

**Town of Beaverlodge**  
**Consolidated Financial Statements**  
*December 31, 2017*

## Management's Responsibility

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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 23, 2018



Chief Administrative Officer

## Independent Auditors' Report

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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, 2017, 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, 2017, 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.

*MNP LLP*

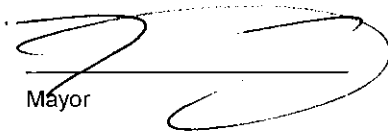
Grande Prairie, Alberta  
April 23, 2018

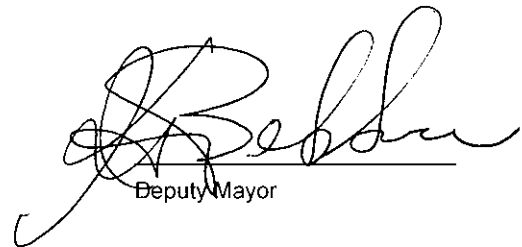
Chartered Professional Accountants

**Town of Beaverlodge**  
**Consolidated Statement of Financial Position**  
*For the year ended December 31, 2017*

	2017	2016
<b>Financial Assets</b>		
Cash (Note 2)	156,140	1,087,767
Portfolio investments (Note 2)	290,015	498,756
Deposit assets	27,782	27,310
Receivables (Note 3)		
Taxes and grants in lieu of taxes	284,439	244,356
Trade and other accounts receivable	2,413,059	1,448,817
Investments (Note 4)	6,346	6,321
Due from County of Grande Prairie No.1	30,844	17,930
<b>Total financial assets</b>	<b>3,208,625</b>	<b>3,331,257</b>
<b>Financial Liabilities</b>		
Temporary loan payable (Note 5)	1,099,993	-
Accounts payable and accrued liabilities (Note 6)	919,846	1,101,091
Landfill closure and post closure liability (Note 17)	8,308	17,719
Deposit liabilities	7,257	4,683
Deferred revenue (Note 7)	519,292	661,637
Long-term debt (Note 8)	5,698,451	5,899,955
Capital lease obligation (Note 9)	188,574	234,104
<b>Total financial liabilities</b>	<b>8,441,721</b>	<b>7,919,189</b>
<b>Net debt</b>	<b>(5,233,096)</b>	<b>(4,587,932)</b>
 <b>Commitments and contingencies - See Note 18 and 19</b>		
 <b>Non-financial assets</b>		
Tangible capital assets (Schedule II)	30,120,104	26,793,721
Prepaid expenses	2,773	11,121
<b>Total non-financial assets</b>	<b>30,122,877</b>	<b>26,804,842</b>
<b>Accumulated Surplus</b> (Note 12, Schedule I)	<b>24,889,781</b>	<b>22,216,910</b>

Approved by

  
 \_\_\_\_\_  
 Mayor

  
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 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, 2017*

	<i>2017</i>	<i>2017</i>	<i>2016</i>
	<i>Budget</i>		
<b>Revenue</b>			
Net municipal property taxes (Schedule III)	2,778,183	2,703,078	2,620,747
User fees and sales of goods	1,830,991	2,011,628	1,840,149
Government transfers for operating (Schedule IV)	665,101	705,870	548,789
Investment income	17,150	7,627	11,651
Penalties and costs on taxes	52,000	61,134	51,880
Franchise and concession contracts	212,000	216,882	206,851
Other revenue	258,775	199,290	177,115
<b>Total revenue</b>	<b>5,814,200</b>	<b>5,905,509</b>	<b>5,457,182</b>
<b>Expenses</b>			
Legislative	95,750	124,946	98,219
Administrative	540,449	464,400	595,068
Bylaw enforcement	412,376	371,418	381,121
Roads, streets, walk and lighting	710,583	1,038,508	932,540
Water supply and distribution	1,344,967	1,647,320	1,455,432
Family and community services	191,450	202,212	194,264
Parks and recreation	1,744,654	2,082,801	1,900,816
Planning and development	118,868	111,293	96,398
<b>Total expenses</b>	<b>5,159,097</b>	<b>6,042,898</b>	<b>5,653,858</b>
<b>Excess of revenue over expenses before other items</b>	<b>655,103</b>	<b>(137,389)</b>	<b>(196,676)</b>
<b>Other items</b>			
Government transfers for capital (Schedule IV)	2,672,546	2,810,260	1,500,963
<b>Excess of revenue over expenses</b>	<b>3,327,649</b>	<b>2,672,871</b>	<b>1,304,287</b>
<b>Accumulated surplus, beginning of year</b>	<b>22,216,910</b>	<b>22,216,910</b>	<b>20,912,623</b>
<b>Accumulated surplus, end of year</b>	<b>25,544,559</b>	<b>24,889,781</b>	<b>22,216,910</b>

*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, 2017

	<i>2017 Budget</i>	2017	2016
<b>Excess of revenue over expenses</b>	<b>3,327,649</b>	<b>2,672,871</b>	1,304,287
Acquisition of tangible capital assets	<b>(5,697,295)</b>	<b>(4,227,847)</b>	(2,046,819)
Amortization of tangible capital assets	<b>35,000</b>	<b>901,464</b>	772,696
	<b>(5,662,295)</b>	<b>(3,326,383)</b>	(1,274,123)
Reduction (increase) in prepaid assets	-	<b>8,348</b>	(8,348)
<b>Increase in net debt</b>	<b>(2,334,646)</b>	<b>(645,164)</b>	21,816
<b>Net debt, beginning of year</b>	<b>(4,587,932)</b>	<b>(4,587,932)</b>	(4,609,748)
<b>Net debt, end of year</b>	<b>(6,922,578)</b>	<b>(5,233,096)</b>	(4,587,932)

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

# Town of Beaverlodge

## Consolidated Statement of Cashflows

For the year ended December 31, 2017

	2017	2016
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Excess of revenue over expenses	2,672,871	1,304,287
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	901,464	772,696
Non-cash changes to operations (net change):		
Decrease (increase) in deposit assets	(472)	(7,599)
Decrease (increase) in taxes and grants in lieu receivable	(40,083)	(61,805)
Decrease (increase) in trade and other accounts receivable	(964,242)	(98,459)
Decrease (increase) in due from County of Grande Prairie No.1	(12,914)	(9,035)
Decrease (increase) in prepaid expenses	8,348	(8,348)
Increase (decrease) in accounts payable and accrued liabilities	(178,671)	413,954
Increase (decrease) in landfill closure liability	(9,411)	1,714
Increase (decrease) in deferred revenue	(142,345)	(166,683)
<b>Cash provided by operating transactions</b>	<b>2,234,545</b>	<b>2,140,722</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(4,227,847)	(2,046,819)
<b>Cash applied to capital transactions</b>	<b>(4,227,847)</b>	<b>(2,046,819)</b>
<b>Financing activities</b>		
Increase value of long term investments	(25)	(792)
Long-term debt repaid	(201,504)	(191,465)
Capital lease obligation repaid	(45,530)	(44,786)
<b>Cash applied to financing transactions</b>	<b>(247,059)</b>	<b>(237,043)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(2,240,361)</b>	<b>(143,140)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,586,523</b>	<b>1,729,663</b>
<b>Cash and cash equivalents, end of year</b>	<b>(653,838)</b>	<b>1,586,523</b>
<b>Balance comprised of:</b>		
Cash	156,140	1,087,767
Portfolio investments	290,015	498,756
Temporary loan payable	(1,099,993)	-
	<b>(653,838)</b>	<b>1,586,523</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, 2017

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017	2016
<b>Accumulated surplus, beginning of year</b>	(400,956)	1,958,204	20,659,662	<b>22,216,910</b>	20,912,623
Excess of revenue over expenses	2,672,871	-	-	<b>2,672,871</b>	1,304,287
Transfers from (to) reserves	(379,745)	379,745	-	-	-
Current year funds used for tangible capital assets	(3,907,505)	(320,342)	4,227,847	-	-
Annual amortization expense	901,464	-	(901,464)	-	-
Disposal of tangible capital assets	-	-	-	-	-
Term debt repaid	(201,504)	-	201,504	-	-
Capital lease obligation repaid	(45,530)	-	45,530	-	-
Change in accumulated surplus	(959,949)	59,403	3,573,417	<b>2,672,871</b>	1,304,287
<b>Accumulated surplus, end of year</b>	<b>(1,360,905)</b>	<b>2,017,607</b>	<b>24,233,079</b>	<b>24,889,781</b>	22,216,910

*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, 2017

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2017	2016
<b>Cost:</b>								
Balance, beginning of year	1,756,444	1,137,498	4,786,087	29,127,188	1,805,927	1,226,143	<b>39,839,287</b>	37,792,468
Acquisition of tangible capital assets	-	26,044	3,593,264	488,302	120,237	-	<b>4,227,847</b>	2,046,819
Disposal of tangible capital assets	-	-	-	-	-	-	-	-
Balance, end of year	1,756,444	1,163,542	8,379,351	29,615,490	1,926,164	1,226,143	<b>44,067,134</b>	39,839,287
<b>Accumulated amortization:</b>								
Balance, end of year	-	130,655	1,586,540	9,745,113	1,015,986	567,272	<b>13,045,566</b>	12,272,870
Annual amortization	-	13,126	77,238	620,229	150,760	40,111	<b>901,464</b>	772,696
Accumulated amortization on disposals	-	-	-	-	-	-	-	-
Balance, end of year	-	143,781	1,663,778	10,365,342	1,166,746	607,383	<b>13,947,030</b>	13,045,566
<b>Net book value of tangible capital assets</b>	1,756,444	1,019,761	6,715,573	19,250,148	759,418	618,760	<b>30,120,104</b>	26,793,721
2016 Net book value of tangible capital assets	1,756,444	1,006,843	3,199,547	19,382,075	789,941	658,871	26,793,721	

\*Included in buildings above are assets under construction with a total cost of \$146,478 (2016 - \$968,157) 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, 2017

	<i>2017</i>	<i>2017</i>	<i>2016</i>
	<i>Budget</i>		
<b>Taxation</b>			
Real property taxes	3,436,361	3,456,506	3,364,708
Linear property taxes	58,146	59,279	58,330
Government grants in lieu of property taxes	17,645	11,964	-
	<b>3,512,152</b>	<b>3,527,749</b>	3,423,038
<b>Requisitions</b>			
Alberta School Foundation Fund	721,715	812,417	790,990
Seniors foundation	12,254	12,254	11,301
	<b>733,969</b>	<b>824,671</b>	802,291
<b>Net municipal property taxes</b>	<b>2,778,183</b>	<b>2,703,078</b>	2,620,747

*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, 2017

	<i>2017</i>	<i>2017</i>	<i>2016</i>
	<i>Budget</i>		
<b>Transfers for operating:</b>			
Provincial Government	185,191	149,436	130,533
Federal Government	-	39,875	-
Other Local Governments	479,910	516,559	418,256
	<b>665,101</b>	<b>705,870</b>	548,789
<b>Transfers for capital:</b>			
Provincial Government	2,672,546	2,810,260	1,500,963
Other Local Governments	-	-	-
	<b>2,672,546</b>	<b>2,810,260</b>	1,500,963
<b>Total government transfers</b>	<b>3,337,647</b>	<b>3,516,130</b>	2,049,752

*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, 2017

	<i>2017</i>	<i>2017</i>	<i>2016</i>
	<i>Budget</i>		
<b>Consolidated expenses by object</b>			
Salaries, wages and benefits	2,153,655	2,087,124	2,077,340
Contracted and general services	1,879,238	2,094,534	1,983,437
Materials, goods and utilities	610,924	635,400	447,197
Transfers to local boards and agencies	135,931	29,014	33,889
Interest on long-term debt	344,849	243,543	266,434
Other	34,500	51,819	72,865
Amortization of tangible capital assets	-	901,464	772,696
	<b>5,159,097</b>	<b>6,042,898</b>	<b>5,653,858</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, 2017

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation & Culture	Environmental Services	Other	Total
<b>Revenue</b>								
Net municipal taxes	2,703,078	-	-	-	-	-	-	<b>2,703,078</b>
Government transfers	2,226,734	47,137	-	775,842	400,098	-	63,320	<b>3,513,131</b>
User fees and sales of goods	-	-	-	-	491,441	1,494,835	8,952	<b>1,995,228</b>
Investment income	7,627	-	-	-	-	-	-	<b>7,627</b>
Other revenue	108,692	83,423	-	3,671	35,226	15,599	250,094	<b>496,705</b>
	<b>5,046,131</b>	<b>130,560</b>	<b>-</b>	<b>779,513</b>	<b>926,765</b>	<b>1,510,434</b>	<b>322,366</b>	<b>8,715,769</b>
<b>Expenses</b>								
Contract & general services	695,162	91,330	109,333	20,051	110,876	881,733	186,049	<b>2,094,534</b>
Salaries & wages	962,539	196,392	266,111	63,256	158,246	440,580	-	<b>2,087,124</b>
Goods & supplies	16,470	23,554	339,085	27,987	-	212,140	16,164	<b>635,400</b>
Transfers to local boards	-	15,000	-	-	14,014	-	-	<b>29,014</b>
Long-term debt interest	3,514	-	-	-	144,148	95,881	-	<b>243,543</b>
Other expenses	20,742	10,537	-	-	25,308	(8,213)	3,445	<b>51,819</b>
	<b>1,698,427</b>	<b>336,813</b>	<b>714,529</b>	<b>111,294</b>	<b>452,592</b>	<b>1,622,121</b>	<b>205,658</b>	<b>5,141,434</b>
<b>Excess (deficiency) of revenue over expenses, before amortization</b>	<b>3,347,704</b>	<b>(206,253)</b>	<b>(714,529)</b>	<b>668,219</b>	<b>474,173</b>	<b>(111,687)</b>	<b>116,708</b>	<b>3,574,335</b>
Amortization expense	7,595	29,311	224,198	-	248,091	392,269	-	<b>901,464</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>3,340,109</b>	<b>(235,564)</b>	<b>(938,727)</b>	<b>668,219</b>	<b>226,082</b>	<b>(503,956)</b>	<b>116,708</b>	<b>2,672,871</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 Professional Accountants. Significant aspects of the accounting policies adopted by the Town of Beaverlodge are as follows:

***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% (2016 - 15%)  
Beaverlodge Public Library 100% (2016 - 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.

***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% (2016 - 15%) in the government partnership is included in the consolidated financial statements.

***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.

***Measurement uncertainty (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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where necessary. Amortization is based on the estimated useful lives of tangible capital assets.

**1. Summary of significant accounting policies (continued)**

***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.

***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.

***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.

***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.

***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.

***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.

**1. Summary of significant accounting policies (continued)**

***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 debt for the year.

***i. Tangible Capital Assets***

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

	<u>YEARS</u>
Buildings	25 - 50
Land Improvements	15 - 20
Engineered structures	
Water 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, 2017

**2. Cash and portfolio investments**

	2017	2016
Cash	147,521	1,079,648
Cash on hand	8,619	8,119
Portfolio investments	290,015	498,756
	<b>446,155</b>	<b>1,586,523</b>

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

Council has designated funds of \$2,017,607 (2016 - \$1,958,204) to reserves and \$260,653 (2016 - \$487,598) 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 \$8,308 (2016 - \$17,719), which includes a restricted cash fund for closure and post-closure of \$8,308 (2016- \$17,719).

**3. Receivables**

	2017	2016
Taxes and grants in lieu of taxes		
Current taxes and grants in lieu of taxes	172,568	153,675
Arrears taxes	111,871	90,681
	<b>284,439</b>	<b>244,356</b>
Trade and other accounts receivable		
Trade and other accounts receivable	345,777	314,119
Goods and services tax receivable	139,984	74,256
Receivable from government agencies	1,989,195	1,119,184
	<b>2,474,956</b>	<b>1,507,559</b>
Less: allowance for doubtful accounts	<b>(61,897)</b>	<b>(58,742)</b>
	<b>2,413,059</b>	<b>1,448,817</b>

**4. Investments**

	2017	2016
Alberta Capital Finance Authority shares	10	10
Alberta Association of Municipal Districts & Counties Member's Equity	235	235
United Farmers of Alberta patronage account	6,101	6,076
	<b>6,346</b>	<b>6,321</b>

**Town of Beaverlodge**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**5. Temporary loan payable**

The Town is approved for a revolving loan up to \$1,200,000 (2016 - \$1,200,000), bearing interest at the prime rate (2017 - 3.200%) per annum. 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, 2017 is \$1,099,993 (2016 - \$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 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**

	<i>2017</i>	<i>2016</i>
Accounts payable	<b>506,206</b>	904,139
Holdbacks payable	<b>312,968</b>	61,832
Vacation and overtime payable	<b>73,923</b>	80,996
Salaries and wages payable	<b>26,749</b>	54,124
	<b>919,846</b>	1,101,091

The vacation and overtime liability is comprised of amounts 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 in the amount of \$451 (2016 - \$24,267) and accrued wages payable to employees in the amount of \$26,298 (2016 - \$29,857) as at year-end.

**7. Deferred revenue**

	<i>2017</i>	<i>2016</i>
Prepaid property taxes and utilities	<b>21,722</b>	20,581
Provincial and local capital grants	<b>406,807</b>	403,555
Health complex deferred revenue	<b>90,763</b>	84,043
Federal capital grants	-	153,458
	<b>519,292</b>	661,637

**Town of Beaverlodge**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**8. Long-term debt**

	<i>2017</i>	<i>2016</i>
Self-supported debentures	<b>5,698,451</b>	5,899,955

Principal and interest repayments are as follows:

	Principal	Interest	Total
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	194,195	194,558	388,753
2023 and thereafter	4,701,135	1,861,188	6,562,323
	<b>5,698,451</b>	<b>2,927,281</b>	<b>8,625,732</b>

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 \$243,545 (2016 - \$255,102). Total cash payments for interest during the year are \$250,196 (2016 - \$262,177).

**9. Capital lease obligation**

	<i>2017</i>	<i>2016</i>
Capital lease obligation	<b>188,574</b>	234,104

Principal and interest repayments are as follows:

	Principal	Imputed Interest	Lease
2018	188,574	513	189,087

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 \$340,094 (2016 - \$357,098). Interest on the capital lease obligation amounts to \$3,514 (2016- \$4,258), also being the amount paid during the year.

# Town of Beaverlodge

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017

### 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:

	2017	2016
Total debt limit	<b>8,858,264</b>	8,185,773
Total debt	<b>5,887,025</b>	6,134,059
<b>Amount of debt limit unused</b>	<b>2,971,239</b>	2,051,714
Debt servicing limit	<b>1,476,377</b>	1,364,296
Debt servicing	<b>635,653</b>	495,610
<b>Amount of debt servicing limit unused</b>	<b>840,724</b>	868,686

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

	2017	2016
Tangible capital assets (Schedule II)	<b>44,067,134</b>	39,839,287
Accumulated amortization (Schedule II)	<b>(13,947,030)</b>	(13,045,566)
Long-term debt (Note 8)	<b>(5,698,451)</b>	(5,899,955)
Capital lease obligation (Note 9)	<b>(188,574)</b>	(234,104)
<b></b>	<b>24,233,079</b>	20,659,662

### 12. Accumulated surplus

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

	2017	2016
Unrestricted surplus	<b>(1,360,905)</b>	(400,956)
Reserves (Note 13)	<b>2,017,607</b>	1,958,204
Equity in tangible capital assets (Note 11)	<b>24,233,079</b>	20,659,662
<b></b>	<b>24,889,781</b>	22,216,910

**Town of Beaverlodge**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**13. Reserves**

	2017	2016
Capital	723,646	928,990
Landfill	297,122	221,275
Fire department	133,631	101,431
Recreation and parks	68,962	20,600
Tax stabilization	135,036	131,036
Water/sewer reserve	463,874	452,141
Waste Management	10,000	-
Equipment reserve	169,649	91,044
Insurance deductible	15,687	11,687
	<b>2,017,607</b>	<b>1,958,204</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>	2017	2016
Mayor:				
Rycroft, Gary	1,426	-	1,426	
Councillors:				
Kokotilo-Bekkerus, Judy	8,582	-	8,582	-
Corbett, Cynthia	1,657	-	1,657	
Graw, Hugh	1,506	-	1,506	
Jones, Gena	1,807	-	1,807	
Dueck, Terry	978	-	978	
Mosher, Cal	1,431	-	1,431	
Chief Administrative Officer	153,505	-	153,505	153,505
Previous Mayor (prior to October 2017 election):				
Leona Hanson	12,482	-	12,482	16,167
Previous Councillors:				
Kokotilo-Bekkerus, Judy	8,582	-	8,582	-
Olson-Lepchuk, Wendy	6,324	-	6,324	10,767
Sherk, Lloyd	3,384	-	3,384	3,836
Loberg, Roger	8,427	-	8,427	6,993

<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, 2017

### 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, 2017:

	2017	2016
<b>Financial Position:</b>		
Financial assets	<b>313,668</b>	250,183
Physical assets	<b>373,146</b>	404,657
<b>Total assets</b>	<b>686,814</b>	654,840
Financial liabilities	<b>15,797</b>	12,405
<b>Accumulated surplus</b>	<b>671,017</b>	642,435
<b>Results of Operations:</b>		
Total revenue	<b>117,833</b>	83,585
Total expenses	<b>89,251</b>	72,378
<b>Excess of revenue over expenses</b>	<b>28,582</b>	11,207

### 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 253,862 people and 417 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 2017 were \$150,326 (2016 - \$142,682). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2017 were \$138,186 (2016 - \$131,113).

At December 31, 2017, the LAPP disclosed a deficiency of \$637 million (2016 - \$923 million).

**Town of Beaverlodge**  
**Notes to the Consolidated Financial Statements**  
For the year ended December 31, 2017

**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 770,174 (2016 - 781,835) 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:

	2017	2016
Estimated closure costs	<b>38,426</b>	89,996
Estimated post-closure costs	<b>5,067</b>	9,131
<b>Estimated total liability</b>	<b>43,493</b>	99,127
Estimated capacity remaining	<b>80.9%</b>	82.1%
<b>Portion of total liability remaining to be recognized</b>	<b>43,493</b>	99,127
Estimated capacity used	<b>19.1%</b>	17.9%
<b>Accrued liability portion</b>	<b>8,308</b>	17,719

**18. Commitments**

The Town is committed to make annual payments for multiple operating leases for which they have entered for various equipment over the next 5 years as follows:

2018	8,154
2019	6,112
2020	6,112
2021	6,112
2022	1,528
	<b>28,018</b>

**19. Contingencies**

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 3.00% (2016 - 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.