fiscal year. Management and town council had evaluated the potential impact on the operations. The evaluation included the source of revenue for the town and the impact that the shutdown would have on the continued ability to provide services to all citizens and businesses of the community.

Both the federal and provincial governments have reduced, and some cases ended the restriction subsequent to

the current year ended. Town management and council remain conscious of the ongoing risks with COVID and have ensured compliance with appropriate controls to minimize any potential new outbreaks.

VILLAGE OF BARONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021.

17. COMPARATIVE INFORMATION

Certain 2020 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.

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, 2021 are the responsibility of the management of the Village of Barons.

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

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

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

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

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

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



Mayor

Apr. 28, 2022

Date