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TOWN OF BEAVERLODGE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

MNP

Management's Responsibility

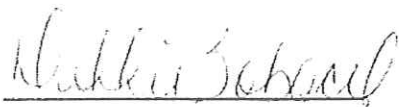
To the Members of Council:

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.

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

MNP LLP, an independent firm of Chartered Accountants, is appointed by 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 Council and management to discuss their audit findings.



Management
April 23, 2012

Auditor's Report

To the Members of Council:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Town of Beaverlodge, which comprise the consolidated statement of financial position at December 31, 2011, the consolidated statements of operations, changes in net financial debt, cash flows, and related schedules for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Beaverlodge as at December 31, 2011, and the results of its operations, changes in its net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grande Prairie, Alberta
April 23, 2012

MNP LLP

Chartered Accountants


MNP

Town of Beaverlodge
Consolidated Statement of Financial Position
As at December 31, 2011

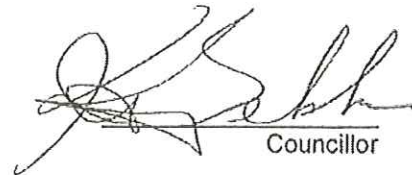
	2011	2010
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	1,283,797	2,493,548
Trust assets (Note 7)	77,326	76,479
Receivables (Note 3)		
Taxes and grants in place of taxes	127,198	137,767
Trade and other accounts-receivable	716,657	1,171,005
Investments (Note 4)	5,529	5,529
Due from County of Grande Prairie No. 1	11,789	6,657
	2,222,296	3,890,985
LIABILITIES		
Temporary loan payable (Note 5)	1,960,617	-
Accounts payable and accrued liabilities (Note 6)	1,163,497	1,285,279
Trust liabilities (Note 7)	77,326	76,479
Deposit liabilities	9,483	9,305
Deferred revenue (Note 8)	1,390	1,586
Long term debt (Note 9)	3,738,805	3,831,372
	6,951,118	5,204,021
NET FINANCIAL DEBT	(4,728,822)	(1,313,036)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule II)	22,607,702	14,377,805
Prepaid expenses	139,003	2,523
	22,746,705	14,380,328
ACCUMULATED SURPLUS (Schedule I, Note 12)	18,017,883	13,067,292

Commitments and contingencies - See Notes 17 and 18

Approved by



Mayor



Councillor

The accompanying notes are an integral part of these financial statements

Town of Beaverlodge
Consolidated Statement of Operations
For the year ended December 31, 2011

	<i>Budget</i> <i>(Unaudited)</i>	2011	2010
REVENUE			
Net municipal taxes (<i>Schedule III</i>)	2,127,049	2,117,925	2,053,977
Government transfers for operating (<i>Schedule IV</i>)	555,320	538,982	597,019
User fees and sales of goods	1,134,500	1,372,000	1,284,272
Franchise and concession contracts	162,000	180,738	170,142
Other revenue	673,514	723,828	366,179
Penalties and costs on taxes	27,500	47,309	39,060
Investment income	6,100	26,213	11,663
Loss on disposal of capital assets	-	(16,926)	(57,094)
Total Revenue	4,685,983	4,990,069	4,465,218
EXPENSES			
Legislative	112,500	97,042	83,200
Administrative	271,293	526,822	335,832
Bylaws enforcement	274,749	296,603	249,995
Roads, streets, walks, lighting	721,043	766,120	1,330,244
Water supply and distribution	1,058,111	1,324,410	1,325,271
Family and community support	147,188	191,170	164,132
Parks and recreation	683,315	1,019,365	807,276
Planning and development	298,983	188,514	117,618
Total Expenses	3,567,182	4,410,046	4,413,568
EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	1,118,801	580,023	51,650
OTHER			
Government transfers for capital (<i>Schedule IV</i>)	4,116,500	4,370,568	1,563,775
EXCESS OF REVENUE OVER EXPENSES	5,235,301	4,950,591	1,615,425
ACCUMULATED SURPLUS, BEGINNING OF YEAR	13,067,292	13,067,292	11,451,867
ACCUMULATED SURPLUS, END OF YEAR	18,302,593	18,017,883	13,067,292

The accompanying notes are an integral part of these financial statements

Town of Beaverlodge
Consolidated Statement of Changes in Net Financial Debt
For the year ended December 31, 2011

	<i>Budget</i> <i>(Unaudited)</i>	2011	2010
EXCESS OF REVENUE OVER EXPENSES	5,235,301	4,950,591	1,615,425
Acquisition of tangible capital assets	(7,627,000)	(8,729,811)	(3,039,977)
Proceeds on disposal of tangible capital assets	-	54,229	94,099
Amortization of tangible capital assets	-	428,759	396,100
Loss on sale of tangible capital assets	-	16,926	57,094
	(7,627,000)	(8,229,897)	(2,492,684)
Acquisition of prepaid assets	-	(136,480)	(949)
INCREASE IN NET FINANCIAL DEBT	(2,391,699)	(3,415,786)	(878,208)
NET FINANCIAL DEBT, BEGINNING OF YEAR	(1,313,036)	(1,313,036)	(434,828)
NET FINANCIAL DEBT, END OF YEAR	(3,704,735)	(4,728,822)	(1,313,036)

The accompanying notes are an integral part of these financial statements

Town of Beaverlodge
Consolidated Statement of Cash Flows
For the year ended December 31, 2011

	<u>2011</u>	<u>2010</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	4,950,591	1,615,425
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	428,759	396,100
Loss on disposal of tangible capital assets	16,926	57,094
Non-cash charges to operations (net change):		
Decrease (Increase) in taxes and grants in lieu receivable	10,569	(30,306)
Decrease (increase) in trade and other accounts receivable	454,348	(1,028,902)
Decrease (increase) in prepaid expenses	(136,480)	(948)
Increase (decrease) in accounts payable and accrued liabilities	(121,782)	850,412
Increase (decrease) in deferred revenue	(196)	(36,550)
Increase (decrease) in deposit liabilities	178	1,790
Decrease (increase) in due from County of Grande Prairie No. 1	(5,132)	(5,416)
Cash provided by operating transactions	5,597,781	1,818,699
CAPITAL		
Proceeds on sale of tangible capital assets	54,229	94,099
Acquisition of tangible capital assets	(8,729,811)	(3,039,977)
Cash applied to capital transactions	(8,675,582)	(2,945,878)
INVESTING		
FINANCING		
Short-term debt issued	1,960,617	-
Long-term debt issued	-	1,500,000
Long-term debt repaid	(92,567)	(62,623)
Cash applied to financing transactions	1,868,050	1,437,377
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(1,209,751)	310,198
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,493,548	2,183,350
CASH AND CASH EQUIVALENTS, END OF YEAR	1,283,797	2,493,548

The accompanying notes are an integral part of these financial statements

Town of Beaverlodge
Schedule I - Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2011

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2011	2010
BALANCE, BEGINNING OF YEAR	279,570	2,241,289	10,546,433	13,067,292	11,451,867
Excess of revenue over expenses	4,950,591	-	-	4,950,591	1,615,425
Unrestricted funds designated for future use	1,201,019	(1,201,019)	-	-	-
Current year funds used for tangible capital assets	(6,769,194)	-	6,769,194	-	-
Annual amortization expense	428,759	-	(428,759)	-	-
Disposal of tangible capital assets	71,155	-	(71,155)	-	-
Long-term debt repaid	(92,567)	-	92,567	-	-
Change in accumulated surplus	(210,237)	(1,201,019)	6,361,847	4,950,591	1,615,425
BALANCE, END OF YEAR	69,333	1,040,270	16,908,280	18,017,883	13,067,292

The accompanying notes are an integral part of these financial statements

Town of Beaverlodge
Schedule II - Schedule of Tangible Capital Assets
For the year ended December 31, 2011

	Land	Land Improvements	Buildings	Engineered structures	Machinery & equipment	Vehicles	2011	2010
COST:								
BALANCE, BEGINNING OF YEAR	1,815,529	162,631	4,238,534	16,390,131	1,031,105	549,485	24,187,415	21,593,667
Acquisition of tangible capital assets	-	-	-	160,916	680,139	24,696	865,751	764,289
Construction-in-progress	-	-	-	7,864,060	-	-	7,864,060	2,275,688
Disposal of tangible capital assets	-	-	-	-	(192,995)	-	(192,995)	(446,229)
BALANCE, END OF YEAR	1,815,529	162,631	4,238,534	24,415,107	1,518,249	574,181	32,724,231	24,187,415
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	82,193	1,328,799	7,409,091	620,630	368,897	9,809,610	9,708,547
Annual amortization	-	10,686	85,993	214,498	79,306	38,276	428,759	396,100
Accumulated amortization on disposals	-	-	-	-	(121,840)	-	(121,840)	(295,037)
BALANCE, END OF YEAR	-	92,879	1,414,792	7,623,589	578,096	407,173	10,116,529	9,809,610
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,815,529	69,752	2,823,742	16,791,518	940,153	167,008	22,607,702	14,377,805
2010 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,815,529	80,438	2,909,735	8,981,040	410,475	180,588	14,377,805	



Town of Beaverlodge
Schedule III - Schedule of Property and Other Taxes
For the year ended December 31, 2011

	<i>Budget (Unaudited)</i>	2011	2010
TAXATION			
Real property taxes	2,690,577	2,632,542	2,586,312
Linear property taxes	64,796	76,806	29,605
Government grants in lieu of property taxes	-	36,543	32,012
	2,755,373	2,745,891	2,647,929
REQUISITIONS			
Alberta School Foundation Fund	616,682	617,398	584,642
Grande Spirit Foundation	11,642	10,568	9,310
	628,324	627,966	593,952
NET MUNICIPAL TAXES	2,127,049	2,117,925	2,053,977

The accompanying notes are an integral part of these financial statements

Town of Beaverlodge
Schedule IV - Schedule of Government Transfers
For the year ended December 31, 2011

	<i>Budget (Unaudited)</i>	2011	2010
TRANSFER FOR OPERATING:			
Federal Government	-	-	126,173
Provincial Government	439,440	440,272	331,941
Other Local Governments	115,880	98,710	138,905
	555,320	538,982	597,019
TRANSFERS FOR CAPITAL:			
Provincial Government	616,500	467,920	466,423
Other Local Governments	3,500,000	3,902,648	1,097,352
	4,116,500	4,370,568	1,563,775
TOTAL GOVERNMENT TRANSFERS	4,671,820	4,909,550	2,160,794

The accompanying notes are an integral part of these financial statements

Town of Beaverlodge
Schedule V - Consolidated Schedule of Expenses by Object
For the year ended December 31, 2011

	<i>Budget</i> (Unaudited)	2011	2010
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	1,246,662	1,494,112	1,172,591
Contracted and general services	1,453,019	1,282,058	1,808,978
Materials, goods and utilities	568,519	797,461	682,714
Transfers to individuals and organizations	19,931	75,408	133,854
Interest on long-term debt	193,051	192,332	152,859
Other	86,000	139,916	66,472
Amortization provision	-	428,759	396,100
	3,567,182	4,410,046	4,413,568

The accompanying notes are an integral part of these financial statements

Town of Beaverlodge
Schedule VI - Schedule of Segmented Disclosure
For the year ended December 31, 2011

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	2,117,925	-	-	-	-	-	-	2,117,925
Government transfers	54,323	43,987	262,013	-	4,495,560	-	53,667	4,909,550
User fees and sales of goods	-	-	-	-	306,724	1,055,545	9,731	1,372,000
Investment income	26,213	-	-	-	-	-	-	26,213
Other revenues	68,219	121,435	-	760	-	11,297	733,238	934,949
	2,266,680	155,422	262,013	760	4,802,284	1,066,842	796,636	9,360,637
EXPENSES								
Contract & general services	121,346	100,567	230,944	64,231	200,630	399,849	164,491	1,282,058
Salaries & wages	356,250	89,018	222,267	76,513	451,791	298,273	-	1,494,112
Goods & supplies	46,540	54,524	241,543	47,770	113,454	274,647	18,983	797,461
Transfers to local boards	-	14,528	-	-	51,870	9,010	-	75,408
Long-term debt interest	-	-	-	-	101,268	91,064	-	192,332
Other expenses	90,520	27,300	-	-	6,690	15,406	-	139,916
	614,656	285,937	694,754	188,514	925,703	1,088,249	183,474	3,981,287
NET REVENUE, BEFORE AMORTIZATION	1,652,024	(120,515)	(432,741)	(187,754)	3,876,581	(21,407)	613,162	5,379,350
Amortization expense	9,208	10,666	71,366	-	93,662	236,161	7,696	428,759
NET REVENUE	1,642,816	(131,181)	(504,107)	(187,754)	3,782,919	(257,568)	605,466	4,950,591



Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Beaverlodge (the "Town") are the representations of management prepared in accordance with accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town of Beaverlodge are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources. They include the following:

West Grande Prairie County Solid Waste Management Authority 15% (2010 - 15%),
Beaverlodge Public Library 100%.

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 expenses 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.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

d) Investments

Investments are recorded at amortized cost, except investments in government business entities explained below. 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.

e) Employee future benefits

Selected employees of the Town are members of the Local Authority Pension Plan (LAPP), a multi-employer define benefit pension plan. The trustee of the plan is the Alberta Treasurer and the plan is administered by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the County does not recognize its share of any plan surplus or deficit.

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 leveling 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) Prepaid local improvement charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a tax payer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of related borrowings.

In the event that the prepaid amounts are applied the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

h) 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.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

i) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual 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.

j) Government Partnership

The Town of Beaverlodge has entered into an agreement with the Towns of Wembley and Sexsmith, Village of Hythe and the County of Grande Prairie No. 1 to construct, operate and maintain a regional collection, transfer and disposal of garbage facilities for the benefit of all participating municipalities under the name of West Grande Prairie County Solid Waste Management Authority. The government partnership is account for using proportionate consolidation. Under proportionate consolidation, only the Town of Beaverlodge's interest 15% (2010 - 15%) in the government partnership is included in the consolidated financial statements.

k) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Town is required to fund the closure of the West Grande Prairie County Solid Waste Management Authority's landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and vision inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

l) 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 revenue over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

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 over the estimated useful life as follows:

	Years
Buildings	25 - 50
Land improvements	15 - 20
Engineered structures:	
Water system	45 - 75
Wastewater system	45 - 75
Other engineered structures	15 - 30
Machinery and equipment	5 - 15
Vehicles	10 - 25

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.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

2. CASH AND TEMPORARY INVESTMENTS

	<i>2011</i>	<i>2010</i>
Cash	355,444	1,506,963
Cash on hand	-	250
Temporary investments	928,353	986,335
	1,283,797	2,493,548

Temporary investments are short-term deposits with original maturities of three months or less.

Council has designated funds of \$1,040,269 (2010 - \$2,241,289) to reserves and \$1,390 (2010 - \$1,586) for deferred revenue.

Term deposits are held in trust by the County of Grande Prairie No. 1 on behalf of West Grande Prairie County Solid Waste Management Authority. Included in investments are restricted amounts totaling \$30,045 (2010 - \$32,407) which includes a restricted cash fund for closure & post closure \$9,432 (2010 - \$8,104) and Provincial government grants and accumulated interest held exclusively for capital projects \$20,716 (2010 - \$24,303).

3. ACCOUNTS RECEIVABLE

	<i>2011</i>	<i>2010</i>
Current taxes and grants in place of taxes	84,524	100,609
Arrears taxes	42,674	37,158
Total current taxes and grants in place of taxes	127,198	137,767
Trade and other receivables	635,337	1,171,005
Receivable from government agencies	126,173	-
Total other receivables	761,510	1,171,005
Less: allowance for doubtful accounts	(44,853)	-
Total trade and other receivables	716,657	1,171,005

4. INVESTMENTS

	<i>2011</i>	<i>2010</i>
Alberta Municipal Finance Corp. shares	10	10
Alberta Association of Municipal Districts & Counties Member's Equity	235	235
United Farmers of Alberta Patronage account	5,284	5,284
Total investments	5,529	5,529

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

5. TEMPORARY LOAN PAYABLE

During the year, the Town was approved for a term loan up to \$3,000,000 (2010 - \$nil) bearing interest at prime plus 0.07%. It is available by way of multiple draws on or before June 30, 2012, and is to be used for partial financing of the Beaverlodge community square and swimming pool. The amount is payable in full no later than June 30, 2012. Total withdraw as of December 31, 2011 is \$1,960,617.

Covenants related to this loan are as follows:

1) The Town cannot sell, lease or otherwise dispose of any assets except (i) inventory sold, leased or disposed of in the ordinary course of business, (ii) obsolete equipment which is being replaced with equipment of equivalent value and, (iii) assets sold, lease or disposed of during a fiscal year having an aggregate fair market value not exceeding \$50,000, for such fiscal year.

2) Make changes to the project costs which exceeds cumulative basis of the lesser of \$100,000 and an amount that will result in 15% or more of the approved contingency portion of the eligible project cost to be utilized

3) Acquire any additional funding under the Alberta Capital Finance Authority Debenture financing of \$4,600,000 as approved under By Law #906 unless for the purpose of paying out ATB loan facility.

As of December 31, 2011, the Town is non compliant with covenant number 2. Cumulative change to the estimated costs of the project during the 2011 fiscal year were \$190,628. The loan has been paid off subsequent to year end (Note 19), with a loan from Alberta Capital Finance Authority.

6. ACCOUNTS PAYABLE

	<i>2011</i>	<i>2010</i>
Accrued landfill closure costs	10,759	9,286
Accounts payable	1,033,824	1,275,993
Vacation and overtime payable	89,535	-
Salaries and wages payable	29,379	-
Total accounts payable	1,163,497	1,285,279

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary years.

7. TRUST ASSET AND LIABILITY

	<i>2011</i>	<i>2010</i>
Balance, beginning of year	76,479	76,021
Interest earned	847	458
Balance, end of year	77,326	76,479

8. DEFERRED REVENUE

	<i>2011</i>	<i>2010</i>
Prepaid property taxes	1,390	1,586

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

9. LONG-TERM DEBT

	<i>2011</i>	<i>2010</i>
Self supported debentures	3,738,805	3,831,372

The current portion of the long-term debt amounts to \$99,388 (2010 - \$93,729).

Estimated principal and interest repayments recoverable are as follows:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2012	99,388	188,252	287,640
2013	105,423	182,146	287,569
2014	111,863	175,776	287,639
2015	118,738	168,901	-
2016	126,079	161,560	287,639
To maturity	3,177,314	1,844,474	5,021,788
	3,738,805	2,721,109	6,172,275

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 4.190% to 9.375% per annum, before Provincial subsidy, and matures in periods 2018 through 2040.

Debenture debt is issued on the credit and security of the town at large.

Interest on debt amounts to \$195,072 (2010 - \$136,726)

The Town's total cash payments for interest in 2011 were \$135,819 (2010 - \$74,633)

10. 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 Town of Beaverlodge be disclosed as follows:

	<i>2011</i>	<i>2010</i>
Total debt limit	7,485,104	9,043,490
Total debt	5,699,422	3,831,372
Amount of debt limit unused	1,785,682	5,212,118
Debt servicing limit	1,247,517	1,507,248
Debt servicing	287,640	287,639
Amount of debt servicing limit unused	959,877	1,219,609

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 which could be a 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.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2011	2010
Tangible capital assets (<i>Schedule II</i>)	32,724,231	24,187,415
Accumulated amortization (<i>Schedule II</i>)	(10,116,529)	(9,809,610)
Temporary Loan Payable (<i>Note 5</i>)	(1,960,617)	-
Long-term debt (<i>Note 9</i>)	(3,738,805)	(3,831,372)
	16,908,280	10,546,433

12. ACCUMULATED SURPLUS

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

	2011	2010
Unrestricted surplus	69,333	279,570
Reserves (<i>Note 13</i>)	1,040,270	2,241,289
Equity in tangible capital assets (<i>Note 11</i>)	16,908,280	10,546,433
	18,017,883	13,067,292

13. RESERVES

Reserves consist of operating and capital amounts as follows:

	2011	2010
Operating reserves		
Senior citizens transportation	14,757	14,599
Development	94,625	93,610
Operating contingencies	98,342	1,210,253
	207,724	1,318,462
Capital reserves		
General	128,910	102,781
Landfill	203,474	203,474
Fire department	144,435	80,615
Infrastructure	206,050	203,838
Storm sewer levies	28,895	28,895
Sustainability	335	184,877
Offsite cost levies	120,447	118,347
	832,546	922,827
	1,040,270	2,241,289

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

14. SALARY AND BENEFITS DISCLOSURE

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

	<i>Salary</i> ¹	<i>Benefits & allowances</i> ²	2011	2010
Councillors:				
Hanson, Leona	12,988	-	12,988	12,314
Hermans, Mary	5,513	-	5,513	9,981
Kokoktilo-Bekkerus, Judy	5,850	-	5,850	14,075
Kyle, Joan	-	-	-	6,813
Lappenbush, Richard	-	-	-	3,750
Milliken, Craig	-	-	-	9,495
Willey, Tracy	-	-	-	5,225
Olson, Wendy	5,063	-	5,063	5,225
Dueck, Terry	6,413	-	6,413	1,200
Kyle, Blaine	5,063	-	5,063	2,719
Metcalfe, Stan	4,950	-	4,950	975
Town Manager	94,241	12,773	107,014	100,520
Treasurer	75,650	12,388	88,038	79,035

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.

15. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town 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 199,849 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 contributions to the LAPP of 9.49% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan of 13.13% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.49% of pensionable salary up to the year's maximum pensionable salary and 12.13% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2011 were \$68,769 (2010 - 58,695). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2011 were \$62,155 (2010 - \$52,353).

At December 31, 2010, the LAPP disclosed a deficiency of \$4,635.3 million (2009 - \$3,998.6 million).

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2011

16. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The accrued liability for closure and post-closure of the West Grande Prairie County Solid Waste Management.

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the sum of discounted future cash flows for closure activities and post-closure activities for 40 years after closure using a discounted rate of 6% and assuming annual inflation of 2% (2010 - 2%).

The accrued liability portion is based on the cumulative capacity used at year-end compared to the estimated total landfill capacity. The total capacity of the site is estimated at 952,000 cubic meters. The estimated remaining capacity of the landfill site is 837,820 (2010 - 847,706) cubic meters. The existing landfill is expected to reach capacity in approximately the year 2081.

The following summarizes the Town's portion of the total net present value for the estimated costs of closure and post-closure care:

	2011	2010
Estimated closure costs	77,787	76,883
Estimated post-closure costs	7,875	7,875
Estimated total liability	85,662	84,758
Estimated capacity remaining	88.0%	89.0%
Portion of total liability remaining to be recognized	74,903	75,472
Estimated capacity used	12%	11.0%
Accrued liability portion	10,759	9,286

17. CONTINGENCIES

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town 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.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
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18.COMMITMENTS

The Town is committed to make annual payments of \$133,315 in the next fiscal year for multiple operating lease they have entered into for various equipment. They are further committed for fiscal years 2013-2016 for operating lease entered into during the prior years for a total cost of \$389,417 related to the same equipment.

19.SUBSEQUENT EVENTS

In March of 2012, the town received financing for \$3,000,000 from Alberta Capital Finance Authority to pay off the term loan described in Note 5.

Subsequent to year end, there were asset additions related to the construction costs of the Beaverlodge Multiplex in the amount of \$1,319,818.

20.SEGMENTED DISCLOSURE

The Town 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 VI)

21.FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, due from County of Grande Prairie No. 1, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other accounts receivables. Credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to fulfil 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.

22.APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

23.COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year presentation.