

Town of Beaverlodge
Consolidated Financial Statements
December 31, 2021

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Management's Responsibility

To the Members of Council:

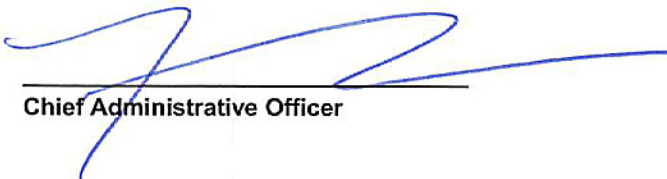
Management is responsible for the preparation, accuracy, objectivity, integrity and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility 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.

May 4, 2022



Chief Administrative Officer

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Town of Beaverlodge (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations and accumulated operating surplus, remeasurement gains and losses, 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, 2021, and the results of its consolidated operations, its consolidated remeasurement gains and losses, changes in its 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.

Responsibilities of Management and Those Charged with Governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Supplementary Accounting Principles and Standards Regulation

In accordance with Alberta regulation 313/2000, we confirm that the Municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation, as seen in note 13.

Debt Limit Regulation

In accordance with Alberta regulation 255/2000, we confirm that the Municipality is in compliance with the Debt Limit Regulation. A detailed account of the Municipality's debt limit can be found in note 9.

Grande Prairie, Alberta

May 5, 2022

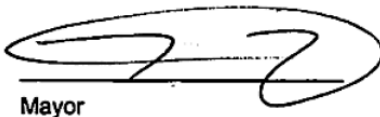
MNP LLP

Chartered Professional Accountants

Town of Beaverlodge
Consolidated Statement of Financial Position
For the year ended December 31, 2021

	2021	2020
Financial Assets		
Cash (Note 2)	1,271,727	792,344
Portfolio investments (Note 2)	4,859,086	2,273,642
Deposit assets	20,947	22,497
Receivables (Note 3)		
Taxes and grants in lieu of taxes	265,577	349,409
Trade and other accounts receivable	480,348	584,892
Investments (Note 4)	6,346	6,346
Due from County of Grande Prairie No.1	125,113	98,147
Total financial assets	7,029,144	4,127,277
Financial Liabilities		
Accounts payable and accrued liabilities (Note 6)	757,357	535,350
Deposit liabilities	10,272	7,857
Deferred revenue (Note 7)	1,069,452	355,614
Long-term debt (Note 8)	7,165,738	5,666,621
Landfill closure and post closure liability (Note 16)	21,121	54,403
Total financial liabilities	9,023,940	6,619,847
Net debt	(1,994,796)	(2,492,569)
 Commitments and contingencies - See Note 17 and 18		
 Non-financial assets		
Tangible capital assets (Schedule II)	30,809,313	30,371,501
Prepaid expenses	2,773	2,773
Land held for resale	32,449	-
Total non-financial assets	30,844,534	30,374,273
Accumulated Surplus (Note 11, Schedule I)	28,849,738	27,881,703

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, 2021

	<i>2021</i> <i>Budget</i>	<i>2021</i>	<i>2020</i>
Revenue			
Net municipal property taxes (Schedule III)	3,161,927	3,134,007	3,242,347
User fees and sales of goods	1,809,668	2,040,302	1,958,298
Government transfers for operating (Schedule IV)	753,062	834,018	1,318,983
Investment income	2,814	36,253	13,237
Penalties and costs on taxes	60,000	72,230	62,220
Franchise and concession contracts	231,114	242,350	233,876
Other revenue	197,977	110,804	248,484
Total revenue	6,216,561	6,469,964	7,077,444
Expenses			
Legislative	156,998	164,507	129,603
Administrative	946,635	943,607	893,756
Bylaw enforcement	353,690	369,278	375,408
Roads, streets, walk and lighting	1,215,020	1,428,212	1,391,476
Water supply and distribution	1,269,419	1,509,327	1,792,783
Family and community services	206,251	196,231	193,984
Parks and recreation	1,744,642	1,768,084	1,771,697
Planning and development	155,406	113,812	126,529
Total expenses	6,048,061	6,493,059	6,675,236
Excess of revenue over expenses before other items	168,500	(23,095)	402,208
Other items			
Government transfers for capital (Schedule IV)	-	991,130	122,402
Excess of revenue over expenses	168,500	968,035	524,610
Accumulated surplus, beginning of year	27,881,703	27,881,703	27,357,093
Accumulated surplus, end of year	28,050,203	28,849,738	27,881,703

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, 2021

	<i>2021</i> <i>Budget</i>	2021	2020
Excess of revenue over expenses	168,500	968,035	524,610
Acquisition of tangible capital assets	(30,000)	(1,614,359)	(223,553)
Amortization of tangible capital assets	-	1,128,554	980,792
Loss on write-down of tangible capital assets	-	-	8,372
Proceeds on disposal of tangible capital assets	-	67,762	-
Gain on disposal of tangible capital assets	-	(19,769)	-
Change in land held for resale	-	(32,449)	-
	(30,000)	(470,261)	765,610
Decrease in net debt	138,500	497,774	1,290,220
Net debt, beginning of year	(2,492,569)	(2,492,569)	(3,782,789)
Net debt, end of year	(2,354,069)	(1,994,796)	(2,492,569)

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

	2021	2020
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenue over expenses	968,035	524,610
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	1,128,554	980,792
Loss on write-down of tangible capital assets	-	8,372
Gain on disposal of tangible capital assets	(19,769)	-
Impact of asset additions for Tri-Municipal Agreement	(223,505)	-
Non-cash changes to operations (net change):		
Decrease (increase) in deposit assets	1,550	1,195
Decrease (increase) in taxes and grants in lieu receivable	83,832	(60,994)
Decrease (increase) in trade and other accounts receivable	104,544	628,237
Decrease (increase) in due from County of Grande Prairie No.1	(26,966)	(35,048)
Increase (decrease) in accounts payable and accrued liabilities, and deposit liabilities	224,422	(132,304)
Increase (decrease) in landfill closure liability	(33,282)	12,481
Increase (decrease) in deferred revenue	713,838	98,287
Increase (decrease) in land held for resale	(32,449)	-
Cash provided by operating transactions	2,888,804	2,025,628
Capital activities		
Proceeds on the sale of tangible capital assets	67,762	-
Acquisition of tangible capital assets	(1,390,854)	(223,553)
Cash applied to capital transactions	(1,323,092)	(223,553)
Financing activities		
Advances of long term debt	1,740,252	-
Long-term debt repaid	(241,137)	(231,055)
Cash applied to financing transactions	1,499,115	(231,055)
Increase in cash and cash equivalents	3,064,827	1,571,021
Cash and cash equivalents, beginning of year	3,065,986	1,494,966
Cash and cash equivalents, end of year	6,130,813	3,065,986
Balance comprised of:		
Cash	1,271,727	792,344
Portfolio investments	4,859,086	2,273,642
	6,130,813	3,065,986

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, 2021

	Unrestricted Surplus (Deficit)	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020
Accumulated surplus (deficit), beginning of year	1,173,403	2,003,422	24,704,879	27,881,703	27,357,093
Excess of revenue over expenses	968,035	-	-	968,035	524,610
Transfers from (to) reserves	(766,237)	766,237	-	-	-
Current year funds used for tangible capital assets	(1,368,642)	(245,717)	1,614,359	-	-
Disposal of tangible capital assets	47,993	-	(47,993)	-	-
Annual amortization expense	1,128,554	-	(1,128,554)	-	-
Term debt advanced	1,740,252	-	(1,740,252)	-	-
Term debt repaid	(241,136)	-	241,136	-	-
Change in accumulated surplus	1,508,820	520,520	(1,061,305)	968,035	524,610
Accumulated surplus, end of year	2,682,223	2,523,942	23,643,574	28,849,738	27,881,703

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, 2021

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2021	2020
Cost:								
Balance, beginning 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
Acquisition of tangible capital assets	-	-	758,622	450,447	318,303	86,987	1,614,359	223,553
Write-down of tangible capital assets	-	-	-	-	-	-	-	(8,372)
Disposal of tangible capital assets	-	-	-	-	(108,379)	(58,980)	(167,358)	(20,000)
Balance, end of year	1,851,667	1,163,542	9,736,549	32,406,989	2,252,881	1,234,150	48,645,778	47,198,777
Accumulated amortization:								
Balance, end of year	-	170,868	1,917,675	12,474,894	1,559,288	704,551	16,827,277	15,866,485
Annual amortization	-	8,233	88,755	723,064	255,730	52,773	1,128,554	980,792
Accumulated amortization on disposals	-	-	-	-	(65,027)	(54,338)	(119,365)	(20,000)
Balance, end of year	-	179,102	2,006,430	13,197,958	1,749,991	702,986	17,836,466	16,827,277
Net book value of tangible capital assets	1,851,667	984,440	7,730,120	19,209,031	502,890	531,165	30,809,313	30,371,501
2020 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	

*Included in buildings above are assets under construction with a total cost of \$700,623 (2020 - \$24,121) 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, 2021

	<i>2021</i>	<i>2021</i>	<i>2020</i>
	<i>Budget</i>		
Taxation			
Real property taxes	3,992,646	3,853,070	3,971,147
Linear property taxes	-	99,104	98,707
Government grants in lieu of property taxes	-	12,365	14,476
	3,992,646	3,964,539	4,084,329
Requisitions			
Alberta School Foundation Fund	817,645	817,458	828,142
Seniors foundation	13,074	13,074	13,840
	830,719	830,532	841,982
Net municipal property taxes	3,161,927	3,134,007	3,242,347

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, 2021

	<i>2021</i>	<i>2021</i>	<i>2020</i>
	<i>Budget</i>		
Transfers for operating:			
Provincial Government	98,188	46,416	587,284
Federal Government	-	-	-
Other Local Governments	654,874	787,602	731,700
	753,062	834,018	1,318,983
Transfers for capital:			
Provincial Government	-	991,130	122,402
Total government transfers	753,062	1,825,148	1,441,385

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, 2021

	<i>2021</i> <i>Budget</i>	<i>2021</i>	<i>2020</i>
Consolidated expenses by object			
Salaries, wages and benefits	2,606,146	2,440,844	2,398,630
Contracted and general services	1,823,995	1,723,012	1,974,717
Materials, goods and utilities	1,085,300	982,759	985,388
Transfers to local boards and agencies	32,000	31,629	34,803
Interest on long-term debt	463,870	221,833	229,563
Other expense (recovery)	36,750	(15,804)	62,972
Amortization of tangible capital assets	-	1,128,554	980,792
Loss (gain) on disposal/write-down of tangible capital assets	-	(19,769)	8,372
	6,048,061	6,493,059	6,675,236

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, 2021

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation & Culture	Environmental Services	Family and Community	Total
Revenue								
Net municipal taxes	3,134,007	-	-	-	-	-	-	3,134,007
Government transfers	533,285	-	(167,603)	271,142	585,316	489,852	189,419	1,901,411
User fees and sales of goods	72,230	-	-	-	301,471	1,725,466	13,365	2,112,532
Investment income	36,253	-	-	-	-	-	-	36,253
Other revenue	52,291	27,018	8,409	7,645	3,600	-	254,192	353,154
	3,828,066	27,018	(159,194)	278,787	890,387	2,215,318	456,976	7,537,357
Expenses								
Contracted and general services	294,320	159,564	169,517	113,812	423,015	544,338	18,445	1,723,012
Salaries, wages and benefits	755,985	140,623	554,080	-	647,696	177,675	164,785	2,440,844
Materials, goods and utilities	39,692	33,888	272,829	-	296,613	326,736	13,001	982,759
Transfers to local boards and agencies	-	-	15,927	-	15,702	-	-	31,629
Interest on long-term debt	-	862	-	-	126,853	94,118	-	221,833
Other expenses (recoveries)	9,812	-	-	-	7,666	(33,282)	-	(15,804)
	1,099,809	334,937	1,012,354	113,812	1,517,546	1,109,584	196,231	5,384,274
Excess (deficiency) of revenue over expenses, before amortization	2,728,257	(307,919)	(1,171,547)	164,975	(627,159)	1,105,734	260,745	2,153,083
Amortization of tangible capital assets	8,305	34,341	435,627	-	250,538	399,743	-	1,128,554
Gain on disposal of tangible capital assets	-	-	(19,769)	-	-	-	-	(19,769)
	8,305	34,341	415,858	-	250,538	399,743	-	1,108,785
Excess (deficiency) of revenue over expenses	2,719,952	(342,260)	(1,587,406)	164,975	(877,697)	705,991	260,745	1,044,298

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, 2021

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% (2020 - 15%)
Beaverlodge Public Library 100% (2020 - 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% (2020 - 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. Property tax revenue are based on property tax assessment values provided by the County of Grande Prairie No. 1.

Town of Beaverlodge

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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.

Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

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.

Town of Beaverlodge
Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

1. Summary of significant accounting policies (continued)

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.

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.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

1. Summary of significant accounting policies (continued)

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.

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

	2021	2020
Cash	1,270,727	791,344
Cash on hand	1,000	1,000
Portfolio investments	4,859,086	2,273,642
	6,130,813	3,065,987

Portfolio investments are short-term deposits with original maturities of three months or less bearing interest at 0.95% - 2.72% (2020 - 1.50% - 2.45%).

Council has designated funds of \$2,523,941 (2020 - \$2,003,421) to reserves and \$1,069,452 (2020 - \$265,003) 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 \$21,120 (2020 - \$54,403), which includes a restricted cash fund for closure and post-closure of \$21,120 (2020 - \$54,403).

Town of Beaverlodge
Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

3. Receivables

	2021	2020
Taxes and grants in lieu of taxes		
Current taxes and grants in lieu of taxes	181,928	121,134
Arrears taxes	83,649	228,275
	265,577	349,409
Trade and other accounts receivable		
Trade and other accounts receivable	200,541	272,754
Goods and services tax receivable	46,606	14,037
Receivable from government agencies	233,705	338,259
	480,852	625,050
Less: allowance for doubtful accounts	(504)	(40,158)
	480,348	584,892

4. Investments

	2021	2020
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 (2020 - \$1,200,000), bearing interest at prime rate plus 1% (2020 - prime rate plus 1%) 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, 2021 is \$nil (2020 - \$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

	2021	2020
Accounts payable	588,635	417,300
Funding repayable	45,911	33,619
Vacation and overtime payable	30,620	26,185
Salaries and wages payable	92,191	58,246
	757,357	535,350

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.

Included in salaries and wages payable is source deductions payable of \$22,902 (2020 - \$15,077).

Town of Beaverlodge
Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

7. Deferred revenue

	2021	2020
Municipal Sustainability Initiative - Capital		
Balance beginning of year	-	-
Total grant approved	432,589	579,760
Less funding receivable from prior year	(22,853)	(525,358)
Funding recognized as spent	(194,878)	(54,402)
Amount deferred	214,858	-
Alberta Municipal Water/Wastewater Partnership		
Balance beginning of year	-	-
Funding received	1,100,000	-
Funding recognized as spent	(483,021)	-
Amount deferred	616,979	-
Canada Community Building Fund (2020 - Federal Gas Tax)		
Balance beginning of year	-	-
Total grant approved	141,190	141,002
Less funding receivable not spent	-	(141,002)
Funding recognized as spent	(141,190)	-
Amount deferred	-	-
Alberta Community Partnership - Stormwater Management		
Balance beginning of year	21,321	79,765
Funding received	-	-
Funding recognized as spent	(6,832)	(58,444)
Funding repayable	(14,489)	-
Amount deferred	-	21,321
Alberta Community Partnership - Municipal Development Plan		
Balance beginning of year	25,625	30,000
Funding receivable	-	-
Funding recognized as spent	(8,125)	(4,375)
Funding repayable	(17,500)	-
Amount deferred	-	25,625
Municipal Stimulus Program - Booster Station Upgrades		
Balance beginning of year	-	-
Funding received	68,000	68,000
Funding recognized as spent	(68,000)	(68,000)
Amount deferred	-	-
Municipal Stimulus Program - Lift Station Upgrades		
Balance beginning of year	100,000	-
Funding received	125,000	100,000
Funding recognized as spent	(211,079)	-
Funding repayable	(13,921)	-
Amount deferred	-	100,000

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

7. Deferred revenue (continued)

	2021	2020
Municipal Operating Support Transfer		
Balance beginning of year	19,741	-
Funding received	-	254,603
Funding recognized as spent	(19,741)	(234,862)
Amount deferred	-	19,741
County of Grande Prairie P3 Capital Partners		
Balance beginning of year	-	-
Funding received	94,218	-
Funding recognized as spent	(94,218)	-
Amount deferred	-	-
Municipal Climate Change Action Centre		
Balance beginning of year	-	-
Funding received	23,295	-
Funding recognized as spent	(18,675)	-
Amount deferred	4,620	-
Community Bus Replacement		
Balance beginning of year	-	-
Funding received	50,000	-
Funding recognized as spent	-	-
Amount deferred	50,000	-
Disaster Relief Funding		
Balance beginning of year	-	-
Funding received	13,597	-
Funding recognized as spent	-	-
Amount deferred	13,597	-
Alberta Transportation		
Balance beginning of year	-	-
Funding received	17,925	-
Funding recognized as spent	(17,925)	-
Amount deferred	-	-
Health Complex - Dedicated Reserve		
Balance beginning of year	93,241	91,378
Funding received	2,195	1,863
Funding recognized as spent	-	-
Amount deferred	95,436	93,241
Family and Child Social Services		
Balance beginning of year	5,075	-
Funding received	15,201	5,075
Funding recognized as spent	(5,075)	-
Amount deferred	15,201	5,075
Prepaid property taxes and utilities	58,760	90,611
Total deferred revenue	1,069,452	355,614

Town of Beaverlodge

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

7. Deferred revenue (continued)

Not included in deferred revenue above is \$561,422 (2020 - \$413,988) of Canada Community Building Fund government grants and \$1,494,219 (2020 - \$986,739) of Municipal Sustainability Initiative government grants that have not yet been spent nor received. They will be recorded as revenue when spent.

8. Long-term debt

	2021	2020
Self-supported debentures	7,165,738	5,666,621

Principal and interest repayments are as follows:

	Principal	Interest	Total
2022	325,348	273,164	598,512
2023	337,739	261,163	598,902
2024	350,629	248,680	599,309
2025	364,116	235,696	599,812
2026	377,988	222,190	600,178
2027 and thereafter	5,409,920	1,599,474	7,009,394
	7,165,738	2,840,367	10,006,106

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 3.10% to 6.00% (2020 - 3.10% to 8.00%) per annum, before Provincial subsidy, and matures in periods 2026 through 2042. Debenture debt is issued on the credit and security of the Town of Beaverlodge at large. Interest on debt amounts to \$221,833 (2020 - \$229,563). Total cash payments for interest during the year are \$222,735 (2020 - \$232,815).

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:

	2021	2020
Total debt limit	9,704,946	10,616,166
Total debt	7,165,738	5,666,621
Amount of debt limit unused	2,539,208	4,949,545
Debt servicing limit	1,617,491	1,769,361
Debt servicing	598,512	463,871
Amount of debt servicing limit unused	1,018,979	1,305,490

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.

Town of Beaverlodge
Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

10. Equity in tangible capital assets

	<i>2021</i>	<i>2020</i>
Tangible capital assets (Schedule II)	48,645,778	47,198,777
Accumulated amortization (Schedule II)	(17,836,466)	(16,827,277)
Long-term debt (Note 8)	(7,165,738)	(5,666,621)
	23,643,575	24,704,879

11. Accumulated surplus

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

	<i>2021</i>	<i>2020</i>
Unrestricted surplus	2,682,223	1,173,404
Reserves (Note 12)	2,523,941	2,003,422
Equity in tangible capital assets (Note 10)	23,643,575	24,704,879
	28,849,738	27,881,703

12. Reserves

	<i>2021</i>	<i>2020</i>
Capital	908,935	575,517
Landfill	508,343	423,416
Fire department	217,506	162,831
Recreation and parks	137,290	119,790
Handi-bus	30,000	-
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
	2,523,941	2,003,422

Town of Beaverlodge
Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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	2021	2020
Mayor:				
Rycroft, Gary	17,990	-	17,990	17,800
Councillors:				
Kokotilo-Bekkerus, Judy	17,150	-	17,150	15,955
Corbett, Cynthia	26,870	-	26,870	24,085
Graw, Hugh	11,660	-	11,660	12,757
Jones, Gena	19,893	-	19,893	17,535
Dueck, Terry	13,660	-	13,660	10,825
Mosher, Cal	13,938	-	13,938	12,255
Moulds, Cody	3,980	-	3,980	
Chief Administrative Officer	169,764	24,685	194,449	171,660

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, 2021:

	2021	2020
Financial Position:		
Financial assets	543,086	495,524
Physical assets	292,487	312,881
Total assets	835,573	808,405
Financial liabilities	29,645	67,010
Accumulated surplus	805,928	741,395
Results of Operations:		
Total revenue	127,836	125,453
Total expenses	63,304	138,269
Excess of revenue over expenses	64,532	(12,815)

Town of Beaverlodge

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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 \$156,460 (2020 - \$135,579). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2020 were \$141,167 (2020 - \$122,213).

At December 31, 2020, the LAPP disclosed a surplus of \$5.0 billion (2019 - surplus of \$7.9 billion). The 2021 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 (2020 - 25 years) after closure using a discount rate of 3.46% (2020 - 2.41%) and assuming annual inflation of 2.00% (2020 - 2.00%).

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 1,106,023 (2020 - 1,119,214) cubic meters. The existing landfill is expected to reach capacity in approximately the year 2116 (2020 - 2116).

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

	2021	2020
Estimated closure costs	78,237	204,598
Estimated post-closure costs	45,057	132,469
Estimated total liability	123,294	337,067
Estimated capacity remaining	82.9%	83.9%
Portion of total liability remaining to be recognized	102,359	283,180
Estimated capacity used	17.1%	16.1%
Accrued liability portion	21,121	54,403

Town of Beaverlodge
Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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:

2022	87,109
2023	80,904
2024	78,040
2025	55,365
2026	12,687
	<hr/>
	314,105

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, 2021 was 2.45% (2020 - 2.45%).

Town of Beaverlodge
Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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 22, 2021.

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 \$33,619 previously reported as accounts payable has been reclassified to funding repayable.