

Town of Beaverlodge
Consolidated Financial Statements
December 31, 2020

Management's Responsibility

To the Members of Council:


Management is responsible for the preparation, accuracy, objectivity, integrity 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 26, 2021



Chief Administrative Officer

To the Members of the Council of the Town of Beaverlodge:

Opinion

We have audited the consolidated financial statements of the Town of Beaverlodge and its subsidiaries (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated operating surplus, changes in net debt, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2020, and the results of its consolidated operations, changes in its consolidated net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Restated Comparative Information

We draw attention to Note 25 to the financial statements, which explains that certain comparative information for the year-ended December 31, 2019 has been restated.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grande Prairie, Alberta

April 26, 2021

MNP LLP

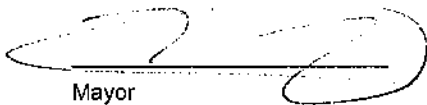
Chartered Professional Accountants

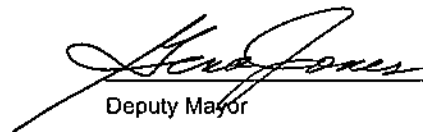
MNP

Town of Beaverlodge
Consolidated Statement of Financial Position
For the year ended December 31, 2020

	2020	2019 <i>(restated - Note 25)</i>
Financial Assets		
Cash (Note 2)	792,344	335,494
Portfolio investments (Note 2)	2,273,642	1,159,472
Deposit assets	22,497	23,692
Receivables (Note 3)		
Taxes and grants in lieu of taxes	349,409	288,415
Trade and other accounts receivable	584,892	1,213,129
Investments (Note 4)	6,346	6,346
Due from County of Grande Prairie No.1	98,147	63,099
Total financial assets	4,127,277	3,089,647
Financial Liabilities		
Temporary loan payable (Note 5)	-	-
Accounts payable and accrued liabilities (Note 6)	535,350	667,967
Deposit liabilities	7,857	7,545
Deferred revenue (Note 7)	355,614	257,327
Long-term debt (Note 8)	5,666,621	5,897,676
Landfill closure and post closure liability (Note 16)	54,403	41,921
Total financial liabilities	6,619,847	6,872,436
Net debt	(2,492,569)	(3,782,789)
Commitments and contingencies - See Note 17 and 18		
Non-financial assets		
Tangible capital assets (Schedule II)	30,371,501	31,137,111
Prepaid expenses	2,773	2,773
Total non-financial assets	30,374,273	31,139,884
Accumulated Surplus (Note 11, Schedule I)	27,881,703	27,357,093

Approved by


 Mayor


 Deputy Mayor

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

Town of Beaverlodge
Consolidated Statement of Operations and Accumulated Surplus
For the year ended December 31, 2020

	<i>2020</i>	<i>2020</i>	<i>2019</i>
	<i>Budget</i>		<i>(restated - Note 25)</i>
Revenue			
Net municipal property taxes (Schedule III)	3,305,349	3,242,347	3,133,959
User fees and sales of goods	1,964,648	1,958,298	2,217,116
Government transfers for operating (Schedule IV)	796,758	1,318,983	858,155
Investment income	7,650	13,237	15,713
Penalties and costs on taxes	62,261	62,220	63,583
Franchise and concession contracts	220,501	233,876	218,748
Other revenue	225,800	248,484	253,329
Total revenue	6,582,967	7,077,444	6,760,603
Expenses			
Legislative	155,660	129,603	153,770
Administrative	1,016,269	893,756	851,400
Bylaw enforcement	378,595	375,408	339,764
Roads, streets, walk and lighting	1,175,330	1,391,476	1,412,891
Water supply and distribution	1,342,709	1,792,783	1,482,754
Family and community services	262,503	193,984	322,363
Parks and recreation	1,975,800	1,771,697	1,930,770
Planning and development	142,500	126,529	68,823
Total expenses	6,449,367	6,675,236	6,562,533
Excess of revenue over expenses before other items	133,600	402,208	198,070
Other items			
Government transfers for capital (Schedule IV)	30,000	122,402	405,374
Excess of revenue over expenses	163,600	524,610	603,444
Accumulated surplus, beginning of year as previously stated	27,117,548	27,117,548	26,753,650
Prior period adjustment (Note 25)	-	239,545	-
Accumulated surplus, restated beginning of year	27,117,548	27,357,093	26,753,650
Accumulated surplus, end of year	27,281,148	27,881,703	27,357,093

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

Town of Beaverlodge
Consolidated Statement of Changes in Net Debt
For the year ended December 31, 2020

	<i>2020</i>	<i>2020</i>	<i>2019</i>
	<i>Budget</i>		<i>(restated - Note 25)</i>
Excess of revenue over expenses	163,600	524,610	603,444
Acquisition of tangible capital assets	(30,000)	(223,553)	(404,921)
Amortization of tangible capital assets	-	980,792	960,148
Loss on write-down of tangible capital assets	-	8,372	-
	(30,000)	765,610	555,227
Decrease in net debt	133,600	1,290,220	1,158,670
Net debt, beginning of year	(3,782,789)	(3,782,789)	(4,941,461)
Net debt, end of year	(3,649,189)	(2,492,569)	(3,782,789)

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

Town of Beaverlodge Consolidated Statement of Cashflows

For the year ended December 31, 2020

	2020	2019 <i>(restated - Note 25)</i>
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenue over expenses	524,610	603,444
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	980,792	960,148
Loss on write-down of tangible capital assets	8,372	-
Non-cash changes to operations (net change):		
Decrease (increase) in deposit assets	1,195	2,121
Decrease (increase) in taxes and grants in lieu receivable	(60,994)	24,870
Decrease (increase) in trade and other accounts receivable	628,237	(594,074)
Decrease (increase) in due from County of Grande Prairie No.1	(35,048)	29,866
Increase (decrease) in accounts payable and accrued liabilities, and deposit liabilities	(132,304)	(167,742)
Increase (decrease) in landfill closure liability	12,481	34,666
Increase (decrease) in deferred revenue	98,287	622,574
Cash provided by operating transactions	2,025,628	1,515,873
Capital activities		
Acquisition of tangible capital assets	(223,553)	(404,921)
Financing activities		
Long-term debt repaid	(231,055)	(221,434)
Increase in cash and cash equivalents	1,571,021	889,518
Cash and cash equivalents, beginning of year	1,494,966	605,447
Cash and cash equivalents, end of year	3,065,986	1,494,966
Balance comprised of:		
Cash	792,344	335,494
Portfolio investments	2,273,642	1,159,472
Total	3,065,986	1,494,966

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, 2020

	Unrestricted Surplus (Deficit)	Restricted Surplus	Equity in Tangible Capital Assets	2020	<i>2019</i> <i>(restated - Note 25)</i>
Accumulated surplus (deficit), beginning of year as previously stated	(46,095)	1,924,209	25,239,435	27,117,549	26,753,650
Prior period adjustments (See Note 25)	239,545			239,545	-
Accumulated surplus (deficit), restated beginning of year	193,450	1,924,209	25,239,435	27,357,093	26,753,650
Excess of revenue over expenses	524,610	-	-	524,610	603,444
Transfers from (to) reserves	(184,360)	184,360	-	-	-
Current year funds used for tangible capital assets	(118,406)	(105,148)	223,553	-	-
Write-off of tangible capital assets	8,372	-	(8,372)	-	-
Annual amortization expense	980,792	-	(980,792)	-	-
Term debt advanced	-	-	-	-	-
Term debt repaid	(231,055)	-	231,055	-	-
Change in accumulated surplus	979,953	79,213	(534,556)	524,610	603,444
Accumulated surplus, end of year	1,173,404	2,003,422	24,704,879	27,881,703	27,357,093

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, 2020

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2020	2019
Cost:								
Balance, beginning of year	1,851,667	1,171,913	8,943,255	31,767,661	2,042,956	1,226,143	47,003,596	46,598,675
Acquisition of tangible capital assets	-	-	34,672	188,881	-	-	223,553	404,921
Write-down of tangible capital assets	-	(8,372)	-	-	-	-	(8,372)	-
Disposal of tangible capital assets	-	-	-	-	-	(20,000)	(20,000)	-
Balance, end of year	1,851,667	1,163,542	8,977,927	31,956,542	2,042,956	1,206,143	47,198,777	47,003,596
Accumulated amortization:								
Balance, end of year	-	161,590	1,830,127	11,760,516	1,428,229	686,023	15,866,485	14,906,337
Annual amortization	-	9,278	87,547	714,378	131,059	38,529	980,792	960,148
Accumulated amortization on disposals	-	-	-	-	-	(20,000)	(20,000)	-
Balance, end of year	-	170,868	1,917,675	12,474,894	1,559,288	704,551	16,827,277	15,866,485
Net book value of tangible capital assets	1,851,667	992,674	7,060,253	19,481,648	483,668	501,592	30,371,501	31,137,111
2018 Net book value of tangible capital assets	1,851,667	1,010,323	7,113,128	20,007,145	614,727	540,120	31,137,111	

*Included in buildings above are assets under construction with a total cost of \$24,121 (2019 - \$5,195) 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, 2020

	<i>2020</i>	<i>2020</i>	<i>2019</i>
	<i>Budget</i>		
Taxation			
Real property taxes	4,180,765	3,971,147	3,843,235
Linear property taxes	-	98,707	96,302
Government grants in lieu of property taxes	-	14,476	24,228
	4,180,765	4,084,329	3,963,765
Requisitions			
Alberta School Foundation Fund	862,336	828,142	816,496
Seniors foundation	13,081	13,840	13,310
	875,417	841,982	829,806
Net municipal property taxes	3,305,349	3,242,347	3,133,959

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, 2020

	<i>2020</i> <i>Budget</i>	<i>2020</i>	<i>2019</i>
Transfers for operating:			
Provincial Government	69,662	587,284	290,208
Federal Government	-	-	-
Other Local Governments	697,096	731,700	567,947
	766,758	1,318,983	858,155
Transfers for capital:			
Provincial Government	30,000	122,402	405,374
Total government transfers	796,758	1,441,385	1,263,529

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, 2020

	<i>2020</i>	<i>2020</i>	<i>2019</i>
	<i>Budget</i>		<i>(restated - Note 25)</i>
Consolidated expenses by object			
Salaries, wages and benefits	2,807,748	2,398,630	2,315,146
Contracted and general services	1,928,689	1,974,717	1,818,796
Materials, goods and utilities	1,142,950	985,388	1,066,912
Transfers to local boards and agencies	135,542	34,803	31,002
Interest on long-term debt	359,938	229,563	219,240
Other	74,500	62,972	151,289
Amortization of tangible capital assets	-	980,792	960,148
Loss on disposal of tangible capital assets	-	8,372	-
	6,449,367	6,675,236	6,562,534

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, 2020

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation & Culture	Environmental Services	Family and Community	Total
Revenue								
Net municipal taxes	3,242,347	-	-	-	-	-	-	3,242,347
Government transfers	471,065	54,621	182,291	54,402	582,905	-	96,101	1,441,385
User fees and sales of goods	-	-	-	-	284,803	1,640,579	32,916	1,958,298
Investment income	13,237	-	-	-	-	-	-	13,237
Other revenue	142,745	95,942	928	9,733	52,956	-	242,276	544,579
	3,869,393	150,563	183,220	64,135	920,664	1,640,579	371,293	7,199,846
Expenses								
Contracted and general services	340,569	113,121	234,055	120,929	371,101	779,141	15,802	1,974,717
Salaries, wages and benefits	555,354	200,529	585,203	-	721,113	159,623	176,809	2,398,630
Materials, goods and utilities	80,272	32,448	271,033	5,601	261,286	333,375	1,373	985,388
Transfers to local boards and agencies	-	-	19,101	-	15,702	-	-	34,803
Interest on long-term debt	-	-	-	-	131,508	98,055	-	229,563
Other expenses	39,569	-	-	-	10,921	12,483	-	62,972
	1,015,764	346,097	1,109,391	126,529	1,511,631	1,382,677	193,984	5,686,073
Excess (deficiency) of revenue over expenses, before amortization	2,853,629	(195,534)	(926,172)	(62,394)	(590,967)	257,903	177,309	1,513,773
Amortization of tangible capital assets	7,595	29,311	282,085	-	260,066	401,735	-	980,792
Loss on write-down of tangible capital assets	-	-	-	-	-	8,372	-	8,372
	7,595	29,311	282,085	-	260,066	410,107	-	989,163
Excess (deficiency) of revenue over expenses	2,846,034	(224,845)	(1,208,256)	(62,394)	(851,033)	(143,832)	177,309	524,610

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

Town of Beaverlodge

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

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 expenses, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for administration of their financial affairs and resources. They include the following:

West Grande Prairie County Solid Waste Management Authority 15% (2019 - 15%)
Beaverlodge Public Library 100% (2019 - 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% (2019 - 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.

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)

Expenses that relate to on-going environmental and reclamation programs are charged against earnings as incurred. Future site restoration costs are recognized based upon assumptions and estimates related to the amount and timing of costs for future removal and site restoration. Annual provisions for these costs are amortized on a straight-line basis over 25 years.

Investments

Investments are recorded at amortized cost. 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

One-half of the annual amortization is charged in the year of acquisition and none in the year of disposal. 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.

Financial Instruments

The Town recognizes its financial instruments when the Town becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Town may irrevocably elect to subsequently measure any financial instrument at fair value. The Town has not made such an election during the year ended.

Town of Beaverlodge
Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

1. Summary of significant accounting policies (continued)

Financial Instruments (continued)

The Town subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in net income/loss. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

2. Cash and portfolio investments

	2020	2019
Cash	791,344	326,875
Cash on hand	1,000	8,619
Portfolio investments	2,273,642	1,159,472
	3,065,987	1,494,966

Portfolio investments are short-term deposits with original maturities of three months or less bearing interest at 1.50% - 2.45% (2019 - 2.00% - 2.55%).

Council has designated funds of \$2,003,421 (2019 - \$1,924,209) to reserves and \$265,003 (2019 - \$172,066) for deferred revenue.

Term deposits are held in trust by the County of Grande Prairie No. 1 on behalf of West Grande Prairie County Solid Waste Management Authority. Included in portfolio investments are restricted amounts totaling \$54,403 (2019 - \$41,921), which includes a restricted cash fund for closure and post-closure of \$54,403 (2019 - \$41,921).

3. Receivables

	2020	2019
		<i>(restated - Note 25)</i>
Taxes and grants in lieu of taxes		
Current taxes and grants in lieu of taxes	121,134	138,278
Arrears taxes	228,275	150,137
	349,409	288,415
Trade and other accounts receivable		
Trade and other accounts receivable	272,754	273,896
Goods and services tax receivable	14,037	23,492
Receivable from government agencies	338,259	954,042
	625,050	1,251,430
Less: allowance for doubtful accounts	(40,158)	(38,301)
	584,892	1,213,129

Town of Beaverlodge
Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

4. Investments

	2020	2019
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	6,101
	6,346	6,346

5. Temporary loan payable

The Town is approved for a revolving loan up to \$1,200,000 (2019 - \$1,200,000), bearing interest at prime rate plus 1% (2019 - prime rate) 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, 2020 is \$nil (2018 - \$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

	2020	2019
		<i>(restated - Note 25)</i>
Accounts payable	450,920	477,727
Holdbacks payable	-	43,749
Vacation and overtime payable	26,185	83,110
Salaries and wages payable	58,246	63,381
	535,350	667,967

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 accrued wages payable to employees in the amount of \$58,246 (2019 - \$63,381) as at year-end.

Town of Beaverlodge
Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

7. Deferred revenue

	2020	2019 <i>(restated - Note 25)</i>
Municipal Sustainability Initiative - Capital		
Balance beginning of year	-	-
Total grant approved	579,760	429,832
Less funding receivable not spent	(525,358)	(320,305)
Funding recognized as spent	(54,402)	(109,527)
Amount deferred	-	-
Alberta Community Grant		
Balance beginning of year	-	42,027
Funding received	-	-
Funding recognized as spent	-	(8,408)
Funding repaid	-	(33,619)
Amount deferred	-	-
Federal Gas Tax		
Balance beginning of year	-	-
Total grant approved	141,002	278,546
Less funding receivable not spent	(141,002)	(30,626)
Funding recognized as spent	-	(247,920)
Amount deferred	-	-
Alberta Community Partnership - Stormwater Management		
Balance beginning of year	79,765	-
Funding received	-	140,000
Funding recognized as spent	(58,444)	(60,235)
Amount deferred	21,321	79,765
Alberta Community Partnership - Municipal Development Plan		
Balance beginning of year	30,000	-
Funding receivable	-	30,000
Funding recognized as spent	(4,375)	-
Amount deferred	25,625	30,000
Municipal Stimulus Program - Booster Station Upgrades		
Balance beginning of year	-	-
Funding received	68,000	-
Funding recognized as spent	(68,000)	-
Amount deferred	-	-
Municipal Stimulus Program - Lift Station Upgrades		
Balance beginning of year	-	-
Funding received	100,000	-
Funding recognized as spent	-	-
Amount deferred	100,000	-
Municipal Operating Support Transfer		
Balance beginning of year	-	-
Funding received	254,603	-
Funding recognized as spent	(234,862)	-
Amount deferred	19,741	-

Town of Beaverlodge
Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

7. Deferred revenue (continued)

	2020	2019 <i>(restated - Note 25)</i>
County of Grande Prairie		
Balance beginning of year	-	19,890
Funding received	-	-
Funding recognized as spent	-	(19,890)
Amount deferred	-	-
Canada 150 Fund		
Balance beginning of year	-	4,570
Funding received	-	-
Funding recognized as spent	-	(4,570)
Amount deferred	-	-
Health Complex - Dedicated Reserve		
Balance beginning of year	91,378	91,378
Funding received	1,863	-
Funding recognized as spent	-	-
Amount deferred	93,241	91,378
Family and Child Social Services		
Balance beginning of year	-	-
Funding received	5,075	-
Funding recognized as spent	-	-
Amount deferred	5,075	-
Prepaid property taxes and utilities	90,611	56,184
Total deferred revenue	355,614	257,327

Not included in deferred revenue above is \$1,400,727 (2019 - \$709,301) of government grants that have not yet been spent. They will be recorded as revenue when spent.

8. Long-term debt

	2020	2019
Self-supported debentures	5,666,621	5,897,676

Principal and interest repayments are as follows:

	Principal	Interest	Total
2021	242,759	221,112	463,871
2022	232,767	210,494	443,261
2023	242,247	201,014	443,261
2024	251,795	191,128	442,923
2025	261,105	180,816	441,921
2026 and thereafter	4,435,950	1,338,661	5,774,611
	5,666,621	2,343,225	8,009,847

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 3.10% to 8.00% (2019 - 3.10% to 8.00%) per annum, before Provincial subsidy, and matures in periods 2021 through 2042. Debenture debt is issued on the credit and security of the Town of Beaverlodge at large. Interest on debt amounts to \$229,563 (2019 - \$219,240). Total cash payments for interest during the year are \$232,815 (2019 - \$242,436).

Town of Beaverlodge
Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

9. Debt limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town of Beaverlodge be disclosed as follows:

	<i>2020</i>	<i>2019</i>
Total debt limit	10,616,166	10,140,744
Total debt	5,666,621	5,897,676
Amount of debt limit unused	4,949,545	4,243,068
Debt servicing limit	1,769,361	1,690,124
Debt servicing	463,871	463,871
Amount of debt servicing limit unused	1,305,490	1,226,253

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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.

10. Equity in tangible capital assets

	<i>2020</i>	<i>2019</i>
Tangible capital assets (Schedule II)	47,198,777	47,003,596
Accumulated amortization (Schedule II)	(16,827,277)	(15,866,485)
Long-term debt (Note 8)	(5,666,621)	(5,897,676)
	24,704,879	25,239,435

11. Accumulated surplus

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

	<i>2020</i>	<i>2019</i>
Unrestricted surplus	1,173,404	193,450
Reserves (Note 12)	2,003,422	1,924,209
Equity in tangible capital assets (Note 10)	24,704,879	25,239,435
	27,881,703	27,357,093

12. Reserves

	<i>2020</i>	<i>2019</i>
Capital	575,517	640,664
Landfill	423,416	368,958
Fire department	162,831	76,831
Recreation and parks	119,790	115,888
Tax stabilization	135,036	135,036
Water/sewer reserve	327,159	327,159
Waste Management	20,000	20,000
Equipment reserve	223,986	223,986
Insurance deductible	15,687	15,687
	2,003,422	1,924,209

Town of Beaverlodge
Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

13. 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	2020	2019
Mayor:				
Rycroft, Gary	17,800	-	17,800	19,180
Councillors:				
Kokotilo-Bekkerus, Judy	15,955	-	15,955	19,510
Corbett, Cynthia	24,085	-	24,085	29,565
Graw, Hugh	12,757	-	12,757	11,160
Jones, Gena	17,535	-	17,535	18,670
Dueck, Terry	10,825	-	10,825	9,745
Mosher, Cal	12,255	-	12,255	12,950
Chief Administrative Officer	154,839	16,821	171,660	147,749

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.

14. 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, 2020:

	2020	2019
Financial Position:		
Financial assets	495,524	456,155
Physical assets	312,881	345,240
Total assets	808,405	801,395
Financial liabilities	67,010	47,184
Accumulated surplus	741,395	754,211
Results of Operations:		
Total revenue	125,453	149,803
Total expenses	138,269	120,905
Excess of revenue over expenses	(12,815)	28,897

Town of Beaverlodge

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

15. 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 275,000 people and 420 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.

The Town is required to make contributions for current service to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2020 were \$135,579 (2019 - \$136,396). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2020 were \$122,213 (2019 - \$123,159).

At December 31, 2019, the LAPP disclosed a surplus of \$7.9 billion (2018 - surplus of \$3.5 billion). The 2020 LAPP annual report was not available at the date of these financial statements.

16. 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 accrued liability for closure and post-closure of the West Grande Prairie County Solid Waste Management Authority landfill is estimated based on the sum of future cash flows for closure and post-closure activities for 25 years (2019 - 25 years) after closure using a discount rate of 2.41% (2019 - 2.71%) and assuming annual inflation of 2.00% (2019 - 2.10%).

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 1,334,226 cubic meters. The estimated remaining capacity of the landfill site is 1,119,214 (2019 - 1,133,384) cubic meters. The existing landfill is expected to reach capacity in approximately the year 2116 (2019 - 2116).

The following summarizes the Town's portion of the total net present value for the estimated costs of closure and post-closure care:

	2020	2019
Estimated closure costs	204,598	171,246
Estimated post-closure costs	132,469	107,235
Estimated total liability	337,067	278,481
Estimated capacity remaining	83.9%	84.9%
Portion of total liability remaining to be recognized	283,180	236,560
Estimated capacity used	16.1%	15.1%
Accrued liability portion	54,403	41,921

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

17. 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:

2021	80,499
2022	76,872
2023	68,216
2024	65,352
2025	42,677
	<hr/>
	333,617

18. Contingencies

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

19. Segmented disclosure

The Town provides a range of services to its ratepayers. For each reported segment, revenue and expenses represent only amounts that are directly attributable to the segment, no other amounts are allocated between segments. 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).

Included in the General Government segment is Administration and Legislative expenditures. Included in the Protective Services segment is Bylaw Enforcement. Included in the Transportation Services segment is Roads, Streets, Walk and Lighting. Included in Planning & Development segment is Planning & Development. Included in Recreation & Culture segment is Recreation & Culture. Included in the Environmental Services segment is Water Supply and Distribution and Waste Management. Included in the Family and Community Services segment is Family and Community Services.

20. 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 Town's cash on hand and reserve balance minimize the interest rate risk. The prime lending rate at December 31, 2020 was 2.45% (2019 - 3.95%).

21. Approval of financial statements

Council and Management have approved these financial statements.

22. Approval of budget

The budget prepared by management and disclosed in these financial statements was approved by Council on March 23, 2020.

23. Impact on operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Town's operations were impacted by COVID-19 due to closure of operations, added cleaning and supply costs, cancellation of events, and lay-off of staff.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Town as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause closure of operations and increased government regulations, all of which may negatively impact the Town's operations and financial condition.

24. Comparative figures

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

An amount of \$10,588 previously reported as contracted and general services expense has been reclassified to salaries, wages and benefits expense.

25. Correction of an error

During the 2020 year, it was determined that a number of accounts payable vendor balances were double recorded in 2019. This has caused accounts payable to be overstated in 2019 by \$246,613, accounts receivable to be overstated by \$7,067, revenue to be understated by \$107 and expenses to be overstated by \$239,438.

The correction of this error has resulted in the following adjustments in 2019:

- Other revenues were increased by 107;
- Legislative expenses were decreased by \$218;
- Administrative expenses were decreased by \$94,704;
- By-law enforcement expenses were decreased by \$3,068;
- Roads, streets, walk and lighting expenses were decreased by \$22,024;
- Water supply and distribution expenses were decreased by \$78,287;
- Family and community services expenses were decreased by \$1,493;
- Parks and recreation expenses were decreased by \$39,571;
- Planning and development expenses were decreased by \$74;
- Accounts payable was decreased by \$246,613;
- Accounts receivable was decreased by \$7,067;

In 2020 the opening equity was increased by \$239,545.

During the 2020 year, it was determined that funding receivable was recorded as deferred revenue when it had not been spent. This has caused accounts receivable and deferred revenue to be overstated in 2019. The correction of this error has resulted in the following adjustments in 2019:

- Accounts receivable was decreased by \$709,301;
- Deferred revenue was decreased by \$709,301.

There was no impact to 2020 opening equity.
