

**TOWN OF BEAVERLODGE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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.

May 12, 2014



Management

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, 2013, 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, 2013, 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
May 12, 2014**

MNP LLP

Chartered Accountants

Town of Beaverlodge
Consolidated Statement of Financial Position

As at December 31, 2013

	2013	2012
FINANCIAL ASSETS		
Cash (Note 2)	3,481	729,816
Portfolio investments (Note 2)	208,802	277,750
Trust asset (Note 7)	18,377	18,176
Receivables (Note 3)		
Taxes and grants in place of taxes	191,404	200,277
Trade and other accounts receivable	1,036,156	533,275
Investments (Note 4)	5,529	5,529
Due from County of Grande Prairie No. 1	9,120	7,465
Assets held-for-sale	117,436	120,045
	1,590,305	1,892,333
LIABILITIES		
Temporary loan payable (Note 5)	222,673	906,923
Accounts payable and accrued liabilities (Note 6)	693,501	827,428
Trust liability (Note 7)	18,377	18,176
Deposit liabilities	353	6,533
Deferred revenue (Note 8)	19,518	3,705
Long term debt (Note 9)	6,446,489	6,611,130
Capital lease obligation (Note 10)	368,816	-
	7,769,727	8,373,895
NET FINANCIAL DEBT	(6,179,422)	(6,481,562)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule II)	25,967,556	25,553,408
Prepaid expenses	2,773	43,193
	25,970,329	25,596,601
ACCUMULATED SURPLUS (Schedule I, Note 13)	19,790,907	19,115,039

Commitments and contingencies - See Notes 18 and 19

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, 2013

	Budget	2013	2012
REVENUE			
Net municipal taxes (Schedule III)	2,415,173	2,343,759	2,139,931
Government transfers for operating (Schedule IV)	512,097	911,781	646,966
User fees and sales of goods	1,893,967	1,724,230	1,631,235
Franchise and concession contracts	173,198	179,748	167,566
Other revenue	210,900	400,075	843,290
Penalties and costs on taxes	40,000	43,947	33,823
Investment income	6,600	1,968	22,747
	5,251,935	5,605,508	5,485,558
EXPENSES			
Legislative	113,249	102,082	106,643
Administrative	346,356	585,516	472,041
Bylaws enforcement	390,309	287,726	306,845
Roads, streets, walks, lighting	752,868	856,301	770,171
Water supply and distribution	1,210,992	1,265,945	1,292,411
Family and community support	168,604	186,578	188,690
Parks and recreation	1,678,024	2,013,217	1,720,466
Planning and development	133,509	108,773	150,976
	4,793,911	5,406,138	5,008,243
EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	458,024	199,370	477,315
OTHER			
Gain on disposal of tangible capital assets	-	290	96,744
Government transfers for capital (Schedule IV)	560,840	476,208	523,097
	560,840	476,498	619,841
EXCESS OF REVENUE OVER EXPENSES	1,018,864	675,868	1,097,156
ACCUMULATED SURPLUS, BEGINNING OF YEAR	19,115,039	19,115,039	18,017,883
ACCUMULATED SURPLUS, END OF YEAR	20,133,903	19,790,907	19,115,039

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, 2013

	Budget	2013	2012
EXCESS OF REVENUE OVER EXPENSES	1,018,864	675,868	1,097,156
Acquisition of tangible capital assets	(736,858)	(664,001)	(3,545,851)
Acquisition of tangible capital assets under capital lease	-	(439,987)	-
Tangible capital assets reclassified as held for sale	-	(2,609)	120,045
Proceeds on disposal of tangible capital assets	-	20,767	128,354
Amortization of tangible capital assets	-	671,972	448,490
Gain on sale of tangible capital assets	-	(290)	(96,744)
Acquisition of prepaid assets	(736,858)	(414,148)	(2,945,706)
	-	40,420	95,810
INCREASE IN NET FINANCIAL DEBT	282,006	302,140	(1,752,740)
NET FINANCIAL DEBT, BEGINNING OF YEAR	(6,481,562)	(6,481,562)	(4,728,822)
NET FINANCIAL DEBT, END OF YEAR	(6,199,556)	(6,179,422)	(6,481,562)

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, 2013

	2013	2012
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	675,868	1,097,156
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	671,972	448,490
Gain on disposal of tangible capital assets	(290)	(96,744)
Non-cash charges to operations (net change):		
Decrease (Increase) in taxes and grants in lieu receivable	8,873	(73,079)
Decrease (increase) in trade and other accounts receivable	(502,881)	183,382
Decrease (increase) in prepaid expenses	40,420	95,810
Increase (decrease) in accounts payable and accrued liabilities	(133,927)	(336,069)
Increase (decrease) in deferred revenue	15,813	2,315
Increase (decrease) in deposit liabilities	(6,180)	(2,950)
Decrease (increase) in due from County of Grande Prairie No. 1	(1,655)	4,324
Cash provided by operating transactions	768,013	1,322,635
CAPITAL		
Proceeds on sale of tangible capital assets	20,767	128,354
Acquisition of tangible capital assets	(664,001)	(3,545,851)
Cash applied to capital transactions	(643,234)	(3,417,497)
FINANCING		
Short-term debt repaid	(684,250)	(1,053,694)
Long-term debt issued	-	3,000,000
Long-term debt repaid	(164,641)	(127,675)
Capital lease obligation repaid	(71,171)	-
Cash provided by (applied to) financing transactions	(920,062)	1,818,631
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(795,283)	(276,231)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,007,566	1,283,797
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	212,283	1,007,566

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, 2013

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2013	2012
BALANCE, BEGINNING OF YEAR	75,087	884,552	18,155,400	19,115,039	18,017,883
Excess of revenue over expenses	675,868	-	-	675,868	1,097,156
Unrestricted funds designated for future use	237,663	(237,663)	-	-	-
Current year funds used for tangible capital assets	(664,001)	-	664,001	-	-
Annual amortization expense	671,972	-	(671,972)	-	-
Disposal of tangible capital assets	20,477	-	(20,477)	-	-
Term debt repaid	(848,891)	-	848,891	-	-
Capital lease obligation repaid	(71,171)	-	71,171	-	-
Change in accumulated surplus	21,917	(237,663)	891,614	675,868	1,097,156
BALANCE, END OF YEAR	97,004	646,889	19,047,014	19,790,907	19,115,039

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, 2013

	Land	Land Improvements	Buildings	Engineered structures	Machinery & equipment	Vehicles	2013	2012
COST:								
BALANCE, BEGINNING OF YEAR	1,815,529	166,635	4,035,450	27,784,353	1,686,380	574,181	36,062,528	32,724,231
Acquisition of tangible capital assets	-	-	-	514,412	62,809	526,767	1,103,988	813,523
Construction-in-progress	-	-	-	-	-	-	-	2,732,328
Assets reclassified to held-for-sale	-	-	-	-	-	-	-	(130,484)
Disposal of tangible capital assets	-	-	(16,627)	-	(43,833)	(18,902)	(79,362)	(77,069)
BALANCE, END OF YEAR	1,815,529	166,635	4,018,823	28,298,765	1,705,356	1,082,046	37,087,154	36,062,529
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	101,343	1,441,273	7,870,047	661,148	435,311	10,509,122	10,116,529
Annual amortization	-	8,361	83,710	441,240	97,674	40,987	671,972	448,490
Assets reclassified to held-for-sale	-	-	(2,609)	-	-	-	(2,609)	(10,439)
Accumulated amortization on disposals	-	-	(9,561)	-	(39,875)	(9,451)	(58,887)	(45,459)
BALANCE, END OF YEAR	-	109,704	1,512,813	8,311,287	718,947	466,847	11,119,598	10,509,121
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,815,529	56,931	2,506,010	19,987,478	986,409	615,199	25,967,556	25,553,408
2012 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,815,529	65,291	2,594,177	19,914,306	1,025,231	138,872	25,553,408	

The accompanying notes are an integral part of these financial statements

Town of Beaverlodge
Schedule III - Schedule of Property and Other Taxes

For the year ended December 31, 2013

	Budget	2013	2012
TAXATION			
Real property taxes	3,006,744	2,874,346	2,713,898
Linear property taxes	61,824	60,393	75,209
Government grants in lieu of property taxes	23,537	27,784	27,120
	3,092,105	2,962,523	2,816,227
REQUISITIONS			
Alberta School Foundation Fund	665,200	607,151	665,200
Grande Spirit Foundation	11,732	11,613	11,096
	676,932	618,764	676,296
NET MUNICIPAL TAXES	2,415,173	2,343,759	2,139,931

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, 2013

	Budget	2013	2012
TRANSFER FOR OPERATING:			
Provincial Government	396,945	804,698	496,260
Other Local Governments	115,152	107,083	150,706
	512,097	911,781	646,966
TRANSFERS FOR CAPITAL:			
Provincial Government	560,840	476,208	473,097
Other Local Governments	-	-	50,000
	560,840	476,208	523,097
TOTAL GOVERNMENT TRANSFERS	1,072,937	1,387,989	1,170,063

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, 2013

	Budget	2013	2012
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	2,031,807	1,850,622	1,749,336
Contracted and general services	1,487,866	1,602,668	1,533,482
Materials, goods and utilities	552,272	759,970	806,306
Transfers to individuals and organizations	34,375	48,573	33,230
Interest on long-term debt and obligations under capital lease	294,240	282,238	265,359
Other	44,610	190,095	172,040
Amortization provision	348,741	671,972	448,490
	4,793,911	5,406,138	5,008,243

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, 2013

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	2,343,759	-	-	-	-	-	-	2,343,759
Government transfers	58,593	18,023	268,073	-	992,633	-	50,667	1,387,989
User fees and sales of goods	-	-	-	-	492,753	1,222,933	8,544	1,724,230
Investment income	1,968	-	-	-	-	-	-	1,968
Other revenues	81,633	122,894	6,300	2,135	-	11,705	399,393	624,060
	2,485,953	140,917	274,373	2,135	1,485,386	1,234,638	458,604	6,082,006
EXPENSES								
Contract & general services	236,950	109,823	224,032	15,598	481,168	366,232	168,865	1,602,668
Salaries & wages	271,975	51,490	249,068	64,886	977,085	236,118	-	1,850,622
Goods & supplies	19,937	48,126	262,871	28,289	100,656	282,378	17,713	759,970
Transfers to local boards	-	27,028	-	-	12,535	9,010	-	48,573
Long-term debt interest	-	4,132	-	-	195,588	82,518	-	282,238
Other expenses	154,453	12,668	-	-	11,102	11,872	-	190,095
	683,315	253,267	735,971	108,773	1,778,134	988,128	186,578	4,734,166
NET REVENUE, BEFORE AMORTIZATION	1,802,638	(112,350)	(461,598)	(106,638)	(292,748)	246,510	272,026	1,347,840
Amortization expense	4,283	34,459	120,330	-	235,083	277,817	-	671,972
NET REVENUE	1,798,355	(146,809)	(581,928)	(106,638)	(527,831)	(31,307)	272,026	675,868

Town of Beaverlodge
Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

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, revenue 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% (2012 - 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.

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 defined 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 Town does not recognize its share of any plan surplus or deficit.

Town of Beaverlodge
Notes to the Consolidated Financial Statements

For the year ended December 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

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.

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 accounted for using proportionate consolidation. Under proportionate consolidation, only the Town of Beaverlodge's interest 15% (2012 - 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.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

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

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:

	<u>Years</u>
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.

2. CASH AND PORTFOLIO INVESTMENTS

	2013	2012
Cash	2,981	729,315
Cash on hand	500	501
Portfolio investments	208,802	277,750
	212,283	1,007,566

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

Council has designated funds of \$- (2012 - \$-) to reserves and \$19,518 (2012 - \$3,705) 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 temporary investments are restricted amounts totaling \$12,024 (2012 - \$30,139) which includes a restricted cash fund for closure & post closure \$12,024 (2012 - \$10,758) and Provincial government grants and accumulated interest held exclusively for capital projects \$nil (2012 - \$20,716).

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013

3. ACCOUNTS RECEIVABLE

	2013	2012
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	137,127	157,603
Arrears taxes	54,277	42,674
	191,404	200,277
Trade and other accounts receivable		
Trade and other receivables	1,015,369	548,275
Receivable from government agencies	45,062	-
	1,060,431	548,275
Less: allowance for doubtful accounts	(24,275)	(15,000)
	1,036,156	533,275

4. INVESTMENTS

	2013	2012
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
	5,529	5,529

5. TEMPORARY LOAN PAYABLE

During the year, the Town was approved for a revolving loan up to \$500,000 (2012 - \$nil), bearing interest at prime. It is available by multiple draws and is to be used for cash flow convenience. The amount is payable due on demand. Total withdraw as of December 31, 2013 is \$222,673 (2012 - \$nil).

Covenant related to this loan is as follows:

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 \$25,000, for such fiscal year.

As of December 31, 2013, the Town is compliant with the above covenants.

During the prior year, the town was approved for a term loan up to \$3,000,000, of which \$906,930 was drawn as at December 31, 2012. This loan was repaid in full on January 03, 2013, and is not available for renewal.

6. ACCOUNTS PAYABLE

	2013	2012
Accrued landfill closure costs	13,324	12,025
Accounts payable	625,698	682,630
Vacation and overtime payable	31,045	82,495
Salaries and wages payable	23,434	50,278
	693,501	827,428

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 year.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013

7. TRUST ASSET AND LIABILITY

	2013	2012
Balance, beginning of year	18,176	17,329
Interest earned	201	847
	18,377	18,176

8. DEFERRED REVENUE

	2013	2012
Prepaid property taxes	19,518	3,705

9. LONG-TERM DEBT

	2013	2012
Self supported debentures	6,446,489	6,611,130

The current portion of the long-term debt amounts to \$174,358 (2012 - \$165,263).

Estimated principal and interest repayments recoverable are as follows:

	Principal	Interest	Total
2014	174,358	272,208	446,566
2015	183,331	263,234	446,565
2016	192,843	253,723	446,566
2017	202,928	243,638	-
2018	213,628	232,938	446,566
To maturity	5,479,401	2,704,343	8,183,744
	6,446,489	3,970,084	9,970,007

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 3.33% to 9.38% per annum, before Provincial subsidy, and matures in periods 2018 through 2042.

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

Interest on debt amounts to \$278,106 (2012 - \$265,359).

The Town's total cash payments for interest in 2013 were \$281,924 (2012 - \$239,427).

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013

10. CAPITAL LEASE OBLIGATION

	2013	2012
Capital lease obligation	368,816	-

The current portion of the capital lease obligation amounts to \$43,335.

Estimated principal and interest repayments are as follows:

	Principal	Interest	Total
2014	43,335	5,708	49,043
2015	44,055	4,989	49,044
2016	44,786	4,258	49,044
2017	45,529	3,514	49,043
2018	191,111	512	191,623
	368,816	18,981	387,797

The capital lease obligation is repayable to Concentra Financial, bears interest at 1.65%, and matures in 2018.

The obligation is secured by related equipment having a net book value of \$408,112 (2012 - \$nil).

Interest on the capital lease obligation amounts to \$4,132 (2012 - \$nil), which is also the amount paid during the year.

11. 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:

	2013	2012
Total debt limit	8,408,262	9,012,983
Total debt	6,815,305	6,979,946
Amount of debt limit unused	1,592,957	2,033,037
Debt servicing limit	1,401,377	1,502,164
Debt servicing	446,566	287,640
Amount of debt servicing limit unused	954,811	1,214,524

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.

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	2013	2012
Tangible capital assets (Schedule II)	37,087,154	36,062,529
Assets held for sale	117,436	130,484
Accumulated amortization (Schedule II)	(11,119,598)	(10,519,560)
Temporary Loan Payable (Note 5)	(222,673)	(906,923)
Long-term debt (Note 9)	(6,446,489)	(6,611,130)
Capital lease obligation (Note 10)	(368,816)	-
	19,047,014	18,155,400

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013

13. ACCUMULATED SURPLUS

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

	2013	2012
Unrestricted surplus (deficit) (Schedule 1)	97,004	75,087
Reserves (Note 14)	646,889	884,552
Equity in tangible capital assets (Note 12)	19,047,014	18,155,400
	19,790,907	19,115,039

14. RESERVES

Reserves consist of operating and capital amounts as follows:

	2013	2012
Reserves		
Senior citizens transportation	15,086	14,921
Development	5,726	5,663
Operating contingencies	9,526	9,422
General	6,879	6,804
Landfill	203,474	203,474
Fire department	7,574	7,492
Infrastructure	246,136	484,292
Storm sewer levies	28,895	28,895
Sustainability	346	343
Offsite cost levies	123,247	123,247
	646,889	884,553

15. 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:

	Salary ¹	Benefits & allowances ²	2013	2012
Councillors:				
Hanson, Leona	12,888	-	12,888	12,988
Hermans, Mary	6,188	-	6,188	5,513
Kokoktilo-Bekkerus, Judy	7,313	-	7,313	5,850
Olson-Lepchuck, Wendy	7,088	-	7,088	5,063
Dueck, Terry	5,400	-	5,400	6,413
Kyle, Blaine	5,512	-	5,512	5,063
Metcalf, Stan	5,175	-	5,175	4,950
Farney, Jane	2,363	-	2,363	-
Sherk, Lloyd	3,263	-	3,263	-
Chief Administrative Officer	164,514	-	164,514	107,014
Treasurer	63,663	-	63,663	88,038

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013

15. SALARY AND BENEFITS DISCLOSURE (continued from a previous page)

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.

16. 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 9.91% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan of 13.74% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.91% of pensionable salary up to the year's maximum pensionable salary and 12.74% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2013 were \$105,885 (2012 - \$58,705). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2013 were \$96,134 (2012 - \$53,316).

At December 31, 2012, the LAPP disclosed a deficiency of \$4,977.3 million (2011 - \$4,639.4 million).

17. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

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 accrued liability for closure and post-closure of the West Grande Prairie County Solid Waste Management Authority landfill is estimated based on the sum of future cash flows for closure and post-closure activities for 40 years after closure using a discount rate of 6% and assuming annual inflation of 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 822,019 (2012 - 832,440) 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:

	2013	2012
Estimated closure costs	82,310	77,787
Estimated post-closure costs	8,355	7,875
Estimated total liability	90,665	85,662
Estimated capacity remaining	86.3%	88.0%
Portion of total liability remaining to be recognized	77,341	73,637
Estimated capacity used	13.7%	12.0%
Accrued liability portion	13,324	12,025

18. 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.

19. COMMITMENTS

The Town is committed to make annual payments of \$262,921 (2012 - \$389,417) in the next fiscal year for multiple operating lease they have entered into for various equipment. They are further committed for fiscal years 2015-2016 for operating lease entered into during the prior years for a total cost of \$262,921 related to the same equipment.

20. RELATED PARTY TRANSACTIONS

During the prior year, the Town approved a resolution to sell a building to a company controlled by a Town Councillor for the amount of \$103,000, measured at exchange value. No similar transactions occurred during the current year.

21. SEGMENTED DISCLOSURE

The Town provides a range of services to its ratepayers. For each reported segment, revenue 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)

22. 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 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 Town 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.

The Town is subject to interest rate risk with respect to temporary loans payable which bear interest on the basis of the prime lending rate. Interest rate risk arises from the possibility that interest rates applied on outstanding loans of the Town will rise, leaving the Town unable to settle its obligations. The entities cash on hand and reserve balances minimize the interest rate risk. The current prime lending rate is 3% (2012 - 3%).

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

23. COMPARATIVE FIGURES

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

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2013

24. RECONCILIATION OF OPERATING RESULTS TO BUDGET

The December 31, 2013 budget, prepared by the Town, reflects all municipal activities including debt repayments and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only. It should not be used as a replacement for the consolidated statement of financial activities and accumulated surplus and users should note that this information may not be appropriate for their purposes.

	Budget	2013	2012
Excess of revenue over expenditures, per financial statements	1,018,864	675,868	1,097,156
Add back:			
Amortization expense	-	671,972	448,490
Proceeds on disposal of tangible capital assets	-	20,767	128,354
Net transfers (to) from reserves	(28,000)	237,663	152,943
Loan proceeds	-	-	3,000,000
Deduct:			
Tangible capital asset purchases	(736,858)	(664,001)	(3,545,851)
Payments on debentures and capital lease obligations	(152,321)	(920,062)	(1,181,369)
Gain on disposal of tangible capital assets	-	(290)	(96,744)
Results of operations	101,685	21,917	2,979

25. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.