

TOWN OF BEAVERLODGE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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 Professional 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 25, 2016


Chief Administrative Officer

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, 2015, 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 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 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, 2015, 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 25, 2016

MNP LLP

Chartered Professional Accountants

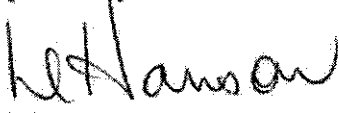
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Town of Beaverlodge
Consolidated Statement of Financial Position
For the year ended December 31, 2015

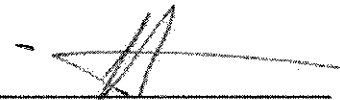
	2015	2014 <i>(Restated Note 22)</i>
FINANCIAL ASSETS		
Cash (Note 2)	1,252,811	233,961
Portfolio investments (Note 2)	476,852	1,146,154
Deposit assets	19,711	11,760
Receivables (Note 3)		
Taxes and grants in lieu of taxes	182,551	238,311
Trade and other accounts receivable	1,350,358	964,084
Investments (Note 4)	5,529	5,529
Due from County of Grande Prairie No.1	8,895	8,722
Assets held-for-sale	-	52,925
	3,296,707	2,661,446
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	687,137	763,340
Landfill closure and post closure liability (Note 17)	16,005	14,679
Deposit liabilities	4,683	4,683
Deferred revenue (Note 7)	828,320	723,721
Long-term debt (Note 8)	6,091,420	6,273,419
Capital lease obligation (Note 9)	278,890	325,480
	7,906,455	8,105,322
NET FINANCIAL DEBT	(4,609,748)	(5,443,876)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule II)	25,519,598	25,225,977
Prepaid expenses	2,773	2,773
	25,522,371	25,228,750
ACCUMULATED SURPLUS (Note 12, Schedule I)	20,912,623	19,784,874

Commitments and contingencies - See Note 18 and 19.

Approved by



Mayor



Deputy Mayor

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

Town of Beaverlodge
Consolidated Statement of Operations
For the year ended December 31, 2015

	Budget	2015	2014 <i>(Restated Note 22)</i>
REVENUE			
Net municipal property taxes (Schedule III)	2,574,664	2,544,116	2,412,823
User fees and sales of goods	1,690,600	1,946,777	1,706,609
Government transfers for operating (Schedule IV)	493,131	560,116	504,713
Investment income	8,150	13,938	45
Penalties and costs on taxes	50,000	67,739	59,560
Franchise and concession contracts	193,000	202,303	199,083
Other revenue	200,342	184,157	355,465
	5,209,887	5,519,146	5,238,298
EXPENSES			
Legislative	117,250	83,786	106,549
Administrative	532,969	649,446	545,953
Bylaw enforcement	413,018	481,178	300,960
Roads, streets, walk and lighting	772,302	914,768	834,234
Water supply and distribution	1,191,191	1,363,622	1,354,219
Family and community services	194,405	207,903	205,329
Parks and recreation	1,692,753	1,865,771	1,773,019
Planning and development	175,940	145,586	130,609
	5,089,828	5,712,060	5,250,872
EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER ITEMS	120,059	(192,914)	(12,574)
OTHER ITEMS			
Gain on disposal of tangible capital assets	-	578,696	14,029
Government transfers for capital (Schedule IV)	993,836	741,967	62,651
	993,836	1,320,663	76,680
EXCESS OF REVENUE OVER EXPENSES	1,113,895	1,127,749	64,106
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED	19,859,883	19,859,883	19,790,907
PRIOR PERIOD ADJUSTMENT (Note 22)	-	(75,009)	(70,139)
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED	19,859,883	19,784,874	19,720,768
ACCUMULATED SURPLUS, END OF YEAR	20,973,778	20,912,623	19,784,874

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, 2015

	Budget	2015	2014 (Restated Note 22)
EXCESS OF REVENUE OVER EXPENSES	1,113,895	1,127,749	64,106
Acquisition of tangible capital assets	-	(1,008,175)	(68,951)
Proceeds on disposal of tangible capital assets	-	631,612	220,061
Disposals of tangible capital assets reclassified as held for sale	-	(52,916)	(114,832)
Amortization of tangible capital assets	-	714,554	666,405
Gain on sale of tangible capital assets	-	(578,696)	(14,029)
	-	(293,621)	688,654
Land held for sale	-	-	52,925
(INCREASE) DECREASE IN NET FINANCIAL DEBT	1,113,895	834,128	805,685
NET FINANCIAL DEBT, BEGINNING OF YEAR	(5,443,876)	(5,443,876)	(6,249,561)
NET FINANCIAL DEBT, END OF YEAR	(4,329,981)	(4,609,748)	(5,443,876)

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

Town of Beaverlodge
Consolidated Statement of Cashflows
For the year ended December 31, 2015

	2015	2014 <i>(Restated Note 22)</i>
NET INFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	1,127,749	64,106
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	714,554	666,405
Gain on disposal of tangible capital assets	(578,687)	(14,029)
Non-cash changes to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	55,760	(46,907)
Decrease (increase) in trade and other accounts receivable	(386,274)	72,072
Decrease (increase) in deposit assets	(7,951)	(11,760)
Increase (decrease) in accounts payable and accrued liabilities	(76,203)	15,629
Increase (decrease) in landfill closure liability	1,326	1,355
Increase (decrease) in deferred revenue	104,599	704,203
Increase (decrease) in deposit liabilities	-	4,330
Decrease (increase) in due from County of Grande Prairie No.1	(173)	398
Cash provided by operating transactions	954,700	1,455,802
CAPITAL		
Proceeds on the sale of tangible capital assets	631,612	220,060
Acquisition of tangible capital assets	(1,008,175)	(68,951)
Cash applied to capital transactions	(376,563)	151,109
FINANCING		
Short-term debt repaid	-	(222,673)
Long-term debt repaid	(181,999)	(173,070)
Capital lease obligation repaid	(46,590)	(43,336)
Cash applied to financing transactions	(228,589)	(439,079)
CHANGES IN CASH AND EQUIVALENTS DURING THE YEAR	349,548	1,167,832
CASH AND EQUIVALENTS, BEGINNING OF YEAR	1,380,115	212,283
CASH AND EQUIVALENTS, END OF YEAR (Note 2)	1,729,663	1,380,115

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, 2015

	2015	2014 (Restated Note 22)
Balance, beginning of year, as previously stated	19,859,883	19,790,907
Prior period adjustment (Note 23)	75,009	(70,139)
Balance, beginning of year, as restated	19,784,874	19,720,768
Excess of revenue over expenses	-	64,106
Transfers from (to) reserves	1,127,749	-
Current year funds used for tangible capital assets	682,807	-
Annual amortization expense	-	-
Disposal of tangible capital assets	1,008,175	-
Term debt repaid	714,554	-
Capital lease obligation repaid	52,925	-
	(181,999)	-
	(46,590)	-
Change in accumulated surplus	682,807	1,127,749
Balance, end of year	20,434	19,784,874
	1,742,901	20,912,623
	19,149,288	19,784,874
	181,999	181,999
	46,590	46,590
	1,008,175	1,008,175
	(714,554)	(714,554)
	(52,925)	(52,925)
	181,999	181,999
	46,590	46,590
	1,127,749	1,127,749
	682,807	682,807
	1,008,175	1,008,175
	714,554	714,554
	52,925	52,925
	(181,999)	(181,999)
	(46,590)	(46,590)
	1,060,094	1,060,094
	1,060,094	1,060,094
	18,680,003	18,680,003
	18,680,003	18,680,003
	19,859,883	19,790,907
	75,009	(70,139)
	19,784,874	19,720,768
	1,127,749	64,106
	682,807	-
	1,008,175	-
	714,554	-
	52,925	-
	(181,999)	-
	(46,590)	-
	682,807	1,127,749
	1,742,901	20,912,623
	19,149,288	19,784,874

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, 2015

	Land	Machinery and Equipment				2015	2014
		Land Improvements	Buildings	Engineered Structures	Vehicles		
COST:							
BALANCE, BEGINNING OF YEAR	1,756,444	166,635	3,780,805	28,340,781	1,727,720	1,082,046	36,854,431
Acquisition of tangible capital assets	-	43,754	44,945	786,407	-	133,069	1,008,175
Assets reclassified to held-for-sale	-	-	-	-	-	-	(52,925)
Disposal of tangible capital assets	-	-	-	-	(47,478)	(22,660)	(70,138)
BALANCE, END OF YEAR	1,756,444	210,389	3,825,750	29,127,188	1,680,242	1,192,455	37,792,468
ACCUMULATED AMORTIZATION:							
BALANCE, BEGINNING OF YEAR	-	117,279	1,432,062	8,752,880	818,399	507,834	11,628,454
Annual amortization	-	4,787	77,239	474,614	107,926	49,988	714,554
Accumulated amortization on disposals	-	-	-	-	(47,478)	(22,660)	(70,138)
BALANCE, END OF YEAR	-	122,066	1,509,301	9,227,494	878,847	535,162	12,272,870
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,756,444	88,323	2,316,449	19,899,694	801,395	657,293	25,519,598
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,756,444	49,356	2,348,743	19,587,901	909,321	574,212	25,225,977

**Included in engineered structures above are assets under construction with a total cost of \$22,630 not amortized in the year.

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, 2015

	Budget	2015	2014
TAXATION			
Real property taxes	3,216,845	3,193,604	3,024,089
Linear property taxes	59,423	59,848	60,968
Government grants in lieu of property taxes	23,688	15,956	22,479
	3,299,956	3,269,408	3,107,536
REQUISITIONS			
Alberta School Foundation Fund	714,467	714,467	683,917
Seniors foundation	10,825	10,825	10,796
	725,292	725,292	694,713
NET MUNICIPAL TAXES	2,574,664	2,544,116	2,412,823

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, 2015

	Budget	2015	2014
TRANSFERS FOR OPERATING:			
Provincial Government	389,931	185,280	371,688
Other Local Governments	103,200	374,836	133,025
	493,131	560,116	504,713
TRANSFERS FOR CAPITAL:			
Provincial Government	993,836	741,967	62,651
Other Local Government	-	-	-
	993,836	741,967	62,651
TOTAL GOVERNMENT TRANSFERS	1,486,967	1,302,083	567,364

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, 2015

	Budget	2015	2014 (Restated Note 22)
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	1,942,199	1,966,331	1,803,453
Contracted and general services	2,089,414	1,800,755	1,707,655
Materials, goods and utilities	519,450	776,921	701,630
Transfers to local boards and agencies	33,000	38,539	28,008
Interest on long-term debt	276,996	262,674	275,131
Other	228,769	152,284	68,590
Amortization of tangible capital assets	-	714,556	666,405
	5,089,828	5,712,060	5,250,872

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, 2015

REVENUE	General Government Services					Total
	Protective Services	Transportation Services	Planning and Development	Recreation & Culture Services	Environmental Services	
Net municipal taxes	2,544,116	-	-	-	-	2,544,116
Government transfers	58,360	741,967	-	401,965	54,467	1,302,083
User fees and sales of goods	-	-	-	514,344	1,427,638	1,946,777
Investment income	13,938	-	-	-	-	13,938
Other revenues	88,631	-	14,375	27,000	15,914	1,032,895
	2,705,045	741,967	14,375	943,309	1,443,552	6,839,809
EXPENSES						
Contract & general services	264,038	240,376	30,453	457,303	441,467	1,800,755
Salaries & wages	395,306	239,166	87,806	853,159	212,884	1,966,331
Goods & supplies	21,238	245,265	27,328	117,492	284,969	776,921
Transfers to local boards	-	-	-	13,007	-	38,539
Long-term debt interest	-	-	-	151,227	108,994	262,674
Other expenses	103,560	624	-	18,452	29,648	152,284
	784,142	724,807	145,587	1,610,640	1,077,962	4,997,504
NET REVENUE, BEFORE AMORTIZATION	1,920,903	17,160	(131,212)	(667,331)	365,590	1,842,305
Amortization expense	4,283	150,582	-	243,841	285,695	714,556
NET REVENUE	1,916,620	(133,422)	(131,212)	(911,172)	79,895	1,127,749

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



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% (2014 - 15%)
Beaverlodge Public Library 100% (2014 - 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% (2014 - 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 described above. 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.

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.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
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.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I) Non-Financial Assets (continued)

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

	2015	2014
Cash	1,244,775	225,842
Cash on hand	8,036	8,119
Portfolio investments	476,852	1,146,154
	1,729,663	1,380,115

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

Council has designated funds of \$1,742,901 (2014 - \$1,060,094) to reserves and \$119,668 (2014 - \$387,360) 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 \$16,006 (2014 - \$14,679), which includes a restricted cash fund for closure and post-closure of \$16,006 (2014 - \$14,679).

3. RECEIVABLES

	2015	2014 (Restated Note 22)
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	126,467	136,376
Arrears taxes	56,084	101,935
	182,551	238,311
Trade and other accounts receivable		
Trade and other accounts receivable	271,702	297,687
Goods and services tax receivable	37,832	332,816
Receivable from government agencies	1,092,166	336,361
	1,401,700	966,864
Less: allowance for doubtful accounts	(51,342)	(2,780)
	1,350,358	964,084

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

4. INVESTMENTS

	2015	2014
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
	5,529	5,529

5. TEMPORARY LOAN PAYABLE

The Town is approved for a revolving loan up to \$1,200,000 (2014 - \$1,200,000), 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 withdrawal as at December 31, 2015 is \$nil (2014 - \$nil).

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 market value not exceeding \$25,000, for such fiscal year.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014 (Restated Note 22)
Accounts payable	520,459	653,200
Holdbacks payable	59,700	-
Vacation and overtime payable	50,187	32,874
Salaries and wages payable	56,791	77,266
	687,137	763,340

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. DEFERRED REVENUE

	2015	2014
Prepaid property taxes and utilities	24,347	23,437
Provincial and local capital grants	699,678	571,757
Health complex deferred revenue	78,341	-
Federal capital grants	25,954	128,527
	828,320	723,721

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

8. LONG-TERM DEBT

	2015	2014
Self-supported debentures	6,091,420	6,273,419

The current portion of long-term debt is \$192,843 (2014 - \$183,331).

Principal and interest repayments are as follows:

	Principal	Interest	Total
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	196,356	213,008	409,364
2021 and thereafter	5,097,883	2,269,754	7,367,637
	6,091,420	3,434,642	9,526,062

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 \$260,221 (2014 - \$269,442). Total cash payments for interest during the year are \$264,567 (2014 - \$273,496).

9. CAPITAL LEASE OBLIGATION

	2015	2014
Capital lease obligation	278,890	325,480

The current portion of the capital lease obligation is \$44,786 (2014 - \$44,055).

Principal and interest repayments are as follows:

	Principal	Imputed Interest	Minimum Future Lease Payments
2016	44,786	4,258	49,044
2017	45,529	3,514	49,043
2018	188,575	513	189,088
	278,890	8,285	287,175

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 \$374,103 (2014 - \$391,108).

Interest on the capital lease obligation amounts to \$4,989 (2014- \$5,708), also being the amount paid during the year.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

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:

	2015	2014
Total debt limit	8,278,719	7,857,447
Total debt	6,370,310	6,598,899
Amount of debt limit unused	1,908,409	1,258,548
Debt servicing limit	1,379,787	1,309,575
Debt servicing	495,610	495,609
Amount of debt servicing limit unused	884,177	813,966

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.

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2015	2014
Tangible capital assets (Schedule II)	37,792,468	36,854,431
Assets held for sale	-	52,925
Accumulated amortization (Schedule II)	(12,272,870)	(11,628,454)
Long-term debt (Note 8)	(6,091,420)	(6,273,419)
Capital lease obligation (Note 9)	(278,890)	(325,480)
	19,149,288	18,680,003

12. ACCUMULATED SURPLUS

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

	2015	2014 (Restated Note 22)
Unrestricted surplus	20,434	44,777
Reserves (Note 13)	1,742,901	1,060,094
Equity in tangible capital assets (Note 11)	19,149,288	18,680,003
	20,912,623	19,784,874

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

13. RESERVES

	2015	2014
Senior citizens transportation	15,244	15,244
Development	5,786	5,786
Operating contingencies	9,626	9,626
Capital	542,171	7,090
Landfill	190,421	203,474
Fire department	67,889	67,889
Recreation and parks	13,000	-
Infrastructure	346,219	346,219
Storm sewer levies	28,895	28,895
Sustainability	2,624	2,624
Offsite cost levies	123,246	123,247
Tax stabilization	50,000	50,000
Winter control	43,000	30,000
Water/sewer reserve	304,780	170,000
	1,742,901	1,060,094

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:

	Salary ¹	Benefits & allowances ²	2015	2014
Mayor:				
Hanson, Leona	14,503	-	14,503	25,425
Councillors:				
Dueck, Terry	-	-	-	6,638
Farney, Jane	-	-	-	6,975
Hermans, Mary	-	-	-	3,375
Kokotilo-Bekkerus, Judy	8,119	-	8,119	12,038
Olson-Lepchuk, Wendy	10,608	-	10,608	13,388
Sherk, Lloyd	2,479	-	2,479	9,450
Loberg, Roger	5,413	-	5,413	2,138
Chief Administrative Officer	127,492	-	127,492	113,654

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, 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, 2015

15. 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 share in West Grande Prairie County Solid Waste Management Authority for the year ended December 31,

	2015	2014
Financial Position:		
Financial assets	220,572	214,495
Physical assets	424,529	418,482
Total assets	645,101	632,977
Financial liabilities	25,352	19,685
Accumulated surplus	619,749	613,292
Results of Operations:		
Total revenue	83,750	90,978
Total expenses	77,293	72,439
Excess of revenue over expenses	6,457	18,539

16. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act. The LAPP serves approximately 237,612 people and 423 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan of 15.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2015 were \$121,458 (2014 - \$111,914). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2015 were \$111,560 (2014 - \$102,657).

At December 31, 2014, the LAPP disclosed a deficiency of \$2,455 million (2013 - \$4,862 million).

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2015

17. 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 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 793,676 (2014 - 802,463) 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:

	2015	2014
Estimated closure costs	87,375	84,842
Estimated post-closure costs	8,865	8,606
Estimated total liability	96,240	93,448
Estimated capacity remaining	83.4%	84.3%
Portion of total liability remaining to be recognized	80,235	78,770
Estimated capacity used	16.6%	15.7%
Accrued liability portion	16,005	14,679

18. COMMITMENTS

The Town is committed to make annual payments of \$23,453 (2014 - \$92,454) 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.

19. 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.

20. SEGMENTED DISCLOSURE

The Town of Beaverlodge 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).

21. 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 2.70% (2014 - 3.00%).

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

22. PRIOR PERIOD ADJUSTMENT

In the year, the Town determined that accounts payable were understated in the prior year. This adjustment caused an decrease to equity of \$75,009, an increase to goods and services taxes receivable of \$3,946, an increase to deposit assets of \$525 and an increase to accounts payable and accrued liabilities in the amount of \$79,480.

In the prior 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 and accumulated surplus, and a corresponding increase to accounts payable and accrued liabilities in the amount of \$70,139.

23. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

24. APPROVAL OF BUDGET

The budget prepared by management and disclosed in these financial statements was approved by Council.

25. COMPARATIVE FIGURES

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