

**VILLAGE OF BARNWELL**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2021**

---

**VILLAGE OF BARNWELL**  
**TABLE OF CONTENTS**  
For the year ended December 31, 2021

---

<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>MANAGEMENT REPORT</b>	3
<b>FINANCIAL STATEMENTS</b>	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENT OF OPERATIONS	5
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	6
CONSOLIDATED STATEMENT OF CASH FLOW	7
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	8 - 18
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS	19 - 21

**INDEPENDENT AUDITOR'S REPORT**

To: The Mayor and Members of Council of  
the Village of Barnwell

*Opinion*

We have audited the consolidated financial statements of the Village of Barnwell which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Barnwell as at December 31, 2021, the results of its operations, change in its net financial assets 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 Financial Statements section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*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 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 Village's financial reporting process.

*Auditor's Responsibilities 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 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:

## INDEPENDENT AUDITOR'S REPORT, continued

- Identify and assess the risks of material misstatement of the 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

### *Report on Other Legal and Regulatory Requirements*

- **Debt Limit Regulation:**  
In accordance with Alberta Regulation 255/2000, we confirm that the Village is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 13.
- **Supplementary Accounting Principles and Standards Regulation:**  
In accordance with Alberta Regulation 313/2000, we confirm that the Village is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 15.

Lethbridge, Alberta

April 21, 2022



Chartered Professional Accountants

## MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of the Village of Barnwell.

These consolidated financial statements have been prepared from information provided by management. 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 consolidated 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 is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the Finance and Administration and General Services committees.

The Council meets annually with management and the external auditors 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. Council also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

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

---

Village Administrator

**VILLAGE OF BARNWELL**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2021

	2021	2020
<b>Financial assets</b>		
Cash and temporary investments (note 2)	\$ 1,855,425	\$ 1,779,734
Taxes and grants in place of taxes receivable (note 3)	47,310	39,815
Trade and other receivables (note 4)	178,171	298,426
	2,080,906	2,117,975
<b>Liabilities</b>		
Accounts payable and accrued liabilities	56,626	88,766
Deposits	33,788	36,077
Deferred revenue (note 5)	28,215	167,196
Long-term debt (note 6)	311,682	335,994
	430,311	628,033
<b>Net financial assets</b>	1,650,595	1,489,942
<b>Non-financial assets</b>		
Inventory for consumption	23,572	16,256
Tangible capital assets (schedule 2)	9,497,790	8,942,102
	9,521,362	8,958,358
<b>Accumulated surplus</b> (note 7 and schedule 1)	\$ 11,171,957	\$ 10,448,300

*Commitments and contingencies* (note 14)

Approved on behalf of Council:

Councillor \_\_\_\_\_

Councillor \_\_\_\_\_

**VILLAGE OF BARNWELL**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2021

	Budget (Unaudited)	2021	2020
<b>Revenue</b>			
Net municipal property taxes (note 10)	\$ 552,788	\$ 560,987	\$ 527,663
User fees and sales of goods	527,913	567,295	521,618
Government transfers for operating (note 11)	101,557	116,857	151,017
Investment income	-	8,051	10,397
Penalties and costs of taxes	10,000	10,092	12,541
Gain on disposal of tangible capital assets	-	7,794	19,138
Franchise and concession contracts	35,400	38,212	35,390
Other	19,600	12,421	7,884
	<u>1,247,258</u>	<u>1,321,709</u>	<u>1,285,648</u>
<b>Expenses (note 12)</b>			
General government			
Legislative	39,157	39,011	31,192
Administration	180,316	146,602	139,345
Protective services			
Protective services and emergency management	71,990	67,598	41,881
Transportation services			
Common and equipment pool	77,750	66,955	66,682
Roads, streets, walk and lighting	221,542	190,758	161,765
Environmental use and protection			
Water supply and distribution	507,698	491,144	490,720
Wastewater treatment and disposal	146,482	131,121	109,927
Waste management	98,191	130,672	96,718
Public health and welfare			
Cemeteries and crematoriums	25,226	17,389	20,400
Planning and development			
Land use planning, zoning and development	31,604	26,121	23,876
Recreation and culture			
Recreation and culture	136,271	140,114	110,995
	<u>1,536,227</u>	<u>1,447,485</u>	<u>1,293,501</u>
<b>Deficiency of revenue over expenses before other</b>	<u>(288,969)</u>	<u>(125,776)</u>	<u>(7,853)</u>
<b>Other</b>			
Government transfers for capital (note 11)	1,049,192	849,433	186,134
<b>Excess of revenue over expenses</b>	760,223	723,657	178,281
<b>Accumulated surplus, beginning of year</b>	10,448,300	10,448,300	10,270,019
<b>Accumulated surplus, end of year</b>	<u>\$ 11,208,523</u>	<u>\$ 11,171,957</u>	<u>\$ 10,448,300</u>

**VILLAGE OF BARNWELL**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
For the year ended December 31, 2021

	Budget (Unaudited)	2021	2020
<b>Excess of revenue over expenses</b>	\$ 760,223	\$ 723,657	\$ 178,281
Acquisition of tangible capital assets	(1,084,192)	(957,553)	(264,838)
Amortization of tangible capital assets	348,281	350,261	323,485
Gain on disposal of tangible capital assets	-	(7,794)	(19,138)
Proceeds on disposal of tangible capital assets	-	59,400	69,200
	(735,911)	(555,686)	108,709
Net change in inventory for consumption	-	(7,318)	5,425
<b>Increase in net financial assets</b>	24,312	160,653	292,415
<b>Net financial assets, beginning of year</b>	1,489,942	1,489,942	1,197,527
<b>Net financial assets, end of year</b>	\$ 1,514,254	\$ 1,650,595	\$ 1,489,942



**VILLAGE OF BARNWELL**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2021

	2021	2020
<b>Operating transactions</b>		
Excess of revenue over expenses	\$ 723,657	\$ 178,281
Adjustments for items which do not affect cash		
Gain on disposal of tangible capital assets	(7,794)	(19,138)
Amortization of tangible capital assets	350,261	323,485
	1,066,124	482,628
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(7,495)	9,791
Trade and other receivables	120,255	(101,100)
Inventory for consumption	(7,318)	5,425
Accounts payable and accrued liabilities	(32,140)	20,929
Deposits	(2,289)	9,461
Deferred revenue	(138,981)	153,815
	998,156	580,949
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	59,400	69,200
Acquisition of tangible capital assets	(957,553)	(264,838)
	(898,153)	(195,638)
<b>Financing transactions</b>		
Repayment of long-term debt	(24,312)	(23,271)
<b>Increase in cash and temporary investments</b>	75,691	362,040
<b>Cash and temporary investments, beginning of year</b>	1,779,734	1,417,694
<b>Cash and temporary investments, end of year</b>	\$ 1,855,425	\$ 1,779,734

---

**VILLAGE OF BARNWELL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

---

**1. Significant accounting policies**

The consolidated financial statements of the Village of Barnwell are the representations of management prepared in accordance with generally accepted accounting principles for local government established by The Public Sector Accounting Board of Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village of Barnwell are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Village and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(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) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense 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.

---

**VILLAGE OF BARNWELL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

---

**1. Significant accounting policies, continued**

(d) 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.

(e) Requisition over-levy and under-levy

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.

(f) 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.

(g) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

(h) 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 BARNWELL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

**1. Significant accounting policies, continued**

(i) 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 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 asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land improvements	10-45
Buildings	25-50
Engineered structures	5-80
Machinery and equipment	5-40

Amortization is charged in the year of acquisition but not in the year of disposal. Assets under construction are not amortized until the asset is 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) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iv) Inventories

Inventories held for consumption are recorded at the lower of cost or net realizable value with cost determined by the average cost method.

(v) Cultural and historical tangible capital assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

**VILLAGE OF BARNWELL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**2. Cash and temporary investments**

	2021	2020
Cash	\$ 704,540	\$ 636,900
Temporary investments	1,150,885	1,142,834
	<b>\$ 1,855,425</b>	<b>\$ 1,779,734</b>

Temporary investments are comprised of ATB Financial T-Bill savings accounts and Notice on Amounts accounts.

**3. Taxes and grants in place of taxes receivable**

	2021	2020
Current taxes and grants in place of taxes receivable	\$ 37,333	\$ 32,571
Arrears	9,977	7,244
	<b>\$ 47,310</b>	<b>\$ 39,815</b>

**4. Trade and other receivables**

	2021	2020
GST receivable	\$ 67,109	\$ 31,416
Utilities receivable	30,451	22,677
Canada Community Building Fund (CCBF)/Federal Gas Tax Fund (FGTF) capital grant receivable	29,160	33,075
Trade receivables	26,440	4,344
Franchise fee receivable	14,134	13,145
Alberta School Foundation Fund Underlevy	10,877	-
Municipal Stimulus Program capital grant receivable	-	70,471
Municipal Sustainability Initiative capital grant receivable	-	123,298
	<b>\$ 178,171</b>	<b>\$ 298,426</b>

**VILLAGE OF BARNWELL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**5. Deferred revenue**

The deferred revenue balance represents funds received for specific purposes that have not been spent by year end. Deferred revenue consists of the following:

	2021	2020
Municipal Stimulus Program	\$ 15,835	\$ 112,569
Municipal Sustainability Initiative	12,380	-
Alberta School Foundation Fund Overlevy	-	13,284
Municipal Operating Support Transfer	-	41,246
Federal Gas Tax Fund	-	97
	<b>\$ 28,215</b>	<b>\$ 167,196</b>

**6. Long-term debt**

	2021	2020
Tax supported debenture - capital	\$ 311,682	\$ 335,994
Current portion	\$ 25,399	\$ 24,312

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2022	\$ 25,399	\$ 13,505	\$ 38,904
2023	26,534	12,369	38,903
2024	27,721	11,183	38,904
2025	28,960	9,944	38,904
2026	30,255	8,649	38,904
Thereafter	172,813	21,704	194,517
	<b>\$ 311,682</b>	<b>\$ 77,354</b>	<b>\$ 389,036</b>

Debenture debt is repayable to Treasury Board and Finance and matures in 2031. The interest rate is 4.422% per annum.

Debenture debt is issued on the credit and security of the Village at large.

Interest on long-term debt amounted to \$14,592 (2020 - \$15,632).

The Village's total cash payments for interest in 2021 were \$14,592 (2020 - \$15,632).

**VILLAGE OF BARNWELL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**7. Accumulated surplus**

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

	2021	2020
Unrestricted surplus	\$ 756,024	\$ 633,592
Internally restricted surplus (reserves) (note 8)	1,229,825	1,208,600
Equity in tangible capital assets (note 9)	9,186,108	8,606,108
	\$ 11,171,957	\$ 10,448,300

**8. Reserves**

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

	2021	2020
<b>Operating</b>		
General contingency	\$ 363,649	\$ 363,649
Offsite levy reserve	143,618	143,618
Subdivision land	50,561	50,561
	557,828	557,828
<b>Capital</b>		
Water capital	231,536	231,536
General - future capital expense	210,285	210,285
Power capital (Fortis)	127,086	105,861
Roads and streets - future capital expense	86,590	86,590
Recreation and parks - future capital expense	16,500	16,500
	671,997	650,772
	\$ 1,229,825	\$ 1,208,600

**9. Equity in tangible capital assets**

	2021	2020
Tangible capital assets (schedule 2)	\$ 14,181,849	\$ 13,323,179
Accumulated amortization (schedule 2)	(4,684,059)	(4,381,077)
Long-term debt (note 6)	(311,682)	(335,994)
	\$ 9,186,108	\$ 8,606,108

**VILLAGE OF BARNWELL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**10. Net municipal property taxes**

	Budget (Unaudited)	2021	2020
<b>Taxation</b>			
Residential/farmland property taxes	\$ 751,518	\$ 767,148	\$ 720,508
Commercial/industrial property taxes	47,501	45,751	46,970
	799,019	812,899	767,478
<b>Requisitions</b>			
Alberta School Foundation Fund	235,446	241,186	230,308
Seniors Foundation (Taber Lodge)	10,724	10,726	9,507
Designated Industrial Prop.	61	-	-
	246,231	251,912	239,815
	\$ 552,788	\$ 560,987	\$ 527,663

**11. Government transfers**

	Budget (Unaudited)	2021	2020
<b>Transfers for operating:</b>			
Provincial government	\$ 74,398	\$ 83,398	\$ 123,858
Federal government	-	6,300	-
Other local government transfers	27,159	27,159	27,159
	101,557	116,857	151,017
<b>Transfers for capital:</b>			
Provincial government	1,049,192	849,433	186,134
	\$ 1,150,749	\$ 966,290	\$ 337,151



**VILLAGE OF BARNWELL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**12. Expenses by object**

	Budget (Unaudited)	2021	2020
Materials, goods, supplies and utilities	\$ 493,851	\$ 469,380	\$ 398,346
Salaries, wages and benefits	362,415	359,218	343,042
Contracted and general services	244,732	191,905	142,222
Purchases from other governments	44,150	34,917	43,198
Transfers to organizations and others	27,507	26,555	26,944
Interest on long-term debt	14,592	14,592	15,632
Bank charges and short-term interest	700	657	632
Amortization of tangible capital assets	348,280	350,261	323,485
	<b>\$ 1,536,227</b>	<b>\$ 1,447,485</b>	<b>\$ 1,293,501</b>

**13. 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 be disclosed as follows:

	2021	2020
Total debt limit	\$ 1,970,873	\$ 1,899,767
Total debt	311,682	335,994
	<b>\$ 1,659,191</b>	<b>\$ 1,563,773</b>
Debt servicing limit	\$ 328,479	\$ 316,628
Debt servicing	38,904	38,904
	<b>\$ 289,575</b>	<b>\$ 277,724</b>

The debt limit is calculated at 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 which could be at 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.

**VILLAGE OF BARNWELL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**14. Commitments and contingencies**

a) The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX) which provides liability insurance. Under the terms of membership, the Village 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.

b) Employees of the Village are allowed to accrue sick leave to a maximum of 30 days. As at December 31, 2021, the amount of accumulated sick leave was \$29,895 (2020 - \$25,226). All five of the permanent employees have the maximum 30 days accrued. The amount was not recorded in the financial statements as there is no certainty the full amount will be used. The amount of accumulated sick leave is not paid out to employees when they leave their position.

**15. 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:

	(1) Salary	(2) Benefits & allowances	2021	2020
<b>Council</b>				
Kent Bullock	\$ 4,200	\$ -	\$ 4,200	\$ 4,200
Deb Hansen	4,200	-	4,200	4,200
Del Bodnarek	3,500	-	3,500	4,200
Ian Matheson	3,500	-	3,500	4,200
Robin Hansen	3,150	-	3,150	4,200
Shayla Anderson	700	-	700	-
Melissa Foster	700	-	700	-
Jacob Hiebert	700	-	700	-
Administrator - Rachel Schortinghuis	70,973	3,380	74,353	70,988
Assessor - Benchmark Assessment Consultants Inc.	\$ 9,423	\$ -	\$ 9,423	\$ 7,517

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances include the 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.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

---

**VILLAGE OF BARNWELL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

---

**16. Segmented disclosure**

The Village 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.

Refer to the schedule of segmented disclosure (schedule 3).

**17. Budget amounts**

The 2021 budget for the Village was approved by Council on May 20, 2021 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

In addition the approved budget did not contain an amount for amortization expense. In order to enhance comparability, the actual amortization expense has been included as a budget amount.

Budgeted surplus per financial statements	\$ 760,223
Less: Capital expenditures	(1,084,192)
Long-term debt repayments	(24,312)
Add: Amortization	348,281
<hr/>	
Equals: Balanced budget	\$ -
<hr/>	

**18. Financial instruments**

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

The Village 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 Village 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 the financial instrument approximates fair value.

---

**VILLAGE OF BARNWELL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

---

**19. COVID-19**

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the pandemic, as well as the effectiveness of government responses, remain unclear at this time.

Potential impacts on the Village's business could include future decreases in revenue and delays in completing capital project work, temporary declines in investment income, closure of facilities including recreation, library, and administrative buildings, temporary and/or permanent termination of public employees and mandatory working from home requirements for those able to do so.

The Village has continued to develop strategies to manage the impacts of the COVID-19 outbreak. Administration continues to monitor revenue, expenses, and projects for the Village. Cost saving measures have been instituted where appropriate. The Village continues to follow protocols set by the Alberta Government and to make suitable adjustments in the face of the pandemic.

Management is not aware of any material impairments at this time that will impact the financial assets or liabilities of the Village due to the pandemic.

The situation is continually changing and the future impact on the Village is not readily determinable at this time.

**20. Contaminated sites liability**

The Village adopted PS3260 Liability for contaminated sites. The Village did not identify any financial liabilities in 2021 (2020 - nil) as a result of this standard.

**21. Approval of financial statements**

These financial statements were approved by Council and Management.

**VILLAGE OF BARNWELL**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

	Schedule of changes in accumulated surplus			Schedule 1	
	Unrestricted	Restricted	Equity in tangible capital assets	2021	2020
Balance, beginning of year	\$ 633,593	\$ 1,208,600	\$ 8,606,107	\$ 10,448,300	\$ 10,270,019
Excess of revenue over expenses	723,657	-	-	723,657	178,281
Unrestricted funds designated for future use	(21,225)	21,225	-	-	-
Current year funds used for tangible capital assets	(957,553)	-	957,553	-	-
Disposal of tangible capital assets	51,603	-	(51,603)	-	-
Amortization of tangible capital assets	350,261	-	(350,261)	-	-
Long-term debt repaid	(24,312)	-	24,312	-	-
Change in accumulated surplus	122,431	21,225	580,001	723,657	178,281
<b>Balance, end of year</b>	<b>\$ 756,024</b>	<b>\$ 1,229,825</b>	<b>\$ 9,186,108</b>	<b>\$ 11,171,957</b>	<b>\$ 10,448,300</b>

**VILLAGE OF BARNWELL**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

Schedule of tangible capital assets						Schedule 2
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	2020 2021
<b>Cost:</b>						
Balance, beginning of year	\$ 220,580	\$ 191,143	\$ 941,516	\$ 11,511,720	\$ 398,221	\$ 13,323,180
Acquisitions	-	-	58,316	833,921	65,316	957,553
Disposals	-	-	-	(36,284)	(62,600)	(98,884)
<b>Balance, end of year</b>	<b>220,580</b>	<b>191,143</b>	<b>999,832</b>	<b>12,309,357</b>	<b>400,937</b>	<b>14,181,849</b>
<b>Accumulated amortization:</b>						
Balance, beginning of year	-	167,718	194,118	3,804,508	214,734	4,381,077
Annual amortization	-	2,921	31,754	290,181	25,405	350,261
Disposals	-	-	-	(34,759)	(12,520)	(47,279)
<b>Balance, end of year</b>	<b>-</b>	<b>170,639</b>	<b>225,872</b>	<b>4,059,930</b>	<b>227,619</b>	<b>4,684,059</b>
<b>Net book value</b>	<b>\$ 220,580</b>	<b>\$ 20,504</b>	<b>\$ 773,960</b>	<b>\$ 8,249,427</b>	<b>\$ 173,318</b>	<b>\$ 9,497,790</b>
<b>2020 net book value</b>	<b>\$ 220,580</b>	<b>\$ 23,426</b>	<b>\$ 747,398</b>	<b>\$ 7,707,212</b>	<b>\$ 183,487</b>	<b>\$ 8,942,102</b>

**VILLAGE OF BARNWELL**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**Schedule of segmented disclosure**

Schedule 3

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
<b>Revenue</b>								
Net municipal property taxes	\$ 560,987	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 560,987
User fees and sales of goods	1,895	2,060	10	500,029	-	16,324	46,977	567,295
Government transfers for operating	49,698	-	5,000	22,000	-	11,000	29,159	116,857
Investment income	8,051	-	-	-	-	-	-	8,051
Penalties and costs of taxes	10,092	-	-	-	-	-	-	10,092
Gain on disposal of capital assets	-	-	9,320	(1,526)	-	-	-	7,794
Franchise and concession contracts	38,212	-	-	-	-	-	-	38,212
Other	1,130	631	-	-	8,660	2,000	-	12,421
	670,065	2,691	14,330	520,503	8,660	29,324	76,136	1,321,709
<b>Expenses</b>								
Materials, goods, supplies and utilities	68,709	3,572	76,571	275,291	2,480	-	42,757	469,380
Salaries, wages and benefits	63,483	3,953	16,249	185,312	12,296	12,072	65,853	359,218
Contracted and general services	39,578	54,358	16,344	62,593	2,395	14,049	2,588	191,905
Purchases from other governments	-	-	-	34,917	-	-	-	34,917
Interest on long-term debt	-	-	-	14,592	-	-	-	14,592
Transfers to organizations and others	7,206	-	-	-	-	-	19,349	26,555
Bank charges and short-term interest	657	-	-	-	-	-	-	657
Amortization of tangible capital assets	5,980	5,715	148,549	180,232	218	-	9,567	350,261
	185,613	67,598	257,713	752,937	17,389	26,121	140,114	1,447,485
<b>Excess (deficiency) of revenue over expenses before other</b>	484,452	(64,907)	(243,383)	(232,434)	(8,729)	3,203	(63,978)	(125,776)
<b>Other</b>								
Government transfers for capital	-	-	265,165	525,952	-	-	58,316	849,433
<b>Excess (deficiency) of revenue over expenses</b>	\$ 484,452	\$ (64,907)	\$ 21,782	\$ 293,518	\$ (8,729)	\$ 3,203	\$ (5,662)	\$ 723,657