

VILLAGE OF BARNWELL
Financial Statements
Year Ended December 31, 2023

VILLAGE OF BARNWELL
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Year Ended December 31, 2023

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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 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 financial statements and discussions with the auditors, the Council approves of the 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.



Barnwell, Alberta



INDEPENDENT AUDITOR'S REPORT

To the Members of Council of the Village of Barnwell

Opinion

We have audited the financial statements of Village of Barnwell (the Village), which comprise the consolidated statement of financial position as at December 31, 2023, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2023, and the results of its operations, change 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 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 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 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 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 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.

(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 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 Village 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.

Shawn Cook
Professional Corporation

Lethbridge, Alberta
April 8, 2024

Chartered Professional Accountants



VILLAGE OF BARNWELL
Consolidated Statement of Financial Position
December 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 2,231,145	\$ 2,124,389
Taxes and grants in places of taxes receivable <i>(Note 3)</i>	41,155	52,149
Trade and other receivables <i>(Note 3)</i>	235,709	206,332
	<u>2,508,009</u>	<u>2,382,870</u>
LIABILITIES		
Accounts payable and accrued liabilities	73,585	80,852
Deferred revenue <i>(Note 4)</i>	160,516	154,802
Long term debt <i>(Note 7)</i>	259,749	286,283
	<u>493,850</u>	<u>521,937</u>
NET FINANCIAL ASSETS	<u>2,014,159</u>	<u>1,860,933</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	24,727	29,715
Tangible capital assets <i>(Schedule 2)</i>	9,046,562	9,236,544
	<u>9,071,289</u>	<u>9,266,259</u>
ACCUMULATED SURPLUS <i>(Schedule 1 and Note 10)</i>	<u>\$ 11,085,448</u>	<u>\$ 11,127,192</u>

Commitments and contingencies (Note 16)

Approved on behalf of Council:

Missy Foster Councillor
Debbie Hanson Councillor

VILLAGE OF BARNWELL
Consolidated Statement of Operations
Year Ended December 31, 2023

	Budget (Unaudited)	2023	2022
REVENUE			
User fees and sales of goods	\$ 579,000	\$ 641,230	\$ 569,731
Net municipal taxes <i>(Schedule 3)</i>	588,299	604,625	569,828
Government transfers for operating <i>(Schedule 4)</i>	169,450	156,004	73,505
Investment income	30,500	109,817	38,485
Franchise and concession contracts	41,000	51,305	44,305
Other	7,500	15,381	7,653
Penalties and costs of taxes	11,000	14,635	14,268
Gain on disposal of tangible capital assets	-	-	11,316
	1,426,749	1,592,997	1,329,091
EXPENSES			
Legislative	37,300	32,363	27,944
Administration	188,990	165,682	148,528
Bylaw enforcement	56,672	47,551	29,922
Fire services	41,417	38,487	63,604
Public works	62,210	63,113	52,978
Roads, streets, walk and lights	208,669	207,345	177,857
Wastewater treatment and disposal	143,690	146,088	138,901
Water supply and distribution	557,760	534,768	503,855
Waste management	100,490	133,286	102,665
Family and community support services	7,824	7,824	7,424
Cemeteries and crematoriums	23,618	22,076	19,028
Land use planning and development	80,285	93,868	27,190
Parks and recreation	125,804	124,317	117,603
Culture - libraries, museums, halls	20,914	17,973	20,980
	1,655,643	1,634,741	1,438,479
(DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(228,894)	(41,744)	(109,388)
OTHER			
Government transfers for capital <i>(Schedule 4)</i>	6,700	-	64,623
(DEFICIENCY) OF REVENUE OVER EXPENSES	(222,194)	(41,744)	(44,765)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	11,127,192	11,127,192	11,171,957
ACCUMULATED SURPLUS, END OF YEAR	\$ 10,904,998	\$ 11,085,448	\$ 11,127,192

VILLAGE OF BARNWELL**Consolidated Statement of Changes in Net Financial Assets****Year Ended December 31, 2023**

	Budget (Unaudited)	2023	2022
(DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (222,194)	\$ (41,744)	\$ (44,765)
Amortization of tangible capital assets	352,917	348,188	350,080
Acquisition of tangible capital assets	(97,628)	(158,206)	(147,620)
Proceeds on disposal of tangible capital assets	-	-	70,100
Loss (gain) on disposal of assets	-	-	(11,316)
	255,289	189,982	261,244
Decrease (increase) in inventory for consumption	-	4,988	(6,141)
	255,289	194,970	255,103
CHANGE IN NET FINANCIAL ASSETS	33,095	153,226	210,338
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,860,933	1,860,933	1,650,595
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,894,028	\$ 2,014,159	\$ 1,860,933

VILLAGE OF BARNWELL
Consolidated Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING		
(Deficiency) of revenues over expenses	\$ (41,744)	\$ (44,765)
Non-cash items included in (deficiency) of revenues over expenses		
Amortization	348,188	350,080
(Gain) loss on disposal of tangible capital assets	-	(11,316)
	<u>306,444</u>	<u>293,999</u>
Changes in non-cash working capital:		
Taxes and grants in places of taxes receivable	10,994	(17,848)
Trade and other receivables	(29,377)	(31,002)
Accounts payable and accrued liabilities	(7,268)	24,226
Deferred revenue	5,715	108,649
Inventory for consumption	4,988	(6,141)
	<u>(14,948)</u>	<u>77,884</u>
	<u>291,496</u>	<u>371,883</u>
CAPITAL		
Acquisition of tangible capital assets	(158,206)	(147,620)
Proceeds on disposal of tangible capital assets	-	70,100
	<u>(158,206)</u>	<u>(77,520)</u>
FINANCING		
Repayment of long-term debt	(26,534)	(25,399)
	<u>(26,534)</u>	<u>(25,399)</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	106,756	268,964
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	2,124,389	1,855,425
CASH AND TEMPORARY INVESTMENTS, END OF YEAR (Note 2)	\$ 2,231,145	\$ 2,124,389

VILLAGE OF BARNWELL**Schedule of Changes in Accumulated Surplus****(Schedule 1)****Year Ended December 31, 2023**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022
BALANCE, BEGINNING OF THE YEAR	\$ 924,866	\$ 1,252,065	\$ 8,950,261	\$ 11,127,192	\$ 11,171,957
(Deficiency) of revenues over expenses	(41,744)	-	-	(41,744)	(44,765)
Unrestricted funds designated for future use	(124,023)	124,023	-	-	-
Restricted funds used for tangible capital assets	-	(122,517)	122,517	-	-
Current year funds used for tangible capital assets	(35,689)	-	35,689	-	-
Annual amortization expense	348,188	-	(348,188)	-	-
Long-term debt repaid	(26,534)	-	26,534	-	-
Change in accumulated surplus	120,198	1,506	(163,448)	(41,744)	(44,765)
BALANCE, END OF THE YEAR	\$ 1,045,064	\$ 1,253,571	\$ 8,786,813	\$ 11,085,448	\$ 11,127,192

VILLAGE OF BARNWELL
Schedule of Tangible Capital Assets
Year Ended December 31, 2023

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	2023	2022
COST							
BALANCE, BEGINNING OF YEAR	\$ 280,580	\$ 191,143	\$ 999,833	\$ 12,373,976	\$ 418,621	\$ 14,264,153	\$ 14,181,849
Acquisition of tangible capital assets	122,517	-	-	-	35,689	158,206	147,620
Disposal of tangible capital assets	-	-	-	-	-	-	(65,316)
BALANCE, END OF YEAR	403,097	191,143	999,833	12,373,976	454,310	14,422,359	14,264,153
ACCUMULATED AMORTIZATION							
BALANCE, BEGINNING OF YEAR	-	173,561	257,626	4,358,034	238,388	5,027,609	4,684,059
Annual amortization	-	2,922	31,753	293,891	19,622	348,188	350,080
Accumulated amortization on disposals	-	-	-	-	-	-	(6,530)
BALANCE, END OF YEAR	-	176,483	289,379	4,651,925	258,010	5,375,797	5,027,609
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 403,097	\$ 14,660	\$ 710,454	\$ 7,722,051	\$ 196,300	\$ 9,046,562	\$ 9,236,544
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 280,580	\$ 17,582	\$ 742,207	\$ 8,015,942	\$ 180,233	\$ 9,236,544	

VILLAGE OF BARNWELL**Schedule of Property and Other Taxes****(Schedule 3)****Year Ended December 31, 2023**

	Budget (Unaudited)	2023	2022
TAXATION			
Residential/farmland property taxes	\$ 808,607	\$ 824,750	\$ 791,110
Commercial/industrial property taxes	51,162	51,244	48,584
	859,769	875,994	839,694
REQUISITIONS			
Alberta School Foundation Fund	258,270	258,269	257,977
Seniors foundation (Taber Lodge)	13,100	13,100	11,889
Designated industrial property	100	-	-
	271,470	271,369	269,866
NET MUNICIPAL PROPERTY TAXES	\$ 588,299	\$ 604,625	\$ 569,828

VILLAGE OF BARNWELL
Schedule of Government Transfers
Year Ended December 31, 2023

(Schedule 4)

	Budget (Unaudited)	2023	2022
TRANSFERS FOR OPERATING			
Provincial Government	\$ 94,302	\$ 84,302	\$ 42,151
Federal Government	-	-	4,195
Other Local Government	75,148	71,702	27,159
	169,450	156,004	73,505
TRANSFERS FOR CAPITAL			
Provincial Government	6,700	-	64,623
TOTAL GOVERNMENT TRANSFERS	\$ 176,150	\$ 156,004	\$ 138,128

VILLAGE OF BARNWELL**Schedule of Consolidated Expenses by Object****(Schedule 5)****Year Ended December 31, 2023**

	Budget (Unaudited)	2023	2022
CONSOLIDATED EXPENSES BY OBJECT			
Contracted and general services	\$ 451,972	\$ 458,610	\$ 319,130
Salaries, wages and benefits	389,900	401,930	366,273
Materials, goods and utilities	302,550	299,755	271,286
Purchases from other governments	118,200	112,688	116,944
Interest on long-term debt	38,904	12,369	13,505
Bank charges and short-term interest	1,200	1,201	1,261
Amortization of tangible capital assets	352,917	348,188	350,080
	<u>\$ 1,655,643</u>	<u>\$ 1,634,741</u>	<u>\$ 1,438,479</u>

VILLAGE OF BARNWELL
Schedule of Segmented Disclosure
Year Ended December 31, 2023

(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	\$ 1,009	\$ 3,235	\$ 11	\$ 587,348	\$ -	\$ 9,888	\$ 39,739	\$ 641,230
Net municipal taxes	604,625	-	-	-	-	-	-	604,625
Government transfers	84,302	-	-	-	-	44,543	27,159	156,004
Investment income	109,817	-	-	-	-	-	-	109,817
Franchise and concession contracts	51,305	-	-	-	-	-	-	51,305
Other revenues	2,150	41	-	790	12,140	260	-	15,381
Penalties and costs of taxes	13,239	-	-	1,396	-	-	-	14,635
	866,447	3,276	11	589,534	12,140	54,691	66,898	1,592,997
EXPENSES								
Contracted and general services	105,846	474	50,353	202,267	13,022	74,136	12,512	458,610
Salaries, wages and benefits	68,505	4,045	25,414	208,396	13,334	12,232	70,004	401,930
Materials, goods, and supplies	16,513	3,187	51,925	186,676	3,247	-	38,207	299,755
Purchases from other governments	-	72,617	-	20,571	-	7,500	12,000	112,688
Interest on long-term debt	-	-	-	12,369	-	-	-	12,369
Bank charges and short-term interest	1,201	-	-	-	-	-	-	1,201
	192,065	80,323	127,692	630,279	29,603	93,868	132,723	1,286,553
NET REVENUE BEFORE AMORTIZATION	674,382	(77,047)	(127,681)	(40,745)	(17,463)	(39,177)	(65,825)	306,444
Amortization expense	5,980	5,715	142,766	183,863	297	-	9,567	348,188
NET REVENUE	\$ 668,402	\$ (82,762)	\$ (270,447)	\$ (224,608)	\$ (17,760)	\$ (39,177)	\$ (75,392)	\$ (41,744)

VILLAGE OF BARNWELL
Notes to Financial Statements
Year Ended December 31, 2023

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 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 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 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.

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VILLAGE OF BARNWELL
Notes to Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

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.

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VILLAGE OF BARNWELL
Notes to Financial Statements
Year Ended December 31, 2023

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 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.

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VILLAGE OF BARNWELL
Notes to Financial Statements
Year Ended December 31, 2023

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 Financial Statements
Year Ended December 31, 2023

2. CASH AND TEMPORARY INVESTMENTS

	<u>2023</u>	<u>2022</u>
Cash	\$ 199,977	\$ 945,097
Temporary investments	<u>2,031,168</u>	<u>1,179,292</u>
	<u>\$ 2,231,145</u>	<u>\$ 2,124,389</u>

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

Included in cash and temporary investments is a restricted amount of \$126,262 (2022 - \$121,690) received from various grant programs which are held exclusively for approved projects (Note 4).

3. RECEIVABLES

	<u>2023</u>	<u>2022</u>
Property taxes		
Taxes and grants in place of taxes	\$ 28,835	\$ 38,758
Arrears taxes	<u>12,320</u>	<u>13,391</u>
	<u>41,155</u>	<u>52,149</u>
Trade and other receivables		
Goods and Services Tax (GST)	53,999	95,654
Federation of Canadian Municipalities Grant	44,543	-
Alberta School Foundation Fund Under-levy	40,937	27,670
Utilities	30,350	30,409
Canada Community Building Fund Grant	29,160	29,160
Franchise Fee	23,391	17,058
Library payroll reimbursement	6,879	-
Trade	<u>6,450</u>	<u>6,381</u>
	<u>235,709</u>	<u>206,332</u>

4. DEFERRED REVENUE

	<u>2023</u>	<u>2022</u>
Municipal Sustainability Initiative - Capital	\$ 126,262	\$ 121,406
Prepaid utilities	20,997	21,379
Prepaid taxes	13,257	11,733
Municipal Stimulus Program	<u>-</u>	<u>284</u>
	<u>\$ 160,516</u>	<u>\$ 154,802</u>

VILLAGE OF BARNWELL
Notes to Financial Statements
Year Ended December 31, 2023

5. CONTAMINATED SITES LIABILITY

The Village has adopted PS3260 Liability for Contaminated Sites. The Village did not identify any financial liabilities in 2023 (2022 - nil) as a result of this standard.

6. ASSET RETIREMENT OBLIGATION

The Village has adopted PS3280 Asset Retirement Obligation in the year. The Village did not identify any financial liabilities as a result of this standard.

7. LONG TERM DEBT

	2023	2022
Tax supported debenture - capital	\$ 259,749	\$ 286,283

The current portion of long-term debt amounts to \$27,721 (2022 - \$26,534).

Principal repayment terms are approximately:

		Interest	Total
2024	\$ 27,721	\$ 11,183	\$ 38,904
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
Thereafter	108,185	8,524	116,709
	\$ 259,749	\$ 51,480	\$ 311,229

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 \$12,369 (2022 - \$13,505). The Village's total cash payments for interest on long-term debt in 2023 were \$12,369 (2022 - \$13,505).

VILLAGE OF BARNWELL
Notes to Financial Statements
Year Ended December 31, 2023

8. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village be disclosed as follows:

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 2,389,496	\$ 1,993,637
Total debt	<u>(259,749)</u>	<u>(286,283)</u>
Amount of debt limit unused	<u>2,129,747</u>	<u>1,707,354</u>
Debt servicing limit	398,249	332,273
Debt servicing	<u>(38,904)</u>	<u>(38,904)</u>
Amount of debt servicing limit unused	<u>359,345</u>	<u>293,369</u>

The debt limit is calculated at 1.5 times revenue of the Village (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 be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Village. Rather, the financial statements must be interpreted as a whole.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets (Schedule 2)	\$ 14,422,359	\$ 14,264,153
Accumulated amortization (Schedule 2)	<u>(5,375,797)</u>	<u>(5,027,609)</u>
Long-term debt (Note 7)	<u>(259,749)</u>	<u>(286,283)</u>
	<u>\$ 8,786,813</u>	<u>\$ 8,950,261</u>

10. ACCUMULATED SURPLUS

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

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	\$ 1,045,064	\$ 924,866
Internally restricted surplus (reserves) (Note 11)	1,253,571	1,252,065
Equity in tangible capital assets (Note 9)	<u>8,786,813</u>	<u>8,950,261</u>
	<u>\$ 11,085,448</u>	<u>\$ 11,127,192</u>

VILLAGE OF BARNWELL
Notes to Financial Statements
Year Ended December 31, 2023

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.

	<u>2023</u>	<u>2022</u>
Operating		
General contingency	\$ 446,672	\$ 363,649
Offsite levy reserve	143,618	143,618
Subdivision land	50,561	50,561
	<u>640,851</u>	<u>557,828</u>
Capital		
Water capital	231,536	231,536
General - future capital expense	87,768	210,285
Power capital (Fortis)	172,326	149,326
Roads and streets - future capital expense	86,590	86,590
Recreation and parks - future capital expense	34,500	16,500
	<u>612,720</u>	<u>694,237</u>
	<u>\$ 1,253,571</u>	<u>\$ 1,252,065</u>

12. BUDGET AMOUNTS

The 2023 budget for the Village was approved by Council on May 18, 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 financial statements.

Budgeted deficit per financial statements	\$ (222,194)
Less: Capital expenses, net	(97,628)
Transfer to reserves	(124,023)
Add: Amortization	352,917
Transfers from reserves	<u>90,928</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 financial statements as disclosed in Note 1.

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

VILLAGE OF BARNWELL
Notes to Financial Statements
Year Ended December 31, 2023

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)	2023	2022
ATCO natural gas	\$ 18,000	\$ 28,117	\$ 24,281
Fortis electricity	23,000	23,188	20,024
	\$ 41,000	\$ 51,305	\$ 44,305

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)	2023	2022
Mayor Foster	\$ 4,200	\$ 42	\$ 4,242	\$ 4,200
Mayor Bullock	2,100	-	2,100	4,200
Councilor Anderson	4,200	42	4,242	4,200
Councilor Hansen	4,200	-	4,200	4,200
Councilor Hiebert	4,200	42	4,242	4,200
Councilor Watts	1,050	-	1,050	-
Chief Administrative Officer	75,665	8,742	84,407	77,522
Designated officers (1 positions)	9,504	-	9,504	9,423

(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.

VILLAGE OF BARNWELL
Notes to Financial Statements
Year Ended December 31, 2023

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.

Employees of the Village are allowed to accrue sick leave up to a maximum of 30 days. As at December 31, 2023 the amount of accumulated sick leave was \$xx,xxx (2022 - \$16,659). The total 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 of the Village when they leave their position.

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 FINANCIAL STATEMENTS

Council and Management have approved these financial statements.