

VILLAGE OF BERWYN
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

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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 25, 2019

Date


Chief Administrative Officer

Independent Auditor's Report

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, 2018, and the statements of operations, accumulated operating surplus, changes in net assets, cash flows and the audited 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, 2018, 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

April 25, 2019

MNP **LLP**

Chartered Professional Accountants

MNP

VILLAGE OF BERWYN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 \$	2017 \$
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	<u>464,259</u>	<u>945,387</u>
Receivables		
Taxes and grants in lieu of taxes (Note 3)	62,485	71,285
Receivable from other governments	58,681	18,708
Trade and other receivables	204,149	30,779
Land inventory held for resale	37,900	40,300
Long-term investments (Note 4)	191	191
	<u>827,665</u>	<u>1,106,650</u>
LIABILITIES		
Accounts payable and accrued liabilities	119,742	54,712
Deposit liabilities	29,467	29,513
Deferred revenue (Note 5)	431,514	725,655
Long term debt (Note 6)	-	83,005
	<u>580,723</u>	<u>892,885</u>
NET FINANCIAL ASSETS	<u>246,942</u>	<u>213,765</u>
NON-FINANCIAL ASSETS		
Tangible Capital assets (Schedule 2)	2,924,897	2,604,133
Prepaid expenses	1,236	1,220
	<u>2,926,133</u>	<u>2,605,353</u>
ACCUMULATED SURPLUS (Schedule 1 & Note 9)	<u>3,173,075</u>	<u>2,819,118</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, 2018

	Budget \$	2018 \$	2017 \$
REVENUE			
Net municipal property taxes (Schedule 3)	484,441	466,219	476,523
User fees and sale of goods	212,783	206,591	211,386
Government transfers for operating (Schedule 4)	125,841	140,209	127,082
Investment income	9,595	12,904	8,270
Penalties and costs on taxes	30,300	15,079	30,388
Gain on disposal of tangible capital assets	-	-	10,300
Other revenues	54,450	42,053	67,800
Total revenues	917,410	883,055	931,749
EXPENSES			
Operating			
Legislative	36,500	48,841	41,357
Administration	302,082	323,783	336,100
Fire and bylaws enforcement	38,047	46,500	39,859
Roads, streets, walks lighting	265,716	464,022	535,159
Water supply and distribution	104,212	136,404	117,413
Handi-van requisition	-	387	1,096
Recreation and parks	19,425	24,975	25,175
Other	66,043	65,074	59,037
Total Expenses	832,025	1,109,986	1,155,196
SHORTFALL OF REVENUE OVER EXPENSES - BEFORE OTHER	85,385	(226,931)	(223,447)
OTHER			
Government transfers for capital (Schedule 4)	46,538	580,888	91,046
SHORTFALL OF REVENUE OVER EXPENSES	131,923	353,957	(132,401)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	2,819,118	2,819,118	2,951,519
ACCUMULATED SURPLUS, END OF YEAR	2,951,041	3,173,075	2,819,118

See accompanying notes to the financial statements

VILLAGE OF BERWYN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget \$	2018 \$	2017 \$
	<u> </u>	<u> </u>	<u> </u>
EXCESS OF (EXPENSES OVER REVENUES) REVENUES OVER EXPENSES	<u>131,923</u>	<u>353,957</u>	<u>(132,401)</u>
Acquisition of tangible capital assets	(297,175)	(580,888)	(76,064)
Proceeds on disposal of tangible capital assets	-	-	14,300
Amortization of tangible capital assets	-	260,124	234,865
Gain on disposal of tangible capital assets	-	-	(10,300)
	<u>(297,175)</u>	<u>(320,764)</u>	<u>162,801</u>
Acquisition of prepaid assets	-	(1,236)	(1,220)
Use of prepaid assets	-	1,220	1,209
	<u>-</u>	<u>(16)</u>	<u>(11)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(165,252)	33,177	30,389
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>213,765</u>	<u>213,765</u>	<u>183,376</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>48,513</u></u>	<u><u>246,942</u></u>	<u><u>213,765</u></u>

See accompanying notes to the financial statements

**VILLAGE OF BERWYN
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018 \$	2017 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	353,957	(132,401)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	260,124	234,865
Gain on disposal of tangible capital assets	-	(10,300)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	8,800	(121)
Decrease (increase) in trade and other receivables	(173,370)	(3,334)
Decrease (increase) in receivable from other governments	(39,973)	34,414
Decrease (increase) in land held for resale	2,400	-
Decrease (increase) in prepaid expenses	(16)	(11)
Decrease (increase) in accounts payable and accrued liabilities	65,030	(6,392)
Decrease (increase) in deposit liabilities	(46)	(160)
Decrease (increase) in deferred revenue	(294,141)	160,995
Cash provided by operating transactions	<u>182,765</u>	<u>277,555</u>
CAPITAL		
Acquisition of tangible capital assets	(580,888)	(76,064)
Sale of tangible capital assets	-	14,300
Cash applied to capital transactions	<u>(580,888)</u>	<u>(61,764)</u>
FINANCING		
Long-term debt repaid	<u>(83,005)</u>	<u>(23,757)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(481,128)	192,034
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>945,387</u>	<u>753,353</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	<u><u>464,259</u></u>	<u><u>945,387</u></u>

See accompanying notes to the financial statements

VILLAGE OF BERWYN
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018 \$	2017 \$
BALANCE, BEGINNING OF YEAR	195,566	102,424	2,521,128	2,819,118	2,951,519
Excess (deficiency) of revenues over expenses	353,957	-	-	353,957	(132,401)
Transfer from reserves	63,020	(63,020)	-	-	-
Current year funds used for tangible capital assets	(580,888)	-	580,888	-	-
Annual amortization expense	260,124	-	(260,124)	-	-
Long term debt repaid	(83,005)	-	83,005	-	-
Change in accumulated surplus	13,208	(63,020)	403,769	353,957	(132,401)
BALANCE, END OF YEAR	208,774	39,404	2,924,897	3,173,075	2,819,118

See accompanying notes to the financial statements

VILLAGE OF BERWYN
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2018 \$	2017 \$
COST:								
BALANCE, BEGINNING OF YEAR	191,835	159,735	568,801	4,910,962	494,811	166,092	6,492,236	6,456,172
Acquisition of tangible capital assets	-	-	-	580,888	-	-	580,888	76,064
Construction-in-progress	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	(40,000)
BALANCE, END OF YEAR	191,835	159,735	568,801	5,491,850	494,811	166,092	7,073,124	6,492,236
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	116,384	362,686	3,122,131	156,887	130,015	3,888,103	3,689,238
Annual amortization	-	2,795	15,055	209,636	24,529	8,109	260,124	234,865
Accumulated amortization on disposals	-	-	-	-	-	-	-	(36,000)
BALANCE, END OF YEAR	-	119,179	377,741	3,331,767	181,416	138,124	4,148,227	3,888,103
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	191,835	40,556	191,060	2,160,083	313,395	27,968	2,924,897	2,604,133
2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	191,835	43,351	206,115	1,788,831	337,924	36,077	2,604,133	

See accompanying notes to the financial statements

VILLAGE OF BERWYN
 SCHEDULE OF PROPERTY TAXES LEVIED
 FOR THE YEAR ENDED DECEMBER 31, 2018
 SCHEDULE 3

	Budget \$	2018 \$	2017 \$
TAXATION			
Real property taxes	570,816	551,378	560,819
Linear property taxes	28,000	29,320	27,788
Special assessments and local improvement taxes	1,500	1,500	1,500
	<u>600,316</u>	<u>582,198</u>	<u>590,107</u>
REQUISITIONS			
Alberta School Foundation Fund	99,708	99,812	99,708
North Peace Housing Foundation	16,167	16,167	13,876
	<u>115,875</u>	<u>115,979</u>	<u>113,584</u>
NET MUNICIPAL TAXES	<u>484,441</u>	<u>466,219</u>	<u>476,523</u>

See accompanying notes to the financial statements

VILLAGE OF BERWYN
 SCHEDULE OF GOVERNMENT TRANSFERS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 SCHEDULE 4

	Budget \$	2018 \$	2017 \$
TRANSFERS FOR OPERATING:			
Provincial Government	103,311	116,615	105,852
Other Local Governments	22,530	23,594	21,230
	<u>125,841</u>	<u>140,209</u>	<u>127,082</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	-	580,888	41,046
Federal Government	46,538	-	50,000
	<u>46,538</u>	<u>580,888</u>	<u>91,046</u>
TOTAL GOVERNMENT TRANSFERS	<u>172,379</u>	<u>721,097</u>	<u>218,128</u>

See accompanying notes to the financial statements

VILLAGE OF BERWYN
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 5

	Budget \$	2018 \$	2017 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	395,047	411,636	414,239
Contracted and general services	174,373	162,218	171,094
Purchases from other governments	8,600	10,813	8,564
Materials, goods, supplies and utilities	180,351	190,739	243,385
Provision for allowances	-	762	167
Transfers to local boards and agencies	15,200	15,734	16,288
Transfers to individuals and organizations	2,000	-	3,500
Bank charges and short term interest	2,600	2,213	2,632
Interest on capital long-term debt	-	2,182	2,643
Amortization of tangible capital assets	-	260,124	234,865
Other expenses	53,854	53,565	57,819
	<u>832,025</u>	<u>1,109,986</u>	<u>1,155,196</u>

See accompanying notes to the financial statements

VILLAGE OF BERWYN
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
REVENUE								
Net municipal taxes	466,219	-	-	-	-	-	-	466,219
Government transfers	-	7,200	652,044	-	4,000	11,394	46,459	721,097
User fees and sales of goods	-	255	1,663	1,881	-	202,792	-	206,591
Investment income	12,904	-	-	-	-	-	-	12,904
Other revenues	55,445	1,591	-	-	65	-	31	57,132
	534,568	9,046	653,707	1,881	4,065	214,186	46,490	1,463,943
EXPENSES								
Contract & general services	77,798	14,701	3,065	-	45	52,305	14,304	162,218
Salaries & wages	216,231	3,657	146,787	-	1,700	19,847	23,414	411,636
Goods & supplies	15,426	18,414	104,955	-	19,995	28,496	3,453	190,739
Transfers to local boards	-	-	-	-	15,734	-	-	15,734
Long term debt interest	-	-	2,182	-	-	-	-	2,182
Other expenses	44,336	8,325	6,094	-	-	2,416	6,182	67,353
	353,791	45,097	263,083	-	37,474	103,064	47,353	849,862
NET REVENUE BEFORE AMORTIZATION	180,777	(36,051)	390,624	1,881	(33,409)	111,122	(863)	614,081
Amortization expense	(18,833)	(1,403)	(200,939)	-	(5,609)	(33,340)	-	(260,124)
NET REVENUE	161,944	(37,454)	189,685	1,881	(39,018)	77,782	(863)	353,957

VILLAGE OF BERWYN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018

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, 2018

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, 2018

2. CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Cash	252,776	673,790
Temporary investments with interest from 0.55% to 2.3%	211,483	271,597
	<u>464,259</u>	<u>945,387</u>

Temporary investments are guaranteed investment certificates with maturity dates in 2019.

Included in cash and temporary investments is a restricted amount of \$377,516 (2017 – \$722,208) received from the Municipal Sustainability Initiative and held exclusively for capital projects (Note 5).

3. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLES

	2018	2017
	\$	\$
Current taxes and grants in lieu of taxes	69,469	69,697
Arrears taxes	2,349	10,921
	71,818	80,618
Less: allowance for doubtful accounts	(9,333)	(9,333)
	<u>62,485</u>	<u>71,285</u>

4. LONG TERM INVESTMENTS

	2018		2017	
	Cost \$	Market Value \$	Cost \$	Market Value \$
Investment in AAMDC	<u>191</u>	<u>191</u>	<u>191</u>	<u>191</u>

5. DEFERRED REVENUE

	2018	2017
	\$	\$
Federal Gas Tax Fund Grant	50,000	-
Oktoberfest Funding	3,998	3,447
Municipal Sustainability Initiative	377,516	722,208
	<u>431,514</u>	<u>725,655</u>

Municipal Sustainability Initiative

Funding in the amount of \$118,098 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 2019. Unexpended funds related to the advance are supported by cash and temporary investments of \$377,516 held exclusively for these projects (Note 2).

VILLAGE OF BERWYN
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

6. LONG-TERM DEBT

	2018	2017
	\$	\$
Bank loans	-	83,005

Interest on long-term debt amounted to \$2,182 (2017 - \$2,643).

As at December 31, 2018, the Village had a line of credit totalling \$100,000, none of which was drawn. It is secured by a general security agreement.

Bank loan was repaid in full during the current year.

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:

	2018	2017
	\$	\$
Total debt limit	1,324,583	1,397,624
Total debt	-	83,005
Amount of debt limit unused	<u>1,324,583</u>	<u>1,314,619</u>
Debt servicing limit	220,764	232,937
Debt servicing	-	26,400
Amount of debt servicing limit unused	<u>220,764</u>	<u>206,537</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.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018	2017
	\$	\$
Tangible capital assets (Schedule 2)	7,073,124	6,492,236
Accumulated amortization (Schedule 2)	(4,148,227)	(3,888,103)
Long-term debt (Note 6)	-	(83,005)
	<u>2,924,897</u>	<u>2,521,128</u>

VILLAGE OF BERWYN
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

9. ACCUMULATED SURPLUS

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

	2018 \$	2017 \$
Unrestricted surplus	<u>208,774</u>	<u>195,566</u>
Restricted surplus		
Equipment replacement - protective services	2,390	13,390
Water systems/repair	5,942	20,944
Sewer repairs/replacement	1,000	19,000
Landfill/transfer station	1,000	1,000
Land replacement	1,000	7,000
Contingencies	6,425	6,425
Office equipment - admin	1,400	2,400
Plant repairs/replacement	4,000	5,000
Public works - equipment	5,800	5,800
Street paving	3,315	10,315
Recreation projects	3,652	4,650
Tourism & culture	3,480	6,500
Equity in tangible capital assets	<u>2,924,897</u>	<u>2,521,128</u>
	<u><u>3,173,075</u></u>	<u><u>2,819,118</u></u>

VILLAGE OF BERWYN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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:

	2018			2017
	Salary ¹	Benefits & allowances ²	Total	Total
	\$	\$	\$	\$
Councillors				
Mayor Ron Longtin	-	-	-	6,720
Councillor Harry Vanderklok	-	-	-	5,390
Councillor Raymond Lyn Ouellete	-	-	-	975
Councillor Clark Toews	-	-	-	525
Councillor John Bak	-	-	-	1,700
Councillor/Mayor Kenneth Montie	9,255	-	9,255	8,074
Councillor Cindy Hockley	-	-	-	4,960
Councillor Sterling Andrews	6,035	-	6,035	2,089
Councillor Keith Yampolsky	10,600	-	10,600	2,774
Councillor Kim Steeves	9,310	-	9,310	2,254
Councillor Lisa Johnson	8,740	-	8,740	1,129
CAO ³	76,819	3,158 ³	79,977	115,887

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, 2018**

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 260,000 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 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2018 were \$1,621 (2017 - \$11,388). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2018 were \$1,465 (2017 - \$10,517).

At December 31, 2017, the LAPP disclosed a surplus of \$4.835 billion.

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.

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.

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.

VILLAGE OF BERWYN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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).

16. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.