

**VILLAGE OF BERWYN**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

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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.

May 14, 2020  
Date

  
Chief Administrative Officer

## Independent Auditor's Report

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To the Council of Village Of Berwyn:

### Opinion

We have audited the consolidated financial statements of Village Of Berwyn (the "Municipality"), which comprise the statement of financial position as at December 31, 2019, 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 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 financial position of the Municipality as at December 31, 2019, and the results of its operations, accumulated surplus 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 Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 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.

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 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 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 Municipality 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.

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

May 14, 2020

*MNP* **LLP**

Chartered Professional Accountants

**VILLAGE OF BERWYN  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019 \$	2018 \$ (Restated Note 16)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	495,362	464,259
Receivables		
Taxes and grants in lieu of taxes (Note 3)	103,583	62,485
Receivable from other governments	26,790	58,681
Trade and other receivables	301,168	343,149
Land inventory held for resale	29,985	37,900
Long-term investments (Note 4)	191	191
	<u>957,079</u>	<u>966,665</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	55,438	119,742
Deposit liabilities	29,253	29,467
Deferred revenue (Note 5)	691,249	570,514
Long term debt (Note 6)	-	-
	<u>775,940</u>	<u>719,723</u>
<b>NET FINANCIAL ASSETS</b>	<u>181,139</u>	<u>246,942</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital assets (Schedule 2)	2,824,637	2,924,897
Prepaid expenses	1,451	1,236
	<u>2,826,088</u>	<u>2,926,133</u>
<b>ACCUMULATED SURPLUS</b> (Schedule 1 & Note 9)	<u>3,007,227</u>	<u>3,173,075</u>

Commitments and contingencies - See Notes 12 and 13

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, 2019**

	Budget \$	2019 \$	2018 \$
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	479,056	375,276	466,219
User fees and sale of goods	219,540	252,076	206,591
Government transfers for operating (Schedule 4)	128,911	227,204	140,209
Investment income	11,225	8,780	12,904
Penalties and costs on taxes	16,600	32,326	15,079
Gain on disposal of tangible capital assets	-	-	-
Other revenues	74,569	67,635	42,053
<b>Total revenues</b>	<b>929,901</b>	<b>963,297</b>	<b>883,055</b>
<b>EXPENSES</b>			
<b>Operating</b>			
Legislative	41,400	30,204	48,841
Administration	309,803	355,923	323,783
Fire and bylaws enforcement	45,230	53,195	46,500
Roads, streets, walks lighting	271,300	483,560	464,022
Water supply and distribution	127,630	241,402	136,404
Handi-van requisition	-	249	387
Recreation and parks	28,129	26,012	24,975
Other	68,450	85,964	65,074
<b>Total Expenses</b>	<b>891,942</b>	<b>1,276,509</b>	<b>1,109,986</b>
<b>SHORTFALL OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<b>37,959</b>	<b>(313,212)</b>	<b>(226,931)</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	189,000	147,364	580,888
<b>SHORTFALL OF REVENUE OVER EXPENSES</b>	<b>226,959</b>	<b>(165,848)</b>	<b>353,957</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>3,173,075</b>	<b>3,173,075</b>	<b>2,819,118</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>3,400,034</b>	<b>3,007,227</b>	<b>3,173,075</b>

See accompanying notes to the financial statements

VILLAGE OF BERWYN  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget \$	2019 \$	2018 \$ (Restated) Note 16
<b>EXCESS OF (EXPENSES OVER REVENUES) REVENUES OVER EXPENSES</b>	<u>226,959</u>	<u>(165,848)</u>	<u>353,957</u>
Acquisition of tangible capital assets	(260,000)	(147,364)	(580,888)
Proceeds on disposal of tangible capital assets	-	-	-
Amortization of tangible capital assets	-	247,624	260,124
Gain on disposal of tangible capital assets	-	-	-
	<u>(260,000)</u>	<u>100,260</u>	<u>(320,764)</u>
Acquisition of prepaid assets	-	(1,451)	(1,236)
Use of prepaid assets	-	1,236	1,220
	<u>-</u>	<u>(215)</u>	<u>(16)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(33,041)	(65,803)	33,177
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>246,942</u>	<u>246,942</u>	<u>213,765</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>213,901</u>	<u>181,139</u>	<u>246,942</u>

See accompanying notes to the financial statements



**VILLAGE OF BERWYN**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019 \$	2018 \$ (Restated) Note 16
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (shortfall) of revenues over expenses	(165,848)	353,957
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	247,624	260,124
Gain on disposal of tangible capital assets	-	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(41,098)	8,800
Decrease (increase) in trade and other receivables	41,981	(312,370)
Decrease (increase) in receivable from other governments	31,891	(39,973)
Decrease (increase) in land held for resale	7,915	2,400
Decrease (increase) in prepaid expenses	(215)	(16)
Decrease (increase) in accounts payable and accrued liabilities	(64,304)	65,030
Decrease (increase) in deposit liabilities	(214)	(46)
Decrease (increase) in deferred revenue	120,735	(155,141)
Cash provided by operating transactions	<u>178,467</u>	<u>182,765</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(147,364)	(580,888)
Sale of tangible capital assets	-	-
Cash applied to capital transactions	<u>(147,364)</u>	<u>(580,888)</u>
<b>FINANCING</b>		
Long-term debt repaid	<u>-</u>	<u>(83,005)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>31,103</b>	<b>(481,128)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u><b>464,259</b></u>	<u><b>945,387</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)</b>	<u><u><b>495,362</b></u></u>	<u><u><b>464,259</b></u></u>

See accompanying notes to the financial statements

VILLAGE OF BERWYN  
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019 \$	2018 \$
<b>BALANCE, BEGINNING OF YEAR</b>	208,774	39,404	2,924,897	<b>3,173,075</b>	2,819,118
Excess (deficiency) of revenues over expenses	(165,848)	-	-	<b>(165,848)</b>	353,957
Transfer from reserves	-	-	-	-	-
Current year funds used for tangible capital assets	(147,364)	-	147,364	-	-
Annual amortization expense	247,624	-	(247,624)	-	-
Long term debt repaid	-	-	-	-	-
Change in accumulated surplus	(65,588)	-	(100,260)	<b>(165,848)</b>	353,957
<b>BALANCE, END OF YEAR</b>	<b>143,186</b>	<b>39,404</b>	<b>2,824,637</b>	<b>3,007,227</b>	<b>3,173,075</b>

See accompanying notes to the financial statements

VILLAGE OF BERWYN  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2019 \$	2018 \$
<b>COST:</b>								
<b>BALANCE, BEGINNING OF YEAR</b>	191,835	159,735	568,801	5,491,850	494,811	166,092	<b>7,073,124</b>	6,492,236
Acquisition of tangible capital assets	-	-	-	147,364	-	-	<b>147,364</b>	580,888
Construction-in-progress	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	-
<b>BALANCE, END OF YEAR</b>	<b>191,835</b>	<b>159,735</b>	<b>568,801</b>	<b>5,639,214</b>	<b>494,811</b>	<b>166,092</b>	<b>7,220,488</b>	<b>7,073,124</b>
<b>ACCUMULATED AMORTIZATION:</b>								
<b>BALANCE, BEGINNING OF YEAR</b>	-	119,179	377,741	3,331,767	181,416	138,124	<b>4,148,227</b>	3,888,103
Annual amortization	-	2,795	15,477	196,714	24,529	8,109	<b>247,624</b>	260,124
Accumulated amortization on disposals	-	-	-	-	-	-	-	-
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>121,974</b>	<b>393,218</b>	<b>3,528,481</b>	<b>205,945</b>	<b>146,233</b>	<b>4,395,851</b>	<b>4,148,227</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>191,835</b>	<b>37,761</b>	<b>175,583</b>	<b>2,110,733</b>	<b>288,866</b>	<b>19,859</b>	<b>2,824,637</b>	<b>2,924,897</b>
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	191,835	40,556	191,060	2,160,083	313,395	27,968	<b>2,924,897</b>	

See accompanying notes to the financial statements

VILLAGE OF BERWYN  
SCHEDULE OF PROPERTY TAXES LEVIED  
FOR THE YEAR ENDED DECEMBER 31, 2019  
SCHEDULE 3

	Budget \$	2019 \$	2018 \$
<b>TAXATION</b>			
Real property taxes	565,625	<b>459,326</b>	551,378
Linear property taxes	29,800	<b>22,221</b>	29,320
Special assessments and local improvement taxes	1,500	<b>1,500</b>	1,500
	<u>596,925</u>	<u><b>483,047</b></u>	<u>582,198</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	101,702	<b>92,626</b>	99,812
North Peace Housing Foundation	16,167	<b>15,145</b>	16,167
	<u>117,869</u>	<u><b>107,771</b></u>	<u>115,979</u>
<b>NET MUNICIPAL TAXES</b>	<u>479,056</u>	<u><b>375,276</b></u>	<u>466,219</u>

See accompanying notes to the financial statements

VILLAGE OF BERWYN  
SCHEDULE OF GOVERNMENT TRANSFERS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
SCHEDULE 4

	Budget \$	2019 \$	2018 \$
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	105,811	139,129	116,615
Other Local Governments	23,100	88,075	23,594
	<u>128,911</u>	<u>227,204</u>	<u>140,209</u>
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	139,000	147,364	580,888
Federal Government	50,000	-	-
	<u>189,000</u>	<u>147,364</u>	<u>580,888</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>317,911</u>	<u>374,568</u>	<u>721,097</u>

See accompanying notes to the financial statements



VILLAGE OF BERWYN  
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT  
FOR THE YEAR ENDED DECEMBER 31, 2019  
SCHEDULE 5

	Budget \$	2019 \$	2018 \$
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	406,259	<b>431,846</b>	411,636
Contracted and general services	195,960	<b>171,673</b>	162,218
Purchases from other governments	8,850	<b>8,820</b>	10,813
Materials, goods, supplies and utilities	207,325	<b>307,259</b>	190,739
Provision for allowances	700	<b>715</b>	762
Transfers to local boards and agencies	12,000	<b>39,676</b>	15,734
Transfers to individuals and organizations	500	<b>538</b>	-
Bank charges and short term interest	2,650	<b>2,206</b>	2,213
Interest on capital long-term debt	-	-	2,182
Amortization of tangible capital assets	-	<b>247,624</b>	260,124
Other expenses	57,698	<b>66,152</b>	53,565
	<b>891,942</b>	<b>1,276,509</b>	1,109,986

See accompanying notes to the financial statements

VILLAGE OF BERWYN  
SCHEDULE OF SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2019  
SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
<b>REVENUE</b>								
Net municipal taxes	375,276	-	-	-	-	-	-	375,276
Government transfers	50,000	20,000	214,772	-	10,000	11,369	68,427	374,568
User fees and sales of goods	31,000	485	1,965	2,151	-	216,475	-	252,076
Investment income	8,780	-	-	-	-	-	-	8,780
Other revenues	91,721	1,405	6,285	-	-	-	550	99,961
	556,777	21,890	223,022	2,151	10,000	227,844	68,977	1,110,661
<b>EXPENSES</b>								
Contract & general services	72,216	18,945	2,492	-	500	56,337	21,183	171,673
Salaries & wages	205,249	1,942	154,792	-	167	42,460	27,236	431,846
Goods & supplies	40,130	24,734	121,180	-	22,111	98,682	422	307,259
Transfers to local boards	-	-	-	-	19,676	-	20,000	39,676
Transfers to individuals and organizations	-	-	-	-	538	-	-	538
Long term debt interest	-	-	-	-	-	-	-	-
Other expenses	54,467	6,172	4,564	-	-	7,636	5,054	77,893
	372,062	51,793	283,028	-	42,992	205,115	73,895	1,028,885
<b>NET REVENUE BEFORE AMORTIZATION</b>								
	184,715	(29,903)	(60,006)	2,151	(32,992)	22,729	(4,918)	81,776
Amortization expense	(3,793)	(1,402)	(200,533)	-	(5,609)	(36,287)	-	(247,624)
<b>NET REVENUE</b>	180,922	(31,305)	(260,539)	2,151	(38,601)	(13,558)	(4,918)	(165,848)

VILLAGE OF BERWYN  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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**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, 2019

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, 2019

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.



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**2. CASH AND CASH EQUIVALENTS**

	2019	2018
	\$	\$
Cash	280,270	252,776
Temporary investments with interest from 0.55% to 2.4%	215,092	211,483
	<u>495,362</u>	<u>464,259</u>

Temporary investments are guaranteed investment certificates with maturity dates in 2020.

Included in cash and temporary investments are restricted amounts of \$369,152 (2018 – \$398,418) 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**

	2019	2018
	\$	\$
Current taxes and grants in lieu of taxes	103,895	69,469
Arrears taxes	9,021	2,349
	112,916	71,818
Less: allowance for doubtful accounts	(9,333)	(9,333)
	<u>103,583</u>	<u>62,485</u>

**4. LONG TERM INVESTMENTS**

	2019		2018	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
Investment in AAMDC	<u>191</u>	<u>191</u>	<u>191</u>	<u>191</u>

**5. DEFERRED REVENUE**

	2019	2018
	\$	\$
		(Restated Note 16)
Federal Gas Tax Fund Grant	150,000	50,000
Oktoberfest Funding	5,216	3,998
Municipal Sustainability Initiative	536,033	516,516
	<u>691,249</u>	<u>570,514</u>

**Municipal Sustainability Initiative**

Funding in the amount of \$166,881 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 2020. Unexpended funds related to the advance are supported by cash and temporary investments of \$369,152 held exclusively for these projects (Note 2).

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**6. LONG-TERM DEBT**

	2019	2018
	\$	\$
Bank loans	-	-

Interest on long-term debt amounted to \$0 (2018 - \$2,182).

As at December 31, 2019, the Village had a line of credit totalling \$100,000, none of which was drawn. It is secured by a general security agreement.

**7. 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:

	2019	2018
	\$	\$
Total debt limit	1,444,946	1,324,583
Total debt	-	-
Amount of debt limit unused	1,444,946	1,324,583
Debt servicing limit	240,824	220,764
Debt servicing	-	-
Amount of debt servicing limit unused	240,824	220,764

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.

**8. EQUITY IN TANGIBLE CAPITAL ASSETS**

	2019	2018
	\$	\$
Tangible capital assets (Schedule 2)	7,220,488	7,073,124
Accumulated amortization (Schedule 2)	(4,395,851)	(4,148,227)
Long-term debt (Note 6)	-	-
	2,824,637	2,924,897

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**9. ACCUMULATED SURPLUS**

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

	2019 \$	2018 \$
Unrestricted surplus	143,186	208,774
Restricted surplus		
Equipment replacement - protective services	2,390	2,390
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	6,425	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	2,824,637	2,924,897
	<u>3,007,227</u>	<u>3,173,075</u>

VILLAGE OF BERWYN  
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**10. 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:

	<b>2019</b>		<b>2018</b>
	<b>\$</b>		<b>\$</b>
	<b>Salary <sup>1</sup></b>	<b>Benefits &amp; allowances <sup>2</sup></b>	<b>Total</b>
<b>Councillors</b>			
Mayor Kenneth Montie	5,883	27	5,910
Councillor Sterling Andrews	4,075	-	4,075
Councillor Keith Yampolsky	5,636	14	5,650
Councillor Kim Steeves	6,829	56	6,885
Councillor Lisa Johnson	6,100	30	6,130
<b>CAO <sup>3</sup></b>	<b>85,846</b>	<b>2,442 <sup>3</sup></b>	<b>88,288</b>
			<b>79,977</b>

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.



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**11. 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 266,000 people and 421 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 2019 were \$0 (2018 - \$1,621).

Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2019 were \$0 (2018 - \$1,465).

At December 31, 2018, the LAPP disclosed a surplus of \$3.469 billion.

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**12. COMMITMENTS**

The Village has a 4 year contract with KCL Consulting Inc to provide assessment services. Costs are expected to average \$8,600 per year. The contract expires June 30, 2020.

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**13. 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.

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**14. 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.



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**15. 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).

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**16. PRIOR PERIOD ADJUSTMENT**

The Village has restated its financial statements to set up a grant receivable for a capital project completed in the prior year and reduce the amount recognized out of the Municipal Sustainability Initiative deferred revenue. The adjustments to correct these balances are as follows:

	2018
	\$
<b>Adjustments to trade and other receivables:</b>	
As previously reported	204,149
Adjustment for grant receivable	139,000
<b>As restated</b>	<u>343,149</u>
	2018
	\$
<b>Adjustments to deferred revenue:</b>	
As previously reported	431,514
Adjustment to MSI capital deferred revenue	139,000
<b>As restated</b>	<u>570,514</u>

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**17. SUBSEQUENT EVENT**

Subsequent to year-end, there was a global outbreak of COVID-19, which has had a significant impact on municipal government operations through the restrictions put in place by the Canadian and provincial governments as well as municipal governments regarding travel, isolation/quarantine orders, closures of Village 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 virus, and the duration of the outbreak, including the duration of Village facility closures, program and service disruptions, and isolation/quarantine measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

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**18. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.