

VILLAGE OF BERWYN
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

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Independent Auditor's Report

To the Council of Village Of Berwyn:

Report on the Audit of the Consolidated Financial Statements

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, 2022, and the statements of operations, accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2022, 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 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, we confirm that the Municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in Note 5
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the Municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 8

Peace River, Alberta

April 27, 2023

MNP LLP

Chartered Professional Accountants

**VILLAGE OF BERWYN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022 \$	2021 \$
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	<u>590,228</u>	<u>393,477</u>
Receivables		
Taxes and grants in lieu of taxes (Note 3)	204,183	136,945
Receivable from other governments	32,725	94,274
Trade and other receivables	537,347	514,960
Land inventory held for resale	<u>34,154</u>	<u>47,388</u>
	<u>1,398,637</u>	<u>1,187,044</u>
LIABILITIES		
Accounts payable and accrued liabilities	135,140	101,888
Deposit liabilities	12,818	14,927
Deferred revenue (Note 4)	<u>850,885</u>	<u>716,693</u>
	<u>998,843</u>	<u>833,508</u>
NET FINANCIAL ASSETS	<u>399,794</u>	<u>353,536</u>
NON-FINANCIAL ASSETS		
Tangible Capital assets (Schedule 2)	3,011,361	3,113,341
Prepaid expenses	<u>8,530</u>	<u>1,000</u>
	<u>3,019,891</u>	<u>3,114,341</u>
ACCUMULATED SURPLUS (Schedule 1 & Note 7)	<u><u>3,419,685</u></u>	<u><u>3,467,877</u></u>

Commitments and contingencies - See Notes 10 and 11

Approved by

Mayor

Chief Administrative Officer

See accompanying notes to the financial statements

**VILLAGE OF BERWYN
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget \$	2022 \$	2021 \$
REVENUE			
Net municipal property taxes (Schedule 3)	503,726	514,808	498,960
User fees and sale of goods	237,145	247,436	258,406
Government transfers for operating (Schedule 4)	217,066	190,349	211,915
Investment income	4,718	14,152	4,801
Penalties and costs on taxes	35,450	51,003	38,129
Other revenues	71,080	82,522	72,021
Total revenues	<u>1,069,185</u>	<u>1,100,270</u>	<u>1,084,232</u>
EXPENSES			
Operating			
Legislative	36,300	27,382	38,972
Administration	296,762	331,738	373,889
Fire and bylaws enforcement	77,867	49,590	73,627
Roads, streets, walks lighting	313,951	403,516	447,342
Water supply and distribution	230,479	232,422	220,613
Recreation and parks	30,703	36,619	25,203
Other	72,876	67,195	83,682
Total Expenses	<u>1,058,938</u>	<u>1,148,462</u>	<u>1,263,328</u>
SHORTFALL OF REVENUE OVER EXPENSES - BEFORE OTHER	10,247	(48,192)	(179,096)
OTHER			
Government transfers for capital (Schedule 4)	<u>475,322</u>	<u>-</u>	<u>657,682</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	485,569	(48,192)	478,586
ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,467,877	3,467,877	2,989,291
ACCUMULATED SURPLUS, END OF YEAR	<u><u>3,953,446</u></u>	<u><u>3,419,685</u></u>	<u><u>3,467,877</u></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, 2022**

	Budget \$	2022 \$	2021 \$
	<u> </u>	<u> </u>	<u> </u>
EXCESS OF (EXPENSES OVER REVENUES) REVENUES OVER EXPENSES	485,569	(48,192)	478,586
Acquisition of tangible capital assets	(192,900)	(78,990)	(609,678)
Proceeds on disposal of tangible capital assets	-	-	-
Amortization of tangible capital assets	-	180,970	174,234
Gain on disposal of tangible capital assets	-	-	-
	<u>(192,900)</u>	<u>101,980</u>	<u>(435,444)</u>
Acquisition of prepaid assets	-	(8,530)	(1,000)
Use of prepaid assets	-	1,000	1,231
	<u>-</u>	<u>(7,530)</u>	<u>231</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	292,669	46,258	43,373
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>353,536</u>	<u>353,536</u>	<u>310,163</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>646,205</u></u>	<u><u>399,794</u></u>	<u><u>353,536</u></u>

See accompanying notes to the financial statements

**VILLAGE OF BERWYN
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	(48,192)	478,586
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	180,970	174,234
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(67,238)	(23,153)
Decrease (increase) in trade and other receivables	(22,387)	(141,268)
Decrease (increase) in receivable from other governments	61,549	(49,672)
Decrease (increase) in land held for resale	13,234	18,899
Decrease (increase) in prepaid expenses	(7,530)	231
Decrease (increase) in accounts payable and accrued liabilities	33,252	52,975
Decrease (increase) in deposit liabilities	(2,109)	2,109
Decrease (increase) in deferred revenue	134,192	(210,748)
	<u>275,741</u>	<u>302,193</u>
CAPITAL		
Acquisition of tangible capital assets	(78,990)	(609,678)
Sale of tangible capital assets	-	-
Cash applied to capital transactions	<u>(78,990)</u>	<u>(609,678)</u>
INVESTING		
Decrease (increase) in investments	-	-
Cash provided by (applied to) investing transactions	<u>-</u>	<u>-</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	196,751	(307,485)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>393,477</u>	<u>700,962</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	<u><u>590,228</u></u>	<u><u>393,477</u></u>

See accompanying notes to the financial statements

**VILLAGE OF BERWYN
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022 \$	2021 \$
BALANCE, BEGINNING OF YEAR	245,585	108,951	3,113,341	3,467,877	2,989,291
Excess (deficiency) of revenues over expenses	(48,192)	-	-	(48,192)	478,586
Transfer from reserves	1,472	(1,472)	-	-	-
Current year funds used for tangible capital assets	(78,990)	-	78,990	-	-
Annual amortization expense	180,970	-	(180,970)	-	-
Long term debt repaid	-	-	-	-	-
Change in accumulated surplus	55,260	(1,472)	(101,980)	(48,192)	478,586
BALANCE, END OF YEAR	300,845	107,479	3,011,361	3,419,685	3,467,877

See accompanying notes to the financial statements

**VILLAGE OF BERWYN
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2022 \$	2021 \$
COST:								
BALANCE, BEGINNING OF YEAR	191,835	159,735	568,801	6,248,678	497,614	166,092	7,832,755	7,231,277
Acquisition of tangible capital assets	-	-	-	14,580	64,410	-	78,990	609,678
Construction-in-progress	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	(8,200)
BALANCE, END OF YEAR	191,835	159,735	568,801	6,263,258	562,024	166,092	7,911,745	7,832,755
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	127,564	425,016	3,765,609	246,732	154,493	4,719,414	4,553,380
Annual amortization	-	2,795	15,477	128,104	30,464	4,130	180,970	174,234
Accumulated amortization on disposals	-	-	-	-	-	-	-	(8,200)
BALANCE, END OF YEAR	-	130,359	440,493	3,893,713	277,196	158,623	4,900,384	4,719,414
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	191,835	29,376	128,308	2,369,545	284,828	7,469	3,011,361	3,113,341
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	191,835	32,171	143,785	2,483,069	250,882	11,599	3,113,341	

See accompanying notes to the financial statements

**VILLAGE OF BERWYN
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE 3**

	Budget \$	2022 \$	2021 \$
TAXATION			
Real property taxes	583,898	593,082	577,673
Linear property taxes	28,737	29,359	29,238
Special assessments and local improvement taxes	1,500	1,500	1,500
	<u>614,135</u>	<u>623,941</u>	<u>608,411</u>
REQUISITIONS			
Alberta School Foundation Fund	92,944	91,668	92,944
North Peace Housing Foundation	17,465	17,465	16,507
	<u>110,409</u>	<u>109,133</u>	<u>109,451</u>
NET MUNICIPAL TAXES	<u>503,726</u>	<u>514,808</u>	<u>498,960</u>

See accompanying notes to the financial statements

**VILLAGE OF BERWYN
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE 4**

	Budget \$	2022 \$	2021 \$
	<u> </u>	<u> </u>	<u> </u>
TRANSFERS FOR OPERATING:			
Provincial Government	92,215	80,492	90,297
Other Local Governments	124,851	109,857	121,618
	<u>217,066</u>	<u>190,349</u>	<u>211,915</u>
 TRANSFERS FOR CAPITAL:			
Provincial Government	225,322	-	531,523
Federal Government	250,000	-	126,159
	<u>475,322</u>	<u>-</u>	<u>657,682</u>
 TOTAL GOVERNMENT TRANSFERS	 <u>692,388</u>	 <u>190,349</u>	 <u>869,597</u>

See accompanying notes to the financial statements

**VILLAGE OF BERWYN
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE 5**

	Budget \$	2022 \$	2021 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	437,636	424,509	444,368
Contracted and general services	219,521	178,158	201,091
Purchases from other governments	8,800	5,145	9,067
Materials, goods, supplies and utilities	287,300	252,008	296,166
Provision for allowances	-	-	-
Transfers to local boards and agencies	34,801	29,185	24,540
Transfers to individuals and organizations	9,600	-	26,600
Bank charges and short term interest	2,000	1,483	2,098
Amortization of tangible capital assets	-	180,970	174,234
Other expenses	59,280	77,004	85,164
	<u>1,058,938</u>	<u>1,148,462</u>	<u>1,263,328</u>

See accompanying notes to the financial statements

**VILLAGE OF BERWYN
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2022
SCHEDULE 6**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
REVENUE								
Net municipal taxes	514,808	-	-	-	-	-	-	514,808
Government transfers	-	20,000	125,752	-	10,000	11,867	22,730	190,349
User fees and sales of goods	7,000	1,311	-	-	-	239,125	-	247,436
Investment income	14,152	-	-	-	-	-	-	14,152
Other revenues	119,334	50	-	-	125	14,016	-	133,525
	655,294	21,361	125,752	-	10,125	265,008	22,730	1,100,270
EXPENSES								
Contract & general services	76,934	8,998	8,672	-	14,661	59,626	9,267	178,158
Salaries & wages	212,009	3,600	148,074	-	-	42,259	18,567	424,509
Goods & supplies	11,365	13,947	121,140	-	24,457	80,254	845	252,008
Transfers to local boards	-	13,678	-	-	15,507	-	-	29,185
Transfers to individuals and organizations	-	-	-	-	-	-	-	-
Other expenses	64,469	5,815	6,128	-	-	5,556	1,664	83,632
	364,777	46,038	284,014	-	54,625	187,695	30,343	967,492
NET REVENUE BEFORE AMORTIZATION	290,517	(24,677)	(158,262)	-	(44,500)	77,313	(7,613)	132,778
Amortization expense	(7,577)	(3,552)	(119,503)	-	(5,610)	(44,728)	-	(180,970)
NET REVENUE	282,940	(28,229)	(277,765)	-	(50,110)	32,585	(7,613)	(48,192)

**VILLAGE OF BERWYN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 2022**

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, 2022**

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, 2022

2. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
	\$	\$
Cash	<u>365,901</u>	174,642
Temporary investments with interest from 0.70% to 0.85%	<u>224,327</u>	218,835
	<u>590,228</u>	<u>393,477</u>

Temporary investments consist of savings accounts for reserves, tax surplus' and term deposits

Included in cash and temporary investments are restricted amounts of \$300,162 (2021 – \$190,702) received from the Municipal Sustainability Initiative, \$47,270 received from Federal Gas Tax held exclusively for capital projects (Note 4), and \$107,479 for reserves held (Note 7).

3. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLES

	<u>2022</u>	<u>2021</u>
	\$	\$
Current taxes and grants in lieu of taxes	<u>143,513</u>	83,183
Arrears taxes	<u>70,004</u>	63,096
	<u>213,517</u>	146,279
Less: allowance for doubtful accounts	<u>(9,334)</u>	(9,334)
	<u>204,183</u>	<u>136,945</u>

4. DEFERRED REVENUE

	<u>2022</u>	<u>2021</u>
	\$	\$
Federal Gas Tax Fund Grant	<u>347,270</u>	297,270
Oktoberfest Funding	<u>5,216</u>	5,216
FCSS Funding	<u>-</u>	4,689
Municipal Sustainability Initiative	<u>498,399</u>	409,518
	<u>850,885</u>	<u>716,693</u>

Municipal Sustainability Initiative

Funding in the amount of \$88,776 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 2023. Unexpended funds related to the advance are supported by cash and temporary investments of \$300,162 held exclusively for these projects (Note 2).

VILLAGE OF BERWYN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. DEBT LIMITS

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

	<u>2022</u>	<u>2021</u>
	\$	\$
Total debt limit	<u>1,650,405</u>	1,626,348
Total debt	-	-
Amount of debt limit unused	<u>1,650,405</u>	<u>1,626,348</u>
Debt servicing limit	<u>275,068</u>	271,058
Debt servicing	-	-
Amount of debt servicing limit unused	<u>275,068</u>	<u>271,058</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.

6. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
	\$	\$
Tangible capital assets (Schedule 2)	<u>7,911,745</u>	7,832,755
Accumulated amortization (Schedule 2)	<u>(4,900,384)</u>	(4,719,414)
Long-term debt	-	-
	<u>3,011,361</u>	<u>3,113,341</u>

**VILLAGE OF BERWYN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. ACCUMULATED SURPLUS

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

	2022	2021
	\$	\$
Unrestricted surplus	<u>300,845</u>	<u>245,585</u>
Restricted surplus		
Equipment replacement - protective services	5,390	5,390
RCMP requisition	9,202	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	62,298	63,770
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>3,011,361</u>	<u>3,113,341</u>
	<u>3,419,685</u>	<u><u>3,467,877</u></u>

**VILLAGE OF BERWYN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. 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:

	2022		2021	
	\$	\$	\$	\$
	Salary ¹	Benefits & allowances ²	Total	Total
Councillors				
Mayor Cindy Hockley	6,307	223	6,530	7,685
Mayor/Councillor Kim Steeves	4,696	129	4,825	9,180
Councillor Kenneth Montie	2,504	46	2,550	6,235
Councillor Brianne Nettelfield	3,915	70	3,985	5,945
Councillor John Bak	5,605	-	5,605	7,015
Councillor Nicole Edmundson	941	4	945	-
Councillor Duane Sawan	597	18	615	-
CAO ³	74,446	4,478 ³	78,924	74,500

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
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9. 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 281,764 people and 435 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 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.80% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2022 were \$0 (2021 - \$0).

Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2022 were \$0 (2021 - \$0).

At December 31, 2021, the LAPP disclosed a surplus of \$11.922 billion.

10. 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.

11. 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.

12. 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
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13. 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. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.