

**TOWN OF BEAVERLODGE**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

## **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 24, 2017

  
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, 2016, 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, 2016, 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 24, 2017

*MNP LLP*

Chartered Professional Accountants

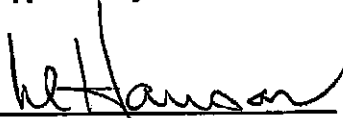
**MNP**

**Town of Beaverlodge**  
**Consolidated Statement of Financial Position**  
For the year ended December 31, 2016

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	1,087,767	1,252,811
Portfolio Investments (Note 2)	498,756	476,852
Deposit assets	27,310	19,711
Receivables (Note 3)		
Taxes and grants in lieu of taxes	244,356	182,551
Trade and other accounts receivable	1,448,817	1,350,358
Investments (Note 4)	6,321	5,529
Due from County of Grande Prairie No.1	17,930	8,895
	<b>3,331,257</b>	<b>3,296,707</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	1,101,091	687,137
Landfill closure and post closure liability (Note 17)	17,719	16,005
Deposit liabilities	4,683	4,683
Deferred revenue (Note 7)	661,637	828,320
Long-term debt (Note 8)	5,899,955	6,091,420
Capital lease obligation (Note 9)	234,104	278,890
	<b>7,919,189</b>	<b>7,906,455</b>
<b>NET FINANCIAL DEBT</b>	<b>(4,587,932)</b>	<b>(4,609,748)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule II)	26,793,721	25,519,598
Prepaid expenses	11,121	2,773
	<b>26,804,842</b>	<b>25,522,371</b>
<b>ACCUMULATED SURPLUS (Note 12, Schedule I)</b>	<b>22,216,910</b>	<b>20,912,623</b>

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, 2016

	Budget	2016	2015
<b>REVENUE</b>			
Net municipal property taxes (Schedule III)	2,636,266	<b>2,620,747</b>	2,544,116
User fees and sales of goods	1,766,759	<b>1,840,149</b>	1,946,777
Government transfers for operating (Schedule IV)	488,191	<b>548,789</b>	560,116
Investment income	16,950	<b>11,651</b>	13,938
Penalties and costs on taxes	50,000	<b>51,880</b>	67,739
Franchise and concession contracts	208,000	<b>206,851</b>	202,303
Other revenue	170,750	<b>177,115</b>	184,157
	<b>5,336,916</b>	<b>5,457,182</b>	5,519,146
<b>EXPENSES</b>			
Legislative	77,250	<b>98,219</b>	83,786
Administrative	527,812	<b>595,068</b>	649,446
Bylaw enforcement	428,562	<b>381,121</b>	481,178
Roads, streets, walk and lighting	759,924	<b>932,540</b>	914,768
Water supply and distribution	1,138,124	<b>1,455,432</b>	1,363,622
Family and community services	193,756	<b>194,264</b>	207,903
Parks and recreation	1,688,507	<b>1,900,816</b>	1,865,771
Planning and development	166,696	<b>96,398</b>	145,586
	<b>4,980,631</b>	<b>5,653,858</b>	5,712,060
<b>EXCESS OF REVENUE OVER EXPENSES - BEFORE</b>			
<b>OTHER ITEMS</b>	356,285	<b>(196,676)</b>	(192,914)
<b>OTHER ITEMS</b>			
Gain on disposal of tangible capital assets	-	-	578,696
Government transfers for capital (Schedule IV)	993,836	<b>1,500,963</b>	741,967
	<b>993,836</b>	<b>1,500,963</b>	1,320,663
<b>EXCESS OF REVENUE OVER EXPENSES</b>	1,350,121	<b>1,304,287</b>	1,127,749
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	20,912,623	<b>20,912,623</b>	19,784,874
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	22,262,744	<b>22,216,910</b>	20,912,623

*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, 2016

	Budget	2016	2015
<b>EXCESS OF REVENUE OVER EXPENSES</b>	946,936	<b>1,304,287</b>	1,127,749
Acquisition of tangible capital assets	(403,185)	<b>(2,046,819)</b>	(1,008,175)
Proceeds on disposal of tangible capital assets	-	-	631,612
Disposals of tangible capital assets reclassified as held for sale	-	-	(52,916)
Amortization of tangible capital assets	35,000	<b>772,696</b>	714,554
Gain on sale of tangible capital assets	-	-	(578,696)
	<b>(368,185)</b>	<b>(1,274,123)</b>	(293,621)
Reduction (increase) in prepaid assets	-	<b>(8,348)</b>	-
<b>(INCREASE) DECREASE IN NET FINANCIAL DEBT</b>	578,751	<b>21,816</b>	834,128
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>	(4,609,748)	<b>(4,609,748)</b>	(5,443,876)
<b>NET FINANCIAL DEBT, END OF YEAR</b>	(4,030,997)	<b>(4,587,932)</b>	(4,609,748)

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

**Town of Beaverlodge**  
**Consolidated Statement of Cashflows**  
For the year ended December 31, 2016

	2016	2015
<b>NET INFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenue over expenses	1,304,287	1,127,749
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	772,696	714,554
Gain on disposal of tangible capital assets	-	(578,687)
Non-cash changes to operations (net change):		
Decrease (increase) in deposit assets	(7,599)	(7,951)
Decrease (increase) in taxes and grants in lieu receivable	(61,805)	55,760
Decrease (increase) in trade and other accounts receivable	(98,459)	(386,274)
Decrease (increase) in due from County of Grande Prairie No.1	(9,035)	(173)
Decrease (increase) in prepaid expenses	(8,348)	-
Increase (decrease) in accounts payable and accrued liabilities	413,954	(76,203)
Increase (decrease) in landfill closure liability	1,714	1,326
Increase (decrease) in deferred revenue	(166,683)	104,599
Increase (decrease) in deposit liabilities	-	-
Decrease (increase) in due from County of Grande Prairie No.1	-	-
<b>Cash provided by operating transactions</b>	<b>2,140,722</b>	<b>954,700</b>
<b>CAPITAL</b>		
Proceeds on the sale of tangible capital assets	-	631,612
Acquisition of tangible capital assets	(2,046,819)	(1,008,175)
<b>Cash applied to capital transactions</b>	<b>(2,046,819)</b>	<b>(376,563)</b>
<b>FINANCING</b>		
Increase value of long term investments	(792)	-
Long-term debt repaid	(191,465)	(181,999)
Capital lease obligation repaid	(44,786)	(46,590)
<b>Cash applied to financing transactions</b>	<b>(237,043)</b>	<b>(228,589)</b>
<b>CHANGES IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>(143,140)</b>	<b>349,548</b>
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,729,663</b>	<b>1,380,115</b>
<b>CASH AND EQUIVALENTS, END OF YEAR (Note 2)</b>	<b>1,586,523</b>	<b>1,729,663</b>

*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, 2016

	2016	2015			
	Unrestricted Surplus	Restricted Surplus			
	Equity in Tangible Capital Assets	2016			
	2015	2015			
<b>Balance, beginning of year,</b>	<b>20,434</b>	<b>1,742,901</b>	<b>19,149,288</b>	<b>20,912,623</b>	<b>19,784,874</b>
Excess of revenue over expenses	1,304,287	-	-	1,304,287	1,127,749
Transfers from (to) reserves	(428,844)	428,844	-	-	-
Current year funds used for tangible capital assets	(1,833,278)	(213,541)	2,046,819	-	-
Annual amortization expense	772,696	-	(772,696)	-	-
Disposal of tangible capital assets	-	-	-	-	-
Term debt repaid	(191,465)	-	191,465	-	-
Capital lease obligation repaid	(44,786)	-	44,786	-	-
<b>Change in accumulated surplus</b>	<b>(421,390)</b>	<b>215,303</b>	<b>1,510,374</b>	<b>1,304,287</b>	<b>1,127,749</b>
<b>Balance, end of year</b>	<b>(400,956)</b>	<b>1,958,204</b>	<b>20,659,662</b>	<b>22,216,910</b>	<b>20,912,623</b>

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, 2016

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2016	2015
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	1,756,444	210,389	3,825,750	29,127,188	1,680,242	1,192,455	37,792,468	36,854,431
Acquisition of tangible capital assets	-	927,109	960,337	-	125,685	33,688	2,046,819	1,008,175
Disposal of tangible capital assets	-	-	-	-	-	-	-	(70,138)
<b>BALANCE, END OF YEAR</b>	<b>1,756,444</b>	<b>1,137,498</b>	<b>4,786,087</b>	<b>29,127,188</b>	<b>1,805,927</b>	<b>1,226,143</b>	<b>39,839,287</b>	<b>37,792,468</b>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	122,066	1,509,301	9,227,494	878,847	535,162	12,272,870	11,628,454
Annual amortization	-	8,589	77,239	517,619	137,139	32,110	772,696	714,554
Accumulated amortization on disposals	-	-	-	-	-	-	-	(70,138)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>130,655</b>	<b>1,586,540</b>	<b>9,745,113</b>	<b>1,015,986</b>	<b>567,272</b>	<b>13,045,566</b>	<b>12,272,870</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>1,756,444</b>	<b>1,006,843</b>	<b>3,199,547</b>	<b>19,382,075</b>	<b>789,941</b>	<b>658,871</b>	<b>26,793,721</b>	<b>25,519,598</b>
<b>2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>1,756,444</b>	<b>88,323</b>	<b>2,316,449</b>	<b>19,899,694</b>	<b>801,395</b>	<b>657,293</b>	<b>25,519,598</b>	

\*Included in buildings above are assets under construction with a total cost of \$960,337 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, 2016

	Budget	2016	2015
<b>TAXATION</b>			
Real property taxes	3,362,765	<b>3,364,708</b>	3,193,604
Linear property taxes	58,146	<b>58,330</b>	59,848
Government grants in lieu of property taxes	17,645	-	15,956
	<b>3,438,556</b>	<b>3,423,038</b>	3,269,408
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	790,989	<b>790,990</b>	714,467
Seniors foundation	11,301	<b>11,301</b>	10,825
	<b>802,290</b>	<b>802,291</b>	725,292
<b>NET MUNICIPAL TAXES</b>	<b>2,636,266</b>	<b>2,620,747</b>	2,544,116

*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, 2016

	Budget	2016	2015
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	346,691	<b>130,533</b>	185,280
Other Local Governments	141,500	<b>418,256</b>	374,836
	488,191	<b>548,789</b>	560,116
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	993,836	<b>1,500,963</b>	741,967
Other Local Government	-	-	-
	993,836	<b>1,500,963</b>	741,967
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>1,482,027</b>	<b>2,049,752</b>	<b>1,302,083</b>

*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, 2016

	Budget	2016	2015
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	2,071,282	<b>2,077,340</b>	1,966,331
Contracted and general services	2,109,032	<b>1,983,437</b>	1,800,755
Materials, goods and utilities	423,055	<b>447,197</b>	776,921
Transfers to local boards and agencies	34,215	<b>33,889</b>	38,539
Interest on long-term debt	282,996	<b>266,434</b>	262,674
Other	60,051	<b>72,865</b>	152,284
Amortization of tangible capital assets	-	<b>772,696</b>	714,556
	<b>4,980,631</b>	<b>5,653,858</b>	<b>5,712,060</b>

*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, 2016

	General Government Services	Protective Services	Transportation Services	Planning and Development	Recreation & Culture	Environmental Services	Other	Total
<b>REVENUE</b>								
Net municipal taxes	2,620,747	-	-	-	-	-	-	2,620,747
Government transfers	131,082	42,115	1,504,819	-	310,935	-	60,801	2,049,752
User fees and sales of goods	-	-	-	-	459,921	1,374,693	5,535	1,840,149
Investment income	11,651	-	-	-	-	-	-	11,651
Other revenue	106,009	55,558	-	26,610	-	-	247,669	435,846
	<b>2,869,489</b>	<b>97,673</b>	<b>1,504,819</b>	<b>26,610</b>	<b>770,856</b>	<b>1,374,693</b>	<b>314,005</b>	<b>6,958,145</b>
<b>EXPENSES</b>								
Contract & general services	197,937	96,293	237,645	36,235	592,399	641,282	181,646	1,983,437
Salaries & wages	438,858	170,514	265,833	60,163	880,205	261,767	-	2,077,340
Goods & supplies	8,536	41,857	199,897	-	6,692	177,597	12,618	447,197
Transfers to local boards	-	20,544	-	-	13,345	-	-	33,889
Long-term debt interest	11,725	4,258	-	-	147,769	102,682	-	266,434
Other expenses	33,021	18,401	1,000	-	18,730	1,713	-	72,865
	<b>690,077</b>	<b>351,867</b>	<b>704,375</b>	<b>96,398</b>	<b>1,659,140</b>	<b>1,185,041</b>	<b>194,264</b>	<b>4,881,162</b>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<b>2,179,412</b>	<b>(254,194)</b>	<b>800,444</b>	<b>(69,788)</b>	<b>(888,284)</b>	<b>189,652</b>	<b>119,741</b>	<b>2,076,983</b>
Amortization expense	4,283	28,180	209,420	-	241,678	289,135	-	772,696
<b>NET REVENUE</b>	<b>2,175,129</b>	<b>(282,374)</b>	<b>591,024</b>	<b>(69,788)</b>	<b>(1,129,962)</b>	<b>(99,483)</b>	<b>119,741</b>	<b>1,304,287</b>

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% (2015 - 15%)  
Beaverlodge Public Library 100% (2015 - 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% (2015 - 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:

	<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.



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

For the year ended December 31, 2016

**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**

	<b>2016</b>	<b>2015</b>
Cash	1,079,648	1,244,775
Cash on hand	8,119	8,036
Portfolio investments	498,756	476,852
	<b>1,586,523</b>	<b>1,729,663</b>

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

Council has designated funds of \$1,958,204 (2015 - \$1,742,901) to reserves and \$487,598 (2015 - \$119,668) 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 \$17,719 (2015 - \$16,006), which includes a restricted cash fund for closure and post-closure of \$17,719 (2015 - \$16,006).

**3. RECEIVABLES**

	<b>2016</b>	<b>2015</b>
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	153,675	126,467
Arrears taxes	90,681	56,084
	<b>244,356</b>	<b>182,551</b>
Trade and other accounts receivable		
Trade and other accounts receivable	314,119	271,702
Goods and services tax receivable	74,256	37,832
Receivable from government agencies	1,119,184	1,092,166
	<b>1,507,559</b>	<b>1,401,700</b>
Less: allowance for doubtful accounts	(58,742)	(51,342)
	<b>1,448,817</b>	<b>1,350,358</b>

**Town of Beaverlodge**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2016

**4. INVESTMENTS**

	2016	2015
Alberta Capital Finance Authority shares	10	10
Alberta Association of Municipal Districts & Counties Member's Equity	235	235
United Farmers of Alberta patronage account	6,076	5,284
	<b>6,321</b>	<b>5,529</b>

**5. TEMPORARY LOAN PAYABLE**

The Town is approved for a revolving loan up to \$1,200,000 (2015 - \$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, 2016 is \$nil (2015 - \$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**

	2016	2015
Accounts payable	904,139	520,459
Holdbacks payable	61,832	59,700
Vacation and overtime payable	80,996	50,187
Salaries and wages payable	54,124	56,791
	<b>1,101,091</b>	<b>687,137</b>

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**

	2016	2015
Prepaid property taxes and utilities	20,581	24,347
Provincial and local capital grants	403,555	699,678
Health complex deferred revenue	84,043	78,341
Federal capital grants	153,458	25,954
	<b>661,637</b>	<b>828,320</b>

**Town of Beaverlodge**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2016

**8. LONG-TERM DEBT**

	<b>2016</b>	<b>2015</b>
Self-supported debentures	<b>5,899,955</b>	6,091,420

The current portion of long-term debt is \$202,928 (2015 - \$192,843).

Principal and interest repayments are as follows:

	Principal	Interest	Total
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	205,355	204,008	409,363
2022 and thereafter	4,893,906	1,206,134	6,100,040
	5,899,955	2,321,307	8,221,262

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 \$255,102 (2015 - \$260,221). Total cash payments for interest during the year are \$262,177 (2015 - \$264,567).

**9. CAPITAL LEASE OBLIGATION**

	<b>2016</b>	<b>2015</b>
Capital lease obligation	<b>234,104</b>	278,890

The current portion of the capital lease obligation is \$45,529 (2015 - \$44,786).

Principal and interest repayments are as follows:

	Principal	Imputed Interest	Minimum Future Lease Payments
2017	45,529	3,514	49,043
2018	188,575	513	189,088
	234,104	4,027	238,131

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 \$357,098 (2015 - \$374,103).

Interest on the capital lease obligation amounts to \$4,258 (2015- \$4,989), also being the amount paid during the year.

**Town of Beaverlodge**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2016

**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:

	2016	2015
Total debt limit	8,185,773	8,278,719
Total debt	6,134,059	6,370,310
Amount of debt limit unused	2,051,714	1,908,409
Debt servicing limit	1,364,296	1,379,787
Debt servicing	495,610	495,610
Amount of debt servicing limit unused	868,686	884,177

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**

	2016	2015
Tangible capital assets (Schedule II)	39,839,287	37,792,468
Accumulated amortization (Schedule II)	(13,045,566)	(12,272,870)
Long-term debt (Note 8)	(5,899,955)	(6,091,420)
Capital lease obligation (Note 9)	(234,104)	(278,890)
	20,659,662	19,149,288

**12. ACCUMULATED SURPLUS**

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

	2016	2015
Unrestricted surplus	(400,956)	20,434
Reserves (Note 13)	1,958,204	1,742,901
Equity in tangible capital assets (Note 11)	20,659,662	19,149,288
	22,216,910	20,912,623

**Town of Beaverlodge**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2016

**13. RESERVES**

	2016	2015
Senior citizens transportation	-	15,244
Development	-	5,786
Operating contingencies	-	9,626
Capital	<b>928,990</b>	542,171
Landfill	<b>221,275</b>	190,421
Fire department	<b>101,431</b>	67,889
Recreation and parks	<b>20,600</b>	13,000
Infrastructure	-	346,219
Storm sewer levies	-	28,895
Sustainability	-	2,624
Offsite cost levies	-	123,246
Tax stabilization	<b>131,036</b>	50,000
Winter control	-	43,000
Water/sewer reserve	<b>452,141</b>	304,780
Equipment reserve	<b>91,044</b>	-
Insurance deductible	<b>11,687</b>	-
	<b>1,958,204</b>	<b>1,742,901</b>

**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 <sup>1</sup>	Benefits & allowances <sup>2</sup>	2016	2015
Mayor:				
Hanson, Leona	16,167	-	<b>16,167</b>	14,503
Councillors:				
Kokotilo-Bekkerus, Judy	5,644	-	<b>5,644</b>	8,119
Olson-Lepchuk, Wendy	10,767	-	<b>10,767</b>	10,608
Sherk, Lloyd	3,836	-	<b>3,836</b>	2,479
Loberg, Roger	6,993	-	<b>6,993</b>	5,413
Chief Administrative Officer	153,505	-	<b>153,505</b>	127,492

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

<sup>2</sup> 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, 2016

**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,

	2016	2015
<b>Financial Position:</b>		
Financial assets	250,183	220,572
Physical assets	404,657	424,529
<b>Total assets</b>	<b>654,840</b>	<b>645,101</b>
Financial liabilities	23,884	25,352
<b>Accumulated surplus</b>	<b>630,956</b>	<b>619,749</b>
<b>Results of Operations:</b>		
Total revenue	83,585	83,750
Total expenses	72,378	77,293
<b>Excess of revenue over expenses</b>	<b>11,207</b>	<b>6,457</b>

**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 244,621 people and 426 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 2016 were \$142,682 (2015 - \$121,458). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2016 were \$131,113 (2015 - \$111,560).

At December 31, 2015, the LAPP disclosed a deficiency of \$923 million (2014 - \$2,455 million).

**Town of Beaverlodge**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2016

**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 781,835 (2015 - 793,676) 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>2016</b>	<b>2015</b>
Estimated closure costs	<b>89,996</b>	<b>87,375</b>
Estimated post-closure costs	<b>9,131</b>	<b>8,865</b>
<b>Estimated total liability</b>	<b>99,127</b>	<b>96,240</b>
Estimated capacity remaining	<b>82.1%</b>	<b>83.4%</b>
<b>Portion of total liability remaining to be recognized</b>	<b>99,127</b>	<b>80,235</b>
Estimated capacity used	<b>17.9%</b>	<b>16.6%</b>
<b>Accrued liability portion</b>	<b>17,718</b>	<b>14,005</b>

**18. COMMITMENTS**

The Town is committed to make annual payments of \$23,453 (2015 - \$92,453) in the next fiscal year for multiple operating leases for which they have entered for various equipment.

**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% (2015 - 2.70%).

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

**22. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.

**23. APPROVAL OF BUDGET**

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

**24. COMPARATIVE FIGURES**

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