

VILLAGE OF BERWYN
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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Village of Berwyn

"The Town With The Tower"

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Management's Responsibility

To the Mayor and Council of Village of Berwyn:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is composed entirely of Councilors who are neither management nor employees of the Village. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. Council is responsible for the appointment of the Village's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

April 8, 2021
Date


Chief Administrative Officer

Independent Auditor's Report

To the Council of Village Of Berwyn:

Opinion

We have audited the financial statements of Village Of Berwyn (the "Municipality"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, accumulated operating surplus, changes in net financial assets, cash flows and the related schedules 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 Municipality as at December 31, 2020, and the results of its operations, changes 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 Municipality in accordance with the 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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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.

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 Municipality's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Peace River, Alberta

April 8, 2021

MNP LLP

Chartered Professional Accountants

MNP

VILLAGE OF BERWYN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

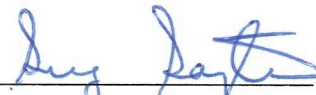
	2020 \$	2019 \$
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	<u>700,962</u>	<u>495,362</u>
Receivables		
Taxes and grants in lieu of taxes (Note 3)	113,792	103,583
Receivable from other governments	44,602	26,790
Trade and other receivables	373,692	301,168
Land inventory held for resale	66,287	29,985
Long-term investments (Note 4)	-	191
	<u>1,299,335</u>	<u>957,079</u>
LIABILITIES		
Accounts payable and accrued liabilities	48,913	55,438
Deposit liabilities	12,818	29,253
Deferred revenue (Note 5)	927,441	691,249
	<u>989,172</u>	<u>775,940</u>
NET FINANCIAL ASSETS	<u>310,163</u>	<u>181,139</u>
NON-FINANCIAL ASSETS		
Tangible Capital assets (Schedule 2)	2,677,897	2,824,637
Prepaid expenses	1,231	1,451
	<u>2,679,128</u>	<u>2,826,088</u>
ACCUMULATED SURPLUS (Schedule 1 & Note 8)	<u>2,989,291</u>	<u>3,007,227</u>

Commitments and contingencies - See Notes 11 and 12

Approved by



Mayor



Chief Administrative Officer

See accompanying notes to the financial statements

VILLAGE OF BERWYN
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget \$	2020 \$	2019 \$
REVENUE			
Net municipal property taxes (Schedule 3)	509,055	509,439	375,276
User fees and sale of goods	229,940	229,652	252,076
Government transfers for operating (Schedule 4)	222,239	227,389	227,204
Investment income	8,105	5,432	8,780
Penalties and costs on taxes	13,229	29,848	32,326
Other revenues	69,558	69,006	67,635
Total revenues	<u>1,052,126</u>	<u>1,070,766</u>	<u>963,297</u>
EXPENSES			
Operating			
Legislative	33,000	29,421	30,204
Administration	314,738	322,487	355,923
Fire and bylaws enforcement	45,644	44,113	53,195
Roads, streets, walks lighting	515,234	418,244	483,560
Water supply and distribution	175,519	193,089	241,402
Handi-van requisition	-	-	249
Recreation and parks	52,155	31,534	26,012
Other	75,009	60,603	85,964
Total Expenses	<u>1,211,299</u>	<u>1,099,491</u>	<u>1,276,509</u>
SHORTFALL OF REVENUE OVER EXPENSES - BEFORE OTHER	(159,173)	(28,725)	(313,212)
OTHER			
Government transfers for capital (Schedule 4)	103,000	10,789	147,364
SHORTFALL OF REVENUE OVER EXPENSES	(56,173)	(17,936)	(165,848)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,007,227	3,007,227	3,173,075
ACCUMULATED SURPLUS, END OF YEAR	<u>2,951,054</u>	<u>2,989,291</u>	<u>3,007,227</u>

See accompanying notes to the financial statements

**VILLAGE OF BERWYN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget \$	2020 \$	2019 \$
	<u> </u>	<u> </u>	<u> </u>
EXCESS OF (EXPENSES OVER REVENUES) REVENUES OVER EXPENSES	<u>(56,173)</u>	<u>(17,936)</u>	<u>(165,848)</u>
Acquisition of tangible capital assets	(720,682)	(10,789)	(147,364)
Proceeds on disposal of tangible capital assets	-	-	-
Amortization of tangible capital assets	251,721	157,529	247,624
Gain on disposal of tangible capital assets	-	-	-
	<u>(468,961)</u>	<u>146,740</u>	<u>100,260</u>
Acquisition of prepaid assets	-	(1,231)	(1,451)
Use of prepaid assets	-	1,451	1,236
	<u>-</u>	<u>220</u>	<u>(215)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>(525,134)</u>	<u>129,024</u>	<u>(65,803)</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>181,139</u>	<u>181,139</u>	<u>246,942</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>(343,995)</u></u>	<u><u>310,163</u></u>	<u><u>181,139</u></u>

See accompanying notes to the financial statements

**VILLAGE OF BERWYN
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020 \$	2019 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	(17,936)	(165,848)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	157,529	247,624
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(10,208)	(41,098)
Decrease (increase) in trade and other receivables	(72,525)	41,981
Decrease (increase) in receivable from other governments	(17,812)	31,891
Decrease (increase) in land held for resale	(36,302)	7,915
Decrease (increase) in prepaid expenses	220	(215)
Decrease (increase) in accounts payable and accrued liabilities	(6,525)	(64,304)
Decrease (increase) in deposit liabilities	(16,435)	(214)
Decrease (increase) in deferred revenue	236,192	120,735
	<u>216,198</u>	<u>178,467</u>
CAPITAL		
Acquisition of tangible capital assets	(10,789)	(147,364)
Sale of tangible capital assets	-	-
Cash applied to capital transactions	<u>(10,789)</u>	<u>(147,364)</u>
INVESTING		
Decrease (increase) in investments	191	-
Cash provided by (applied to) investing transactions	<u>191</u>	<u>-</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	205,600	31,103
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	495,362	464,259
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	<u>700,962</u>	<u>495,362</u>

See accompanying notes to the financial statements

VILLAGE OF BERWYN
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 SCHEDULE 1

	2020	2019			
	\$	\$			
	Unrestricted Surplus	Restricted Surplus			
	Equity in Tangible Capital Assets				
BALANCE, BEGINNING OF YEAR	143,186	39,404	2,824,637	3,007,227	3,173,075
Excess (deficiency) of revenues over expenses	(17,936)	-	-	(17,936)	(165,848)
Transfer from reserves	(69,547)	69,547	-	-	-
Current year funds used for tangible capital assets	(10,789)	-	10,789	-	-
Annual amortization expense	157,529	-	(157,529)	-	-
Long term debt repaid	-	-	-	-	-
Change in accumulated surplus	59,257	69,547	(146,740)	(17,936)	(165,848)
BALANCE, END OF YEAR	202,443	108,951	2,677,897	2,989,291	3,007,227

See accompanying notes to the financial statements

VILLAGE OF BERWYN
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2020 \$	2019 \$
COST:								
BALANCE, BEGINNING OF YEAR	191,835	159,735	568,801	5,639,214	494,811	166,092	7,220,488	7,073,124
Acquisition of tangible capital assets	-	-	-	-	-	-	-	147,364
Construction-in-progress	-	-	-	10,789	-	-	10,789	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	191,835	159,735	568,801	5,650,003	494,811	166,092	7,231,277	7,220,488
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	121,974	393,218	3,528,481	205,945	146,233	4,395,851	4,148,227
Annual amortization	-	2,795	16,321	109,753	24,530	4,130	157,529	247,624
Accumulated amortization on disposals	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	-	124,769	409,539	3,638,234	230,475	150,363	4,553,380	4,395,851
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	191,835	34,966	159,262	2,011,769	264,336	15,729	2,677,897	2,824,637
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	191,835	37,761	175,583	2,110,733	288,866	19,859	2,824,637	

See accompanying notes to the financial statements

VILLAGE OF BERWYN
 SCHEDULE OF PROPERTY TAXES LEVIED
 FOR THE YEAR ENDED DECEMBER 31, 2020
 SCHEDULE 3

	Budget \$	2020 \$	2019 \$
TAXATION			
Real property taxes	581,490	583,514	459,326
Linear property taxes	31,000	29,552	22,221
Special assessments and local improvement taxes	1,500	1,500	1,500
	<u>613,990</u>	<u>614,566</u>	<u>483,047</u>
REQUISITIONS			
Alberta School Foundation Fund	89,426	89,618	92,626
North Peace Housing Foundation	15,509	15,509	15,145
	<u>104,935</u>	<u>105,127</u>	<u>107,771</u>
NET MUNICIPAL TAXES	<u>509,055</u>	<u>509,439</u>	<u>375,276</u>

See accompanying notes to the financial statements

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

	Budget \$	2020 \$	2019 \$
TRANSFERS FOR OPERATING:			
Provincial Government	180,239	106,816	139,129
Other Local Governments	42,000	120,573	88,075
	<u>222,239</u>	<u>227,389</u>	<u>227,204</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	103,000	10,789	147,364
Federal Government	-	-	-
	<u>103,000</u>	<u>10,789</u>	<u>147,364</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>325,239</u></u>	<u><u>238,178</u></u>	<u><u>374,568</u></u>

See accompanying notes to the financial statements

VILLAGE OF BERWYN
 SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
 FOR THE YEAR ENDED DECEMBER 31, 2020
 SCHEDULE 5

	Budget \$	2020 \$	2019 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	405,765	407,419	431,846
Contracted and general services	193,956	173,467	171,673
Purchases from other governments	8,950	8,682	8,820
Materials, goods, supplies and utilities	269,009	281,931	307,259
Provision for allowances	700	17	715
Transfers to local boards and agencies	15,428	12,427	39,676
Transfers to individuals and organizations	2,200	600	538
Bank charges and short term interest	2,000	1,370	2,206
Amortization of tangible capital assets	251,721	157,529	247,624
Other expenses	61,570	56,049	66,152
	<u>1,211,299</u>	<u>1,099,491</u>	<u>1,276,509</u>

See accompanying notes to the financial statements

VILLAGE OF BERWYN
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2020
SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
REVENUE								
Net municipal taxes	509,439	-	-	-	-	-	-	509,439
Government transfers	-	20,000	130,260	-	28,522	11,866	47,530	238,178
User fees and sales of goods	13,377	1,715	4,227	2,131	-	208,202	-	229,652
Investment income	5,432	-	-	-	-	-	-	5,432
Other revenues	92,975	265	5,054	-	560	-	-	98,854
	621,223	21,980	139,541	2,131	29,082	220,068	47,530	1,081,555
EXPENSES								
Contract & general services	73,213	11,674	11,573	-	595	61,972	14,439	173,467
Salaries & wages	198,098	3,143	167,836	-	1,681	9,022	27,639	407,419
Goods & supplies	31,802	20,976	123,142	-	26,423	78,366	1,222	281,931
Transfers to local boards	-	-	-	-	12,427	-	-	12,427
Transfers to individuals and organizations	-	-	-	-	600	-	-	600
Other expenses	43,902	6,919	5,254	-	-	7,442	2,602	66,118
	347,015	42,712	307,805	-	41,726	156,802	45,902	941,962
NET REVENUE BEFORE AMORTIZATION	274,208	(20,732)	(168,264)	2,131	(12,644)	63,266	1,628	139,593
Amortization expense	(3,793)	(1,402)	(110,438)	-	(5,609)	(36,287)	-	(157,529)
NET REVENUE	270,415	(22,134)	(278,702)	2,131	(18,253)	26,979	1,628	(17,936)

**VILLAGE OF BERWYN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Berwyn 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 Canadian Institute of Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the Village of Berwyn are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in fund balances and change in financial position of the entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Village and are, therefore, accountable to the Village Council for 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 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.

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.

**VILLAGE OF BERWYN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) 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.

f) Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

g) 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.

h) Requisition Over-levies and Under-Levies

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

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 (Debt) for the year.

**VILLAGE OF BERWYN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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	15-20
Buildings	25-50
Engineered structures	
Roadway system	15-40
Underground power lines	15-40
Water distribution system	35-65
Wastewater treatment system	35-65
Machinery, equipment and furnishings	5-20
Vehicles	3-20

A full year of the annual amortization is charged in the year of acquisition and none 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 and replacement cost.

v. Cultural and Historical Tangible Capital Assets

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

VILLAGE OF BERWYN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash	483,856	280,270
Temporary investments with interest from 0.55% to 0.85%	217,106	215,092
	<u>700,962</u>	<u>495,362</u>

Temporary investments are guaranteed investment certificates with maturity dates in 2021.

Included in cash and temporary investments are restricted amounts of \$525,244 (2019 – \$369,152) received from the Municipal Sustainability Initiative, and \$50,000 received from Federal Gas Tax held exclusively for capital projects (Note 5).

3. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLES

	2020	2019
	\$	\$
Current taxes and grants in lieu of taxes	89,945	103,895
Arrears taxes	33,180	9,021
	123,125	112,916
Less: allowance for doubtful accounts	(9,333)	(9,333)
	<u>113,792</u>	<u>103,583</u>

4. LONG TERM INVESTMENTS

	2020		2019	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
Investment in ACFA	<u>-</u>	<u>-</u>	<u>191</u>	<u>191</u>

5. DEFERRED REVENUE

	2020	2019
	\$	\$
Federal Gas Tax Fund Grant	200,000	150,000
Oktoberfest Funding	5,216	5,216
Municipal Sustainability Initiative	722,225	536,033
	<u>927,441</u>	<u>691,249</u>

Municipal Sustainability Initiative

Funding in the amount of \$196,981 was received in the current year from the Municipal Sustainability Initiative. The use of these funds is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2021. Unexpended funds related to the advance are supported by cash and temporary investments of \$525,244 held exclusively for these projects (Note 2).

VILLAGE OF BERWYN
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

6. DEBT LIMITS

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

	<u>2020</u>	<u>2019</u>
	\$	\$
Total debt limit	1,606,149	1,444,946
Total debt	-	-
Amount of debt limit unused	<u>1,606,149</u>	<u>1,444,946</u>
Debt servicing limit	267,691	240,824
Debt servicing	-	-
Amount of debt servicing limit unused	<u>267,691</u>	<u>240,824</u>

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 that 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.

7. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2020</u>	<u>2019</u>
	\$	\$
Tangible capital assets (Schedule 2)	7,231,277	7,220,488
Accumulated amortization (Schedule 2)	(4,553,380)	(4,395,851)
Long-term debt	-	-
	<u>2,677,897</u>	<u>2,824,637</u>

VILLAGE OF BERWYN
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

8. ACCUMULATED SURPLUS

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

	2020 \$	2019 \$
Unrestricted surplus	<u>202,443</u>	<u>143,186</u>
Restricted surplus		
Equipment replacement - protective services	5,390	2,390
RCMP requisition	9,202	-
Water systems/repair	5,942	5,942
Sewer repairs/replacement	1,000	1,000
Landfill/transfer station	1,000	1,000
Land replacement	1,000	1,000
Contingencies	63,770	6,425
Office equipment - admin	1,400	1,400
Plant repairs/replacement	4,000	4,000
Public works - equipment	5,800	5,800
Street paving	3,315	3,315
Recreation projects	3,652	3,652
Tourism & culture	3,480	3,480
Equity in tangible capital assets	<u>2,677,897</u>	<u>2,824,637</u>
	<u><u>2,989,291</u></u>	<u><u>3,007,227</u></u>

VILLAGE OF BERWYN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

9. SALARY AND BENEFITS DISCLOSURE

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

	2020			2019
	Salary ¹	Benefits & allowances ²	Total	Total
Councillors				
Councillor Kenneth Montie	5,680	120	5,800	5,910
Councillor Sterling Andrews	-	-	-	4,075
Councillor Keith Yampolsky	-	-	-	5,650
Councillor Kim Steeves	7,901	244	8,145	6,885
Councillor Lisa Johnson	2,480	-	2,480	6,130
Mayor Cindy Hockley	6,807	183	6,990	-
Councillor Brianne Nettelfield	5,367	103	5,470	-
CAO ³	69,202	2,298 ³	71,500	88,288

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.

3 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.

**VILLAGE OF BERWYN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

10. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 274,000 people and 420 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Village is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2020 were \$0 (2019 - \$0).

Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2020 were \$0 (2019 - \$0).

At December 31, 2019, the LAPP disclosed a surplus of \$7.913 billion.

11. COMMITMENTS

The Village has a 5 year contract with KCL Consulting Inc to provide assessment services. Costs are expected to average \$8,350 per year. The contract expires June 30, 2025.

12. 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.

13. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, 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 instrument approximates fair value.

**VILLAGE OF BERWYN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

14. SEGMENTED DISCLOSURE

The Village of Berwyn 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).

15. IMPACT ON OPERATIONS

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on municipal government operations through the restrictions put in place by the Canadian and provincial governments regarding travel, isolation/quarantine orders closures of the Village's facilities, cancellation/postponement of programs and tax and utility deferral programs. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Village as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of the Village facility closures, program and service disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

16. SUBSEQUENT EVENTS

Subsequent to year end there is a water and sewer capital project planned for the 2021 year end for approximately \$500,000. This is to be financed using MSI Capital funds. To date, total costs incurred for the project are engineering fees of \$10,789.

17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.