

TOWN OF BEAVERLODGE  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

## Management's Responsibility

To the Members of Council:

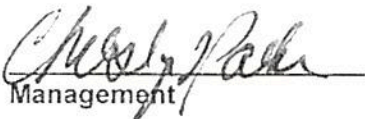
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate 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 Town'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.

April 27, 2015

  
Management

## Auditors' Report

To the Members of Council:

We have audited the accompanying consolidated financial statements of the Town of Beaverlodge, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations, change in net financial debt, cash flows and related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *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 the audit to obtain reasonable assurance about whether the consolidated 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 auditor's 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 statements in order to design audit procedures that are appropriate in the circumstances, but not for entity's preparation and fair presentation of the consolidated financial the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of 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 that the audit evidence we have 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, 2014, and the results of its operations, change 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 27, 2015

*MNP LLP*

Chartered Accountants

**MNP**

**Town of Beaverlodge**  
**Consolidated Statement of Financial Position**  
For the year ended December 31, 2014

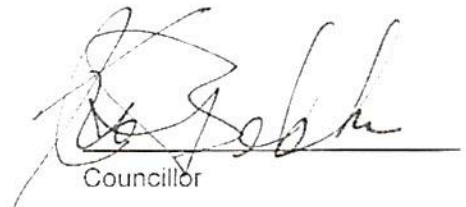
	2014	2013 (restated - Note 23)
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	233,961	3,481
Portfolio investments (Note 2)	1,146,154	208,802
Trust asset (Note 7)	-	18,377
Receivables (Note 3)		
Taxes and grants in lieu of taxes	238,311	191,404
Trade and other accounts receivable	960,138	1,036,156
Investments (Note 4)	5,529	5,529
Due from County of Grande Prairie No. 1	8,722	9,120
Assets held-for-sale	52,925	117,436
	<b>2,645,740</b>	<b>1,590,305</b>
<b>LIABILITIES</b>		
Temporary loan payable (Note 5)	-	222,673
Accounts payable and accrued liabilities (Note 6)	685,435	763,640
Trust liability (Note 7)	-	18,377
Deposit liabilities	6,552	353
Deferred revenue (Note 8)	723,721	19,518
Long-term debt (Note 9)	6,273,419	6,446,489
Capital lease obligation (Note 10)	325,480	368,816
	<b>8,014,607</b>	<b>7,839,866</b>
<b>NET FINANCIAL DEBT</b>	<b>(5,368,867)</b>	<b>(6,249,561)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule II)	25,225,977	25,967,556
Prepaid expenses	2,773	2,773
	<b>25,228,750</b>	<b>25,970,329</b>
<b>ACCUMULATED SURPLUS</b> (Note 13, Schedule I)	<b>19,859,883</b>	<b>19,720,768</b>

Commitments and contingencies - See Note 19 and 20

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, 2014

	Budget	2014	2013 (restated - Note 23)
<b>REVENUE</b>			
Net municipal property taxes (Schedule III)	2,440,175	<b>2,412,823</b>	2,273,620
User fees and sales of goods	1,185,700	<b>1,706,609</b>	1,724,230
Government transfers for operating (Schedule IV)	508,593	<b>504,713</b>	911,781
Investment income	1,000	<b>45</b>	1,968
Penalties and costs on taxes	40,000	<b>59,560</b>	43,947
Franchise and concession contracts	195,000	<b>199,083</b>	179,748
Other revenue	718,100	<b>355,465</b>	400,075
	5,088,568	<b>5,238,298</b>	5,535,369
<b>EXPENSES</b>			
Legislative	119,000	<b>106,549</b>	102,082
Administrative	568,380	<b>538,254</b>	585,516
Bylaw enforcement	341,906	<b>300,217</b>	287,726
Roads, streets, walk and lighting	828,254	<b>815,241</b>	856,301
Water supply and distribution	1,105,962	<b>1,332,270</b>	1,265,945
Family and community services	188,700	<b>204,520</b>	186,578
Parks and recreation	1,542,126	<b>1,748,203</b>	2,013,217
Planning and development	190,688	<b>130,609</b>	108,773
	4,885,016	<b>5,175,863</b>	5,406,138
<b>EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER ITEMS</b>			
	203,552	<b>62,435</b>	129,231
<b>OTHER ITEMS</b>			
Gain on disposal of tangible capital assets	-	<b>14,029</b>	290
Government transfers for capital (Schedule IV)	-	<b>62,651</b>	476,208
	-	<b>76,680</b>	476,498
<b>EXCESS OF REVENUE OVER EXPENSES</b>			
	203,552	<b>139,115</b>	605,729
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>			
	19,790,907	<b>19,790,907</b>	19,115,039
<b>PRIOR PERIOD ADJUSTMENT (Note 23)</b>			
	-	<b>(70,139)</b>	-
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED</b>			
	19,790,907	<b>19,720,768</b>	19,115,039
<b>ACCUMULATED SURPLUS, END OF YEAR</b>			
	19,994,459	<b>19,859,883</b>	19,720,768

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, 2014

	Budget	2014	2013 (restated - Note 23)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	203,552	<b>139,115</b>	605,729
Acquisition of tangible capital assets	-	<b>(68,951)</b>	(664,001)
Acquisition of tangible capital assets under capital lease	-	-	(439,987)
Tangible capital assets reclassified as held for sale	-	-	(2,609)
Proceeds on disposal of tangible capital assets	-	<b>220,061</b>	20,767
Disposals of tangible capital assets reclassified as held for sale	-	<b>(114,832)</b>	
Amortization of tangible capital assets	-	<b>666,405</b>	671,972
Gain on sale of tangible capital assets	-	<b>(14,029)</b>	(290)
	-	<b>688,654</b>	(414,148)
Acquisition of prepaid assets	-	-	40,420
Land held for sale	-	<b>52,925</b>	-
<b>(INCREASE) DECREASE IN NET FINANCIAL DEBT</b>	203,552	<b>880,694</b>	232,001
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>	(6,249,561)	<b>(6,249,561)</b>	(6,481,562)
<b>NET FINANCIAL DEBT, END OF YEAR</b>	(6,046,009)	<b>(5,368,867)</b>	(6,249,561)

*The accompanying notes are an integral part of these financial statements.*

**Town of Beaverlodge**  
**Consolidated Statement of Cashflows**

For the year ended December 31, 2014

	2014	2013 (restated - Note 23)
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenue over expenses	139,115	605,729
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization of tangible capital assets	666,405	671,972
Gain on disposal of tangible capital assets	(14,029)	(290)
Non-cash changes to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(46,907)	8,873
Decrease (increase) in trade and other accounts receivable	79,127	(502,881)
Decrease (increase) in prepaid expenses	-	40,420
Increase (decrease) in accounts payable and accrued liabilities	(78,710)	(63,788)
Increase (decrease) in deferred revenue	704,203	15,813
Increase (decrease) in deposit liabilities	6,199	(6,180)
Decrease (increase) in due from County of Grande Prairie No.1	398	(1,655)
Cash provided by operating transactions	<b>1,455,801</b>	768,013
<b>CAPITAL</b>		
Proceeds on the sale of tangible capital assets	220,060	20,767
Acquisition of tangible capital assets	(68,951)	(664,001)
Cash applied to capital transactions	<b>151,109</b>	(643,234)
<b>FINANCING</b>		
Short-term debt repaid	(222,673)	(684,250)
Long-term debt repaid	(173,070)	(164,641)
Capital lease obligation repaid	(43,336)	(71,171)
Cash applied to financing transactions	<b>(439,079)</b>	(920,062)
<b>CHANGES IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>1,167,831</b>	(795,283)
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<b>212,283</b>	1,007,566
<b>CASH AND EQUIVALENTS, END OF YEAR (Note 2)</b>	<b>1,380,114</b>	212,283

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, 2014

	2014	2013 (restated - Note 23)			
	Unrestricted Surplus	Restricted Surplus			
	Equity in Tangible Capital Assets	2014			
<b>Balance, beginning of year, as previously stated</b>	<b>97,004</b>	<b>646,889</b>	<b>19,047,014</b>	<b>19,790,907</b>	<b>19,115,039</b>
<b>Prior period adjustment (Note 23)</b>	<b>(70,139)</b>	<b>-</b>	<b>-</b>	<b>70,139</b>	<b>-</b>
<b>Balance, beginning of year, as restated</b>	<b>26,865</b>	<b>646,889</b>	<b>19,047,014</b>	<b>19,720,768</b>	<b>19,115,039</b>
Excess of revenue over expenses	139,115	-	-	139,115	605,729
Transfers from (to) reserves	(413,205)	413,205	-	-	-
Current year funds used for tangible capital assets	(68,951)	-	68,951	-	-
Annual amortization expense	666,405	-	(666,405)	-	-
Disposal of tangible capital assets	204,556	-	(204,556)	-	-
Term debt repaid	(391,663)	-	391,663	-	-
Capital lease obligation repaid	(43,336)	-	43,336	-	-
Change in accumulated surplus	92,921	413,205	(367,011)	139,115	605,729
<b>Balance, end of year</b>	<b>119,786</b>	<b>1,060,094</b>	<b>18,680,003</b>	<b>19,859,883</b>	<b>19,720,768</b>

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**Town of Beaverlodge**  
**Schedule II - Schedule of Tangible Capital Assets**  
For the year ended December 31, 2014

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment		Vehicles	2014	2013
					Equipment	and			
<b>COST:</b>									
BALANCE, BEGINNING OF YEAR	1,815,529	166,635	4,018,823	28,298,765	1,705,356	1,082,046	37,087,154	36,062,528	
Acquisition of tangible capital assets	-	-	-	42,016	26,935	-	68,951	1,103,988	
Assets reclassified to held-for-sale	(52,925)	-	-	-	-	-	(52,925)	-	
Disposal of tangible capital assets	(6,160)	-	(238,018)	-	(4,571)	-	(248,749)	(79,362)	
<b>BALANCE, END OF YEAR</b>	<b>1,756,444</b>	<b>166,635</b>	<b>3,780,805</b>	<b>28,340,781</b>	<b>1,727,720</b>	<b>1,082,046</b>	<b>36,854,431</b>	<b>37,087,154</b>	
<b>ACCUMULATED AMORTIZATION:</b>									
BALANCE, BEGINNING OF YEAR	-	109,704	1,512,813	8,311,287	718,947	466,847	11,119,598	10,509,122	
Annual amortization	-	7,575	76,341	441,593	99,909	40,987	666,405	671,972	
Assets reclassified to held-for-sale	-	-	-	-	-	-	-	(2,609)	
Accumulated amortization on disposals	-	-	(157,092)	-	(457)	-	(157,549)	(58,887)	
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>117,279</b>	<b>1,432,062</b>	<b>8,752,880</b>	<b>818,399</b>	<b>507,834</b>	<b>11,628,454</b>	<b>11,119,598</b>	
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>1,756,444</b>	<b>49,356</b>	<b>2,348,743</b>	<b>19,587,901</b>	<b>909,321</b>	<b>574,212</b>	<b>25,225,977</b>	<b>25,967,556</b>	
2013 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		

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, 2014

	Budget	2014	2013 (restated - Note 23)
<b>TAXATION</b>			
Real property taxes	3,052,398	<b>3,024,089</b>	2,874,346
Linear property taxes	62,000	<b>60,968</b>	60,393
Government grants in lieu of property taxes	23,797	<b>22,479</b>	27,784
	3,138,195	<b>3,107,536</b>	2,962,523
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	687,224	<b>683,917</b>	677,290
Seniors foundation	10,796	<b>10,796</b>	11,613
	698,020	<b>694,713</b>	688,903
<b>NET MUNICIPAL TAXES</b>	2,440,175	<b>2,412,823</b>	2,273,620

*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, 2014

	Budget	2014	2013 (restated - Note 23)
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	410,893	<b>371,688</b>	804,698
Other Local Governments	97,700	<b>133,025</b>	107,083
	508,593	<b>504,713</b>	911,781
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	-	<b>62,651</b>	476,208
Other Local Government	-	-	-
	-	<b>62,651</b>	476,208
<b>TOTAL GOVERNMENT TRANSFERS</b>	508,593	<b>567,364</b>	1,387,989

*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, 2014

	Budget	2014	2013 (restated - Note 23)
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	1,893,535	<b>1,798,635</b>	1,850,622
Contracted and general services	1,728,000	<b>1,661,776</b>	1,602,668
Materials, goods and utilities	756,810	<b>677,332</b>	759,970
Transfers to local boards and agencies	48,175	<b>28,008</b>	48,573
Interest on long-term debt	273,496	<b>275,131</b>	282,238
Other	185,000	<b>68,576</b>	190,095
Amortization of tangible capital assets	-	<b>666,405</b>	671,972
	4,885,016	<b>5,175,863</b>	5,406,138

*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, 2014

REVENUE	General Government	Protective Services	Transportation Services	Planning and Development	Recreation & Culture	Environmental Services	Other	Total
Net municipal taxes	2,412,823	-	-	-	-	-	-	2,412,823
Government transfers	54,922	46,786	-	-	414,989	-	50,667	567,364
User fees and sales of goods	-	-	-	-	463,739	1,234,779	8,091	1,706,609
Investment income	45	-	-	-	-	-	-	45
Other revenues	125,550	215,091	5,396	9,800	-	16,200	256,100	628,137
	<u>2,593,340</u>	<u>261,877</u>	<u>5,396</u>	<u>9,800</u>	<u>878,728</u>	<u>1,250,979</u>	<u>314,858</u>	<u>5,314,978</u>
<b>EXPENSES</b>								
Contract & general services	251,013	143,823	175,376	16,169	415,514	471,817	188,064	1,661,776
Salaries & wages	341,908	87,167	267,126	94,018	794,601	213,815	-	1,798,635
Goods & supplies	15,050	13,459	259,212	20,422	119,891	232,842	16,456	677,332
Transfers to local boards	-	15,000	-	-	13,008	-	-	28,008
Long-term debt interest	-	5,708	-	-	154,597	114,826	-	275,131
Other expenses	32,550	600	-	-	15,811	19,615	-	68,576
	<u>640,521</u>	<u>265,757</u>	<u>701,714</u>	<u>130,609</u>	<u>1,513,422</u>	<u>1,052,915</u>	<u>204,520</u>	<u>4,509,458</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	1,952,819	(3,880)	(696,318)	(120,809)	(634,694)	198,064	110,338	805,520
Amortization expense	4,283	34,459	113,527	-	234,781	279,355	-	666,405
<b>NET REVENUE</b>	<u>1,948,536</u>	<u>(38,339)</u>	<u>(809,845)</u>	<u>(120,809)</u>	<u>(869,475)</u>	<u>(81,291)</u>	<u>110,338</u>	<u>139,115</u>

The accompanying notes are an integral part of these financial statements.



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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Beaverlodge (the "Town") are the representations of management prepared in accordance with Canadian public sector accounting standards as 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 expenditures, 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 Council for administration of their financial affairs and resources. They include the following:

West Grande Prairie County Solid Waste Management Authority 15% (2013 - 15%)  
Beaverlodge Public Library 100% (2013 - 100%)

The schedule of taxes levied also includes requisitions for education, health, social and seniors foundations that are not part of the Town's 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) 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 of 15% (2013 - 15%) in the government partnership is included in the consolidated financial statements.

**c) Basis of Accounting**

The consolidated 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.

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.

**d) Use of Estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 expenditure during the period.



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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**d) Use of Estimates** (continued)

The preparation of financial statements in conformity with Canadian public sector accounting standards 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.

**e) 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.

**f) 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.

**g) 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.

**h) Tax Revenue**

Tax revenue is 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.

**i) 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.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**j) Landfill Closure and Post-Closure Liability**

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Town is required to fund the closure of its 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.

**k) 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.

**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 for the year.



**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:

	<u>YEARS</u>
Buildings	25 - 50
Land Improvements	15 - 20
Engineered structures	
Water and 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, 2014

**2. CASH AND PORTFOLIO INVESTMENTS**

	<b>2014</b>	<b>2013</b>
Cash	225,842	2,981
Cash on hand	8,119	500
Portfolio investments	1,146,154	208,802
	<b>1,380,115</b>	<b>212,283</b>

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

Council has designated funds of \$992,755 (2013 - \$nil) to reserves and \$387,360 (2013 - \$19,518) for deferred revenue; the remaining balance of deferred revenue is included in trade and other accounts receivable.

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 \$14,679 (2013 - \$12,024), which includes a restricted cash fund for closure and post-closure of \$14,679 (2013 - \$12,024).

**3. ACCOUNTS RECEIVABLE**

	<b>2014</b>	<b>2013</b>
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	136,376	137,127
Arrears taxes	101,935	54,277
	<b>238,311</b>	<b>191,404</b>
Trade and other accounts receivable		
Trade and other accounts receivable	626,557	1,015,369
Receivable from government agencies	336,361	45,062
	<b>962,918</b>	<b>1,060,431</b>
Less: allowance for doubtful accounts	(2,780)	(24,275)
	<b>960,138</b>	<b>1,036,156</b>

**4. INVESTMENTS**

	<b>2014</b>	<b>2013</b>
Alberta Capital Finance Authority shares	10	10
Alberta Association of Municipal Districts & Counties		
Member's Equity	235	235
United Farmers of Alberta patronage account	5,284	5,284
	<b>5,529</b>	<b>5,529</b>

**Town of Beaverlodge**  
**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2014

**5. TEMPORARY LOAN PAYABLE**

The Town is approved for a revolving loan up to \$1,200,000 (2013 - \$500,000), bearing interest at the prime rate. It is available by multiple draws and is to be used to supplement cash flow. The balance is due on demand. Total withdrawals as at December 31, 2014 is \$nil (2013 - \$222,673).

Covenants related to this loan are 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 of business, (ii) obsolete equipment which is being replaced with equipment of equivalent value, and (iii) assets sold, leased, or disposed of during a fiscal year having an aggregate fair

**6. ACCOUNTS PAYABLE**

	<b>2014</b>	2013 (restated - Note 23)
Accrued landfill closure costs	<b>14,679</b>	13,324
Accounts payable	<b>560,616</b>	695,837
Vacation and overtime payable	<b>32,874</b>	31,045
Salaries and wages payable	<b>77,266</b>	23,434
	<b>685,435</b>	763,640

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.

Salaries and wages payable is comprised of source deductions payable to the Canada Revenue Agency and accrued wages payable to employees as at year-end.

**7. TRUST ASSET AND LIABILITY**

	<b>2014</b>	2013
Balance, beginning of year	<b>18,377</b>	18,176
Interest earned	-	201
Transfers to operating	<b>(18,377)</b>	-
	-	18,377

During the year, a motion was passed by Council whereby the trust assets and liabilities were transferred to the Town's general operations.

**8. DEFFERED REVENUE**

	<b>2014</b>	2013
Prepaid property taxes and utilities	<b>23,437</b>	19,518
Provincial and local capital grants	<b>571,757</b>	-
Federal capital grants	<b>128,527</b>	-
	<b>723,721</b>	19,518



**Town of Beaverlodge**  
**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2014

**9. LONG-TERM DEBT**

	<b>2014</b>	2013
Self-supported debentures	<b>6,273,419</b>	6,446,489

The current portion of long-term debt is \$183,331 (2013 - \$174,358).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2015	183,331	263,234	446,565
2016	192,843	253,723	446,566
2017	202,928	243,638	446,566
2018	213,628	232,938	446,566
2019	187,782	221,581	409,363
2020 and thereafter	5,292,907	2,482,762	7,775,669
	6,273,419	3,697,876	9,971,295

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 of Beaverlodge at large.

Interest on debt amounts to \$269,442 (2013 - \$278,106). Total cash payments for interest during the year are \$273,496 (2013 - \$281,924).

**10. CAPITAL LEASE OBLIGATION**

	<b>2014</b>	2013
Capital lease obligation	<b>325,480</b>	368,816

The current portion of the capital lease obligation is \$44,055 (2013 - \$43,335).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2015	44,055	4,989	49,044
2016	44,786	4,258	49,044
2017	45,529	3,514	49,043
2018	191,110	513	191,623
	325,480	13,274	338,754

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

The obligation is secured by related equipment having a net book value of \$391,108 (2013 - \$408,112).

Interest on the capital lease obligation amounts to \$5,708 (2013 - \$4,132), also being the amount paid during the year.



**Town of Beaverlodge**  
**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2014

**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:

	2014	2013
Total debt limit	7,857,447	8,408,262
Total debt	6,598,899	6,815,305
Amount of debt limit unused	1,258,548	1,592,957
Debt servicing limit	1,309,575	1,502,164
Debt servicing	495,609	287,640
Amount of debt servicing limit unused	813,966	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 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.

**12. EQUITY IN TANGIBLE CAPITAL ASSETS**

	2014	2013
Tangible capital assets (Schedule II)	36,854,431	37,087,154
Assets held for sale	52,925	117,436
Accumulated amortization (Schedule II)	(11,628,454)	(11,119,598)
Temporary Loan Payable (Note 5)	-	(222,673)
Long-term debt (Note 9)	(6,273,419)	(6,446,489)
Capital lease obligation (Note 10)	(325,480)	(368,816)
	18,680,003	19,047,014

**13. ACCUMULATED SURPLUS**

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

	2014	2013
		(restated - Note 23)
Unrestricted surplus (deficit)	119,786	26,865
Reserves (Note 14)	1,060,094	646,889
Equity in tangible capital assets (Note 12)	18,680,003	19,047,014
	19,859,883	19,720,768

**Town of Beaverlodge**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2014

**14. RESERVES**

	2014	2013
Senior citizens transportation	15,244	15,086
Development	5,786	5,726
Operating contingencies	9,626	9,526
General	7,090	6,879
Landfill	203,474	203,474
Fire department	67,889	7,574
Infrastructure	346,219	246,136
Storm sewer levies	28,895	28,895
Sustainability	2,624	346
Offsite cost levies	123,247	123,247
Tax stabilization	50,000	-
Winter control	30,000	-
Water/sewer reserve	170,000	-
	<b>1,060,094</b>	<b>646,889</b>

**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 <sup>1</sup>	Benefits & allowances <sup>2</sup>	2014	2013
Mayor:				
Hanson, Leona	25,425	-	25,425	12,888
Councillors:				
Dueck, Terry	6,638	-	6,638	6,413
Farney, Jane	6,975	-	6,975	2,363
Hermans, Mary	3,375	-	3,375	6,188
Kokotilo-Bekkerus, Judy	12,038	-	12,038	7,313
Olson-Lepchuk, Wendy	13,388	-	13,388	7,088
Sherk, Lloyd	9,450	-	9,450	3,263
Loberg, Roger	2,138	-	2,138	-
Chief Administrative Officer	113,654	-	113,654	117,911

<sup>1</sup> Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

<sup>2</sup> including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, short and long-term disability plans, professional memberships and tuition.

**Town of Beaverlodge**  
**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2014

**16. GOVERNMENT PARTNERSHIP**

The consolidated financial statements include the accounts of the Town and its proportionate share of its government partnerships. The Town entered into a government partnership to provide landfill disposal services to the Town and surrounding area. The Town holds a 15% interest in the West Grande Prairie County Solid Waste Management Authority, which is accounted for using the proportionate consolidation method.

The following is a summary of condensed supplementary information related to the Town's proportionate

	2014	2013
Financial Position:		
Financial assets	214,495	170,039
Physical assets	418,482	442,481
<b>Total assets</b>	<b>632,977</b>	612,520
Financial liabilities	19,685	17,768
<b>Accumulated surplus</b>	<b>613,292</b>	594,752
Results of Operations:		
Total revenue	90,978	77,505
Total expenses	72,439	65,908
<b>Excess of revenue over expenses</b>	<b>18,539</b>	11,597

**17. LOCAL AUTHORITIES PENSION PLAN**

Alberta Public Sector Pension Plans Act. The LAPP serves approximately 230,534 people and 418 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service contributions are recorded as expenditures in the year in which they become due.

Contributions for current service contributions to the LAPP of 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan of 14.47% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2014 were \$111,914 (2013 - \$105,885). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2014 were \$102,657 (2013 - \$96,134).

At December 31, 2014, the LAPP disclosed a deficiency of \$4,862 million (2013 - \$4,977 million).



**Town of Beaverlodge**  
**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2014

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**18. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY**

Alberta environment law requires closure and post closure care of landfill sites, which also includes final covering and landscaping, pumping of the 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 and post-closure activities for 25 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 802,463 (2013 - 822,019) 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:

	<b>2014</b>	2013
Estimated closure costs	<b>84,842</b>	82,310
Estimated post-closure costs	<b>8,606</b>	8,355
Estimated total liability	<b>93,448</b>	90,665
Estimated capacity remaining	<b>84.3%</b>	86.3%
Portion of total liability remaining to be recognized	<b>78,770</b>	77,341
Estimated capacity used	<b>15.7%</b>	13.7%
Accrued liability portion	<b>14,679</b>	13,324

**19. COMMITMENTS**

The Town is committed to make annual payments of \$92,454 (2013 - \$262,921) in the next fiscal year for multiple operating leases for which they have entered for various equipment.

The Town has various commitments under development agreements that have not been completed or approved in the annual budget.

The Town has plans to complete significant upgrades to the Water Treatment Plant in the upcoming fiscal years.

**20. 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.



**21. SEGMENTED DISCLOSURE**

The Town of Beaverlodge 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).

**22. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and portfolio 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 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 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 balance minimize the interest rate risk. The current prime lending rate is 3.00% (2013 - 3.00%).

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

**23. PRIOR PERIOD ADJUSTMENT**

In the year, the Town determined that there were requisitions for property tax revenue which related to the year ended December 31, 2013 that were not recorded. These adjustments caused a decrease to net municipal property taxes (Schedule III) and accumulated surplus, and a corresponding increase to accounts payable and accrued liabilities in the amount of \$70,139.

**24. SUBSEQUENT EVENT**

Subsequent to year-end, the Town finalized the sale of the airport land to an unrelated third party for proceeds of \$661,051. At year end this land was included in assets held for sale.

**25. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.

**26. APPROVAL OF BUDGET**

The budget prepared by management and disclosed in these financial statements was approved by Council on May 5, 2014.