

VILLAGE OF BARNWELL
Consolidated Financial Statements
Year Ended December 31, 2024

VILLAGE OF BARNWELL
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Year Ended December 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

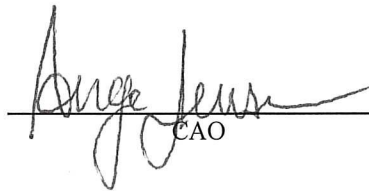
The consolidated financial statements are the responsibility of the management of the Village of Barnwell (the Village).

These consolidated financial statements have been prepared from information provided by management. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

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

The elected Council of the Village is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council meets periodically with management and the external auditors to review significant accounting, reporting and internal control matters. Following its review of the consolidated financial statements and discussions with the auditors, the Council approves of the consolidated financial statements. The Council approves the appointment of the external auditors and reviews the monthly financial reports.

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



CAO

CFO

Barnwell, Alberta
April 14, 2025



INDEPENDENT AUDITOR'S REPORT

To the Members of council of the Village of Barnwell

Opinion

We have audited the consolidated financial statements of Village of Barnwell (the "Village"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Village as at December 31, 2024, and the consolidated results of its operations, changes in 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 Consolidated Financial Statements* section of our report. We are independent of the Village in accordance with 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 Consolidated 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.

(continues)

Independent Auditor's Report to the Members of council of the Village of Barnwell *(continued)*

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.

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.

Lethbridge, Alberta
April 14, 2025

Shawn Cook
Professional Corporation


Chartered Professional Accountants




VILLAGE OF BARNWELL**Consolidated Statement of Financial Position****December 31, 2024**

	2024	2023
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 2,524,383	\$ 2,231,145
Taxes and grants in place of taxes receivables (Note 3)	54,008	41,155
Trade and other receivables (Note 3)	144,629	235,709
	<u>2,723,020</u>	<u>2,508,009</u>
LIABILITIES		
Accounts payable and accrued liabilities	81,139	73,585
Employee deductions payable	10,371	-
Deferred revenue (Note 4)	34,160	160,516
Long term debt (Note 7)	232,029	259,749
	<u>357,699</u>	<u>493,850</u>
NET FINANCIAL ASSETS	<u>2,365,321</u>	<u>2,014,159</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	2,000	-
Inventory for consumption	21,576	24,727
Tangible capital assets (Schedule 2)	8,868,569	9,046,562
	<u>8,892,145</u>	<u>9,071,289</u>
ACCUMULATED SURPLUS (Schedule 1 and Note 10)	<u>\$ 11,257,466</u>	<u>\$ 11,085,448</u>

*Commitments and contingencies (Note 16)***APPROVED ON BEHALF OF COUNCIL:**

 _____ Chief Elected Officer

 _____ Councillor

VILLAGE OF BARNWELL
Consolidated Statement of Operations
Year Ended December 31, 2024

	Budget (Unaudited)	2024	2023
REVENUE			
User fees and sales of goods	\$ 693,000	\$ 706,190	\$ 641,230
Net municipal taxes <i>(Schedule 3)</i>	611,800	618,908	604,625
Government transfers for operating <i>(Schedule 4)</i>	111,502	125,566	156,004
Investment income	80,000	119,009	109,817
Franchise and concession contracts <i>(Note 14)</i>	59,800	41,317	51,305
Penalties and costs of taxes	11,000	18,569	15,425
Licenses and permits	7,500	9,806	14,591
Gain on disposal of tangible capital assets	-	3,350	-
	1,574,602	1,642,715	1,592,997
EXPENSES			
Legislative	37,700	26,374	32,363
Administration	191,700	218,995	165,682
Bylaw enforcement	59,200	76,261	47,551
Fire services	42,200	37,936	38,487
Public Works	63,300	77,348	63,113
Roads, streets, walk and lights	230,500	219,818	207,345
Wastewater treatment and disposal	156,300	148,684	146,088
Water supply and distribution	580,700	524,677	534,768
Waste management	91,900	89,706	133,286
Family and community support services	8,000	7,451	7,824
Cemeteries and crematoriums	31,900	20,429	22,076
Land use planning and development	45,700	31,401	93,868
Parks and recreation	136,100	120,715	124,317
Culture - libraries, museums, halls	20,200	15,949	17,973
	1,695,400	1,615,744	1,634,741
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(120,798)	26,971	(41,744)
OTHER			
Government transfers for capital <i>(Schedule 4)</i>	430,000	145,047	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	309,202	172,018	(41,744)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	11,085,448	11,085,448	11,127,192
ACCUMULATED SURPLUS, END OF YEAR	\$ 11,394,650	\$ 11,257,466	\$ 11,085,448

VILLAGE OF BARNWELL**Consolidated Statement of Changes in Net Financial Assets****Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 309,202	\$ 172,018	\$ (41,744)
Amortization of tangible capital assets	360,000	364,498	348,188
Acquisition of tangible capital assets	(430,000)	(269,505)	(158,206)
Proceeds on disposal of tangible capital assets	-	86,350	-
Loss (gain) on disposal of assets	-	(3,350)	-
	(70,000)	177,993	189,982
Use of prepaid expenses	-	(2,000)	-
Decrease in inventory for consumption	-	3,151	4,988
	(70,000)	179,144	194,970
CHANGE IN NET FINANCIAL ASSETS	239,202	351,162	153,226
NET FINANCIAL ASSETS, BEGINNING OF YEAR	2,014,159	2,014,159	1,860,933
NET FINANCIAL ASSETS, END OF YEAR	\$ 2,253,361	\$ 2,365,321	\$ 2,014,159

VILLAGE OF BARNWELL
Consolidated Statement of Cash Flows
Year Ended December 31, 2024

	2024	2023
OPERATING		
Excess (deficiency) of revenue over expenses	\$ 172,018	\$ (41,744)
Non-cash items included in excess (deficiency) of revenue over expenses		
Amortization	364,498	348,188
(Gain) loss on disposal of tangible capital assets	(3,350)	-
	<u>533,166</u>	<u>306,444</u>
Changes in non-cash working capital:		
Taxes and grants in places of taxes	(12,853)	10,994
Trade and other receivable	91,080	(29,377)
Accounts payable and accrued liabilities	7,555	(7,268)
Deferred revenue	(126,356)	5,715
Prepaid expenses	(2,000)	-
Inventory for consumption	3,150	4,988
Employee deductions payable	10,371	-
	<u>(29,053)</u>	<u>(14,948)</u>
	<u>504,113</u>	<u>291,496</u>
CAPITAL		
Acquisition of tangible capital assets	(269,505)	(158,206)
Proceeds on disposal of tangible capital assets	86,350	-
	<u>(183,155)</u>	<u>(158,206)</u>
FINANCING		
Repayment of long-term debt	(27,720)	(26,534)
	<u>(27,720)</u>	<u>(26,534)</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	<u>293,238</u>	<u>106,756</u>
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>2,231,145</u>	<u>2,124,389</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR (Note 2)	<u>\$ 2,524,383</u>	<u>\$ 2,231,145</u>

VILLAGE OF BARNWELL**Schedule of Changes in Accumulated Surplus****(Schedule 1)****Year Ended December 31, 2024**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2024	2023
BALANCE, BEGINNING OF THE YEAR	\$ 1,045,064	\$ 1,253,571	\$ 8,786,813	\$ 11,085,448	\$ 11,127,192
Excess (deficiency) of revenue over expenses	172,018	-	-	172,018	(41,744)
Current year funds used for tangible capital assets	(269,505)	-	269,505	-	-
Annual amortization expense	364,498	-	(364,498)	-	-
Long-term debt repaid	(27,720)	-	27,720	-	-
Disposal of tangible capital assets	83,000	-	(83,000)	-	-
Change in accumulated surplus	322,291	-	(150,273)	172,018	(41,744)
BALANCE, END OF THE YEAR	\$ 1,367,355	\$ 1,253,571	\$ 8,636,540	\$ 11,257,466	\$ 11,085,448

VILLAGE OF BARNWELL
Schedule of Tangible Capital Assets
Year Ended December 31, 2024

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	2024	2023
COST							
BALANCE, BEGINNING OF YEAR	\$ 403,097	\$ 191,143	\$ 999,833	\$ 12,373,976	\$ 454,310	\$ 14,422,359	\$ 14,264,153
Acquisition of tangible capital assets	-	6,160	14,823	137,506	111,016	269,505	158,206
Disposal of tangible capital assets	-	-	-	-	(83,000)	(83,000)	-
BALANCE, END OF YEAR	403,097	197,303	1,014,656	12,511,482	482,326	14,608,864	14,422,359
ACCUMULATED AMORTIZATION							
BALANCE, BEGINNING OF YEAR	-	176,483	289,379	4,651,925	258,010	5,375,797	5,027,609
Annual amortization	-	2,778	32,386	297,752	31,582	364,498	348,188
Accumulated amortization on disposals	-	-	-	-	-	-	-
BALANCE, END OF YEAR	-	179,261	321,765	4,949,677	289,592	5,740,295	5,375,797
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 403,097	\$ 18,042	\$ 692,891	\$ 7,561,805	\$ 192,734	\$ 8,868,569	\$ 9,046,562
2023 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 403,097	\$ 14,660	\$ 710,454	\$ 7,722,051	\$ 196,300	\$ 9,046,562	

VILLAGE OF BARNWELL**Schedule of Property and Other Taxes****(Schedule 3)****Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023
TAXATION			
Residential/farmland property taxes	\$ 840,900	\$ 860,055	\$ 824,750
Commercial/industrial property taxes	53,200	54,119	51,244
	894,100	914,174	875,994
REQUISITIONS			
Alberta School Foundation Fund	268,600	280,809	258,269
Seniors foundation (Taber Lodge)	13,600	14,457	13,100
Designated industrial property	100	-	-
	282,300	295,266	271,369
NET MUNICIPAL PROPERTY TAXES	\$ 611,800	\$ 618,908	\$ 604,625

VILLAGE OF BARNWELL
Schedule of Government Transfers
Year Ended December 31, 2024

(Schedule 4)

	Budget (Unaudited)	2024	2023
TRANSFERS FOR OPERATING			
Provincial Government	\$ 84,302	\$ 84,302	\$ 84,302
Other Local Government	27,200	41,264	71,702
	111,502	125,566	156,004
TRANSFERS FOR CAPITAL			
Provincial Government	430,000	145,047	-
TOTAL GOVERNMENT TRANSFERS	\$ 541,502	\$ 270,613	\$ 156,004

VILLAGE OF BARNWELL**Schedule of Consolidated Expenses by Object****(Schedule 5)****Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023
CONSOLIDATED EXPENSES BY OBJECT			
Contracted and general services	\$ 393,500	\$ 404,038	\$ 458,610
Salaries, wages and benefits	471,200	391,146	401,930
Materials, goods and utilities	310,200	305,794	299,755
Purchases from other governments	120,400	137,461	112,688
Interest on long-term debt	38,900	11,183	12,369
Bank charges and short-term interest	1,200	1,624	1,201
Amortization of tangible capital assets	360,000	364,498	348,188
	<u>\$ 1,695,400</u>	<u>\$ 1,615,744</u>	<u>\$ 1,634,741</u>

VILLAGE OF BARNWELL
Schedule of Segmented Disclosure
Year Ended December 31, 2024

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health Services	Planning and development	Recreation and culture	Total
REVENUE								
User fees and sales of goods	\$ 2,592	\$ 2,760	\$ 566	\$ 653,089	\$ -	\$ 11,563	\$ 35,620	\$ 706,190
Net municipal taxes	618,908	-	-	-	-	-	-	618,908
Government transfers	88,502	-	31,636	98,588	-	3,405	48,482	270,613
Investment income	119,009	-	-	-	-	-	-	119,009
Franchise and concession contracts	41,317	-	-	-	-	-	-	41,317
Penalties and costs of taxes	16,860	-	-	1,709	-	-	-	18,569
Other revenues	3,476	210	-	-	9,470	-	-	13,156
	890,664	2,970	32,202	753,386	9,470	14,968	84,102	1,787,762
EXPENSES								
Contracted and general services	151,213	498	52,528	152,878	11,054	20,747	15,120	404,038
Salaries, wages and benefits	71,056	4,048	23,369	208,395	13,436	10,636	60,206	391,146
Materials, goods, and supplies	13,480	3,136	61,160	184,567	3,172	18	40,261	305,794
Purchases from other governments	-	100,800	-	24,661	-	-	12,000	137,461
Interest on long-term debt	-	-	-	11,183	-	-	-	11,183
Bank charges and short-term interest	1,624	-	-	-	-	-	-	1,624
	237,373	108,482	137,057	581,684	27,662	31,401	127,587	1,251,246
NET REVENUE BEFORE AMORTIZATION	653,291	(105,512)	(104,855)	171,702	(18,192)	(16,433)	(43,485)	536,516
Amortization expense	7,996	5,715	160,109	181,383	218	-	9,077	364,498
NET REVENUE	\$ 645,295	\$ (111,227)	\$ (264,964)	\$ (9,681)	\$ (18,410)	\$ (16,433)	\$ (52,562)	\$ 172,018

VILLAGE OF BARNWELL

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, 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 Council for the administration of their financial affairs and resources.

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

Basis of Accounting

The consolidated 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.

Use of Estimates

The preparation of consolidated 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, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant items subject to such estimates are the collectability of accounts receivable, and the useful lives of tangible capital assets.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition.

(continues)

VILLAGE OF BARNWELL
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

Revenue recognition

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and the amounts to be received can be reasonably estimated and collection is reasonably assured.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payer. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered.

User charges for which the related services have yet to be performed are recognized when related expenses are incurred, benefits are achieved, or tangible capital assets are acquired. Revenue on investments, fines, and penalties are recognized when earned.

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.

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.

(continues)

VILLAGE OF BARNWELL

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Asset Retirement Obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Village to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Village reviews the carrying amount of the liability. The Village recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Village continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

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 consolidated 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.

(continues)

VILLAGE OF BARNWELL
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

	<u>Years</u>
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 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 Consolidated Financial Statements****Year Ended December 31, 2024****2. CASH AND TEMPORARY INVESTMENTS**

	<u>2024</u>	<u>2023</u>
Cash	\$ 511,540	\$ 199,977
Temporary investments	<u>2,012,843</u>	<u>2,031,168</u>
	<u>\$ 2,524,383</u>	<u>\$ 2,231,145</u>

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

3. RECEIVABLES

	<u>2024</u>	<u>2023</u>
Property taxes		
Current taxes and grants in place of taxes	\$ 44,720	\$ 28,835
Arrears taxes	<u>9,288</u>	<u>12,320</u>
	<u>54,008</u>	<u>41,155</u>
Trade and other		
Goods and Services Tax (GST)	36,604	53,999
Utilities	33,262	30,350
Canada Community Building Fund Grant	29,160	29,160
Municipal Sustainability Initiative Grant	18,785	-
Franchise Fee	15,917	23,391
Library payroll reimbursement	7,219	6,879
Trade	3,682	6,450
Federation of Canadian Municipalities Grant	-	44,543
Alberta School Foundation Fund Under-levy	<u>-</u>	<u>40,937</u>
	<u>144,629</u>	<u>235,709</u>

4. DEFERRED REVENUE

	<u>2024</u>	<u>2023</u>
Prepaid utilities	\$ 22,378	\$ 20,998
Prepaid taxes	11,782	13,257
Municipal Sustainability Initiative - Capital	<u>-</u>	<u>126,261</u>
	<u>\$ 34,160</u>	<u>\$ 160,516</u>

VILLAGE OF BARNWELL

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

5. CONTAMINATED SITES LIABILITY

The Village has adopted PS3260 Liability for Contaminated Sites. The Village did not identify any financial liabilities (2023 - nil) as a result of this standard.

6. ASSET RETIREMENT OBLIGATION

The Village has adopted PS3280 Asset Retirement Obligation. The Village did not identify any financial liabilities (2023 - nil) as a result of this standard.

7. LONG TERM DEBT

	2024	2023
Tax supported debenture - capital	<u>\$ 232,029</u>	<u>\$ 259,749</u>

The current portion of long-term debt amounts to \$28,960 (2023 - \$27,721).

Principal repayment terms are approximately:

	Principal	Interest	Total
2025	\$ 28,960	\$ 9,944	\$ 38,904
2026	30,255	8,649	38,904
2027	31,607	7,297	38,904
2028	33,021	5,883	38,904
2029	34,497	4,407	38,904
Thereafter	73,689	4,118	77,807
	<u>\$ 232,029</u>	<u>\$ 40,298</u>	<u>\$ 272,327</u>

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.

The interest recognized for long-term debt amounted to \$11,183 (2023 - \$12,369). The Village's total cash payments for interest on long-term debt in 2024 were \$11,183 (2023 - \$12,369).

VILLAGE OF BARNWELL

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

8. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Village be disclosed as follows:

	2024	2023
Total debt limit	\$ 2,464,073	\$ 2,389,496
Total debt	(232,029)	(259,749)
Amount of debt limit unused	2,232,044	2,129,747
Debt servicing limit	410,679	398,249
Debt servicing	(38,904)	(38,904)
Amount of debt servicing limit unused	371,775	359,345

The debt limit is calculated at 1.5 times revenue of the Village (as defined in Alberta Regulation 255/2000) 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 be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Village. Rather, the consolidated financial statements must be interpreted as a whole.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2024	2023
Tangible capital assets (Schedule 2)	\$ 14,608,864	\$ 14,422,359
Accumulated amortization (Schedule 2)	(5,740,295)	(5,375,797)
Long-term debt (Note 7)	(232,029)	(259,749)
	<u>\$ 8,636,540</u>	<u>\$ 8,786,813</u>

10. ACCUMULATED SURPLUS

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

	2024	2023
Unrestricted surplus	\$ 1,367,355	\$ 1,045,064
Internally restricted surplus (reserves) (Note 11)	1,253,571	1,253,571
Equity in tangible capital assets (Note 9)	8,636,540	8,786,813
	<u>\$ 11,257,466</u>	<u>\$ 11,085,448</u>

VILLAGE OF BARNWELL

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

11. 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.

	2024	2023
Operating		
General contingency	\$ 446,672	\$ 446,672
Offsite levy reserve	143,618	143,618
Subdivision land	50,561	50,561
	<u>640,851</u>	<u>640,851</u>
Capital		
Water capital	231,536	231,536
General - future capital expense	87,768	87,768
Power capital (Fortis)	172,326	172,326
Roads and streets - future capital expense	86,590	86,590
Recreation and parks - future capital expense	34,500	34,500
	<u>612,720</u>	<u>612,720</u>
	<u>\$ 1,253,571</u>	<u>\$ 1,253,571</u>

12. BUDGET AMOUNTS

The 2024 budget for the Village was approved by Council in December 2023 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 consolidated financial statements.

Budgeted deficit per consolidated financial statements	\$ 309,202
Less: Capital expenses, net	(430,000)
Transfer to reserves	(239,202)
Add: Amortization	<u>360,000</u>
Equals approved budget	<u>\$ -</u>

13. 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 consolidated financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

VILLAGE OF BARNWELL

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

14. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of franchise fees under each utility franchise agreement entered into by the Village as required by Alberta Regulation 313/2000 is as follows:

	Budget (Unaudited)	2024	2023
ATCO natural gas	\$ 24,250	\$ 23,272	\$ 28,117
Fortis electricity	35,550	18,045	23,188
	\$ 59,800	\$ 41,317	\$ 51,305

15. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative office and designated offices as required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits & Allowances (2)	2024	2023
Mayor Foster	\$ 4,350	\$ 51	\$ 4,401	\$ 4,242
Mayor Bullock	-	-	-	2,100
Councilor Anderson	4,350	51	4,401	4,242
Councilor Hansen	4,350	-	4,350	4,200
Councilor Hiebert	4,350	51	4,401	4,242
Councilor Watts	4,350	-	4,350	1,050
Chief Admin Officer Shortinghuis	18,939	4,027	22,966	84,407
Chief Admin Officer Jensen	23,451	1,909	25,360	-
Designated officers (1 positions)	10,008	-	10,008	9,504

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

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition, if any.

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

16. COMMITMENTS AND CONTINGENCIES

The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the 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.

VILLAGE OF BARNWELL

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

17. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, deferred revenue, and long-term debt. It is management's opinion that the Village is not exposed to significant interest or currency risks 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 instruments approximates fair value.

18. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year earnings.

19. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Council and Management have approved these consolidated financial statements.