

Town of Beaverlodge
Consolidated Financial Statements
December 31, 2022

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Management's Responsibility

To the Members of Council:

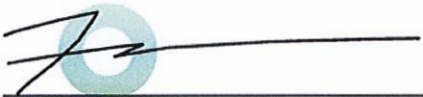
Management is responsible for the preparation, accuracy, objectivity, integrity and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility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

April 25, 2023



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, 2022, and the consolidated statements of operations and accumulated 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, 2022, and the results of its consolidated operations, 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 Town 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 Town is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in Note 9.

Grande Prairie, Alberta

April 25, 2023

MNP **LLP**

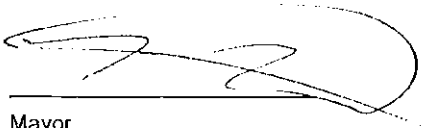
Chartered Professional Accountants

MNP

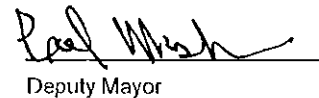
Town of Beaverlodge
Consolidated Statement of Financial Position
For the year ended December 31, 2022

	2022	2021
Financial Assets		
Cash (Note 2)	688,061	1,271,727
Portfolio investments (Note 2)	2,693,558	4,859,086
Deposit assets	18,481	20,947
Receivables (Note 3)		
Taxes and grants in lieu of taxes	236,285	265,577
Trade and other accounts receivable	1,600,804	480,348
Investments (Note 4)	6,346	6,346
Due from County of Grande Prairie No.1	199,772	125,113
Total financial assets	5,443,306	7,029,144
Financial Liabilities		
Temporary loan payable (Note 5)	611,131	-
Accounts payable and accrued liabilities (Note 6)	1,380,308	757,357
Deposit liabilities	16,099	10,272
Deferred revenue (Note 7)	387,365	1,069,452
Long-term debt (Note 8)	6,842,065	7,165,738
Landfill closure and post closure liability (Note 16)	18,738	21,121
Total financial liabilities	9,255,706	9,023,940
Net debt	(3,812,400)	(1,994,796)
Commitments and contingencies (Note 17 and 18)		
Non-financial assets		
Tangible capital assets (Schedule II)	35,589,197	30,809,313
Prepaid expenses	15,143	2,773
Land held for resale	-	32,449
Total non-financial assets	35,604,340	30,844,534
Accumulated Surplus (Note 11, Schedule I)	31,791,940	28,849,738

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, 2022

	2022	2022	2021
	<i>Budget</i>		
Revenue			
Net municipal property taxes (<i>Schedule III</i>)	3,144,453	3,123,252	3,134,007
User fees and sales of goods	2,168,180	2,188,053	2,040,302
Government transfers for operating (<i>Schedule IV</i>)	777,014	887,735	834,018
Investment income	18,400	109,372	36,253
Penalties and costs on taxes	60,000	50,619	72,230
Franchise and concession contracts	292,422	289,238	242,350
Other revenue	108,054	116,715	110,804
Total revenue	6,568,523	6,764,983	6,469,964
Expenses			
Legislative	177,605	189,410	164,507
Administrative	955,834	1,199,735	943,607
Bylaw enforcement	443,977	418,052	369,278
Roads, streets, walk and lighting	1,285,108	1,805,827	1,428,212
Water supply and distribution	1,336,765	1,595,398	1,509,327
Family and community services	207,127	213,091	196,231
Parks and recreation	1,933,794	2,250,697	1,768,084
Planning and development	58,314	35,060	113,812
Total expenses	6,398,523	7,707,270	6,493,059
Excess (deficiency) of revenue over expenses before other items	170,000	(942,287)	(23,095)
Other items			
Government transfers for capital (<i>Schedule IV</i>)	20,000	3,884,489	991,130
Excess of revenue over expenses	190,000	2,942,202	968,035
Accumulated surplus, beginning of year	27,881,703	28,849,738	27,881,703
Accumulated surplus, end of year	28,071,703	31,791,940	28,849,738

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, 2022

	2022	2022	2021
	<i>Budget</i>		
Excess of revenue over expenses	190,000	2,942,202	968,035
Acquisition of tangible capital assets	(30,000)	(5,840,479)	(1,614,359)
Amortization of tangible capital assets	-	1,060,595	1,128,554
Proceeds on disposal of tangible capital assets	-	4,438	67,762
Gain on disposal of tangible capital assets	-	(4,438)	(19,769)
Change in prepaid expenses	-	(12,371)	-
Change in land held for resale	-	32,449	(32,449)
	(30,000)	(4,759,805)	(470,261)
Decrease (increase) in net debt	160,000	(1,817,603)	497,774
Net debt, beginning of year	(1,994,796)	(1,994,796)	(2,492,569)
Net debt, end of year	(1,834,796)	(3,812,400)	(1,994,796)

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

Town of Beaverlodge
Consolidated Statement of Cashflows
For the year ended December 31, 2022

	2022	2021
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenue over expenses	2,942,202	968,035
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	1,060,595	1,128,554
Gain on disposal of tangible capital assets	(4,438)	(19,769)
Impact of asset additions for Tri-Municipal Agreement	-	(223,505)
Non-cash changes to operations (net change):		
Decrease (increase) in deposit assets	2,466	1,550
Decrease (increase) in taxes and grants in lieu receivable	29,292	83,832
Decrease (increase) in trade and other accounts receivable	(1,120,456)	104,544
Decrease (increase) in due from County of Grande Prairie No.1	(74,659)	(26,966)
Increase (decrease) in accounts payable and accrued liabilities, and deposit liabilities	628,777	224,422
Increase (decrease) in landfill closure liability	(2,383)	(33,282)
Increase (decrease) in deferred revenue	(682,086)	713,838
Increase (decrease) in land held for resale	32,449	(32,449)
Cash provided by operating transactions	2,799,388	2,888,804
Capital activities		
Proceeds on the sale of tangible capital assets	4,438	67,762
Acquisition of tangible capital assets	(5,840,479)	(1,390,854)
Cash applied to capital transactions	(5,836,041)	(1,323,092)
Financing activities		
Advances of long term debt	-	1,740,252
Long-term debt repaid	(323,673)	(241,137)
Cash applied to financing transactions	(323,673)	1,499,115
Increase in cash and cash equivalents	(3,360,326)	3,064,827
Cash and cash equivalents, beginning of year	6,130,813	3,065,986
Cash and cash equivalents, end of year	2,770,487	6,130,813
Balance comprised of:		
Cash	688,061	1,271,727
Portfolio investments	2,693,558	4,859,086
Temporary loan payable	(611,131)	-
	2,770,487	6,130,813

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, 2022

	Unrestricted Surplus (Deficit)	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
Accumulated surplus (deficit), beginning of year	2,682,223	2,523,942	23,643,574	28,849,738	27,881,703
Excess of revenue over expenses	2,942,202	-	-	2,942,202	968,035
Transfers from (to) reserves	(1,029,982)	1,029,982	-	-	-
Current year funds used for tangible capital assets	(4,743,051)	(1,097,428)	5,840,479	-	-
Annual amortization expense	1,060,595	-	(1,060,595)	-	-
Term debt repaid	(323,673)	-	323,673	-	-
Change in accumulated surplus	(2,093,909)	(67,446)	5,103,557	2,942,202	968,035
Accumulated surplus, end of year	588,314	2,456,496	28,747,131	31,791,940	28,849,738

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, 2022

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2022	2021
Cost:								
Balance, beginning 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
Acquisition of tangible capital assets	20,925	-	3,779,769	1,840,376	199,409	-	5,840,479	1,614,359
Write-down of tangible capital assets	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	(107,600)	(107,600)	(167,358)
Balance, end of year	1,872,592	1,163,542	13,516,318	34,247,365	2,452,290	1,126,550	54,378,657	48,645,778
Accumulated amortization:								
Balance, end of year	-	179,102	2,006,430	13,197,958	1,749,991	702,986	17,836,466	16,827,277
Annual amortization	-	8,262	90,078	793,442	125,215	43,597	1,060,595	1,128,554
Accumulated amortization on disposals	-	-	-	-	-	(107,600)	(107,600)	(119,365)
Balance, end of year	-	187,364	2,096,508	13,991,400	1,875,206	638,983	18,789,461	17,836,466
Net book value of tangible capital assets	1,872,592	976,178	11,419,811	20,255,965	577,084	487,568	35,589,197	30,809,313
2021 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	

*Included in buildings above are assets under construction with a total cost of \$4,414,228 (2021 - \$700,623) 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, 2022

	<i>2022</i>	<i>2022</i>	<i>2021</i>
	<i>Budget</i>		
Taxation			
Real property taxes	3,998,478	3,863,726	3,853,070
Linear property taxes	-	101,716	99,104
Government grants in lieu of property taxes	-	11,865	12,365
	3,998,478	3,977,307	3,964,539
Requisitions			
Alberta School Foundation Fund	840,193	840,193	817,458
Seniors foundation	13,833	13,863	13,074
	854,026	854,056	830,532
Net municipal property taxes	3,144,453	3,123,252	3,134,007

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, 2022

	2022	2022	2021
	<i>Budget</i>		
Transfers for operating:			
Provincial Government	99,788	163,363	46,416
Federal Government	-	-	-
Other Local Governments	677,226	724,372	787,602
	777,014	887,735	834,018
Transfers for capital:			
Provincial Government	20,000	2,659,887	991,130
Other Local Governments	-	1,224,603	-
	20,000	3,884,489	991,130
Total government transfers	797,014	4,772,224	1,825,148

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, 2022

	2022	2022	2021
	<i>Budget</i>		
Consolidated expenses by object			
Salaries, wages and benefits	2,812,793	2,951,166	2,440,844
Contracted and general services	1,879,114	2,028,285	1,723,012
Materials, goods and utilities	1,045,559	1,316,225	982,759
Transfers to local boards and agencies	31,750	32,715	31,629
Interest on long-term debt	589,422	263,373	221,833
Other expense (recovery)	39,886	59,348	(15,804)
Amortization of tangible capital assets	-	1,060,595	1,128,554
Loss (gain) on disposal/write-down of tangible capital assets	-	(4,438)	(19,769)
	6,398,523	7,707,270	6,493,059

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, 2022

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation & Culture	Environmental Services	Family and Community	Total
Revenue								
Net municipal taxes	3,123,252	-	-	-	-	-	-	3,123,252
Government transfers	906,019	1,562,233	28,000	363,686	612,459	1,179,342	120,484	4,772,224
User fees and sales of goods	50,619	-	-	-	508,331	1,673,155	6,568	2,238,672
Investment income	109,372	-	-	-	-	-	-	109,372
Other revenue	340,268	34,533	12,779	4,350	3,411	-	10,612	405,952
	4,529,530	1,596,766	40,779	368,036	1,124,200	2,852,497	137,664	10,649,472
Expenses								
Contracted and general services	375,886	171,442	418,937	19,973	501,077	506,997	33,975	2,028,286
Salaries, wages and benefits	906,878	132,113	593,789	-	922,373	221,027	174,986	2,951,166
Materials, goods and utilities	46,520	65,076	412,106	15,087	413,416	359,889	4,131	1,316,225
Transfers to local boards and agencies	-	-	16,255	-	16,460	-	-	32,715
Interest on long-term debt	-	19,351	-	-	123,587	120,435	-	263,373
Other expenses (recoveries)	52,327	-	-	-	9,405	(2,383)	-	59,348
	1,381,611	387,982	1,441,086	35,060	1,986,318	1,205,965	213,091	6,651,114
Excess (deficiency) of revenue over expenses, before amortization	3,147,920	1,208,784	(1,400,307)	332,976	(862,118)	1,646,532	(75,428)	3,998,359
Amortization of tangible capital assets	8,476	33,567	364,741	-	264,378	389,432	-	1,060,595
Gain on disposal of tangible capital assets	(941)	(3,497)	-	-	-	-	-	(4,438)
	7,535	30,071	364,741	-	264,378	389,432	-	1,056,157
Excess (deficiency) of revenue over expenses	3,140,385	1,178,713	(1,765,047)	332,976	(1,126,497)	1,267,100	(75,428)	2,942,202

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, 2022

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% (2021 - 15%)
Beaverlodge Public Library 100% (2021 - 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 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% (2021 - 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, 2022

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, 2022

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, 2022

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

	2022	2021
Cash	687,061	1,270,727
Cash on hand	1,000	1,000
Portfolio investments	2,693,558	4,859,086
	3,381,619	6,130,813

Portfolio investments accrue interest at 1.75% - 4.95% (2021 - 0.95% - 2.72%) and are short-term deposits with select accounts with maturities between August 2023 - October 2023.

Council has designated funds of \$2,456,496 (2021 - \$2,523,941) to reserves and \$387,365 (2021 - \$1,069,452) 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 term deposit amounts totaling \$404,935 (2021 - 396,320).

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

3. Receivables

	2022	2021
Taxes and grants in lieu of taxes		
Current taxes and grants in lieu of taxes	203,439	181,928
Arrears taxes	32,846	83,649
	236,285	265,577
Trade and other accounts receivable		
Trade and other accounts receivable	198,679	200,541
Goods and services tax receivable	121,666	46,606
Receivable from government agencies	1,281,083	223,705
	1,601,429	480,852
Less: allowance for doubtful accounts	(625)	(504)
	1,600,804	480,348

4. Investments

	2022	2021
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

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

5. Temporary loan payable

The Town is approved for a revolving loan up to \$1,200,000 (2021 - \$1,200,000), bearing interest at prime rate plus 1% (2021 - 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, 2022 is \$611,131 (2021 - \$nil).

The Town has an Alberta BusinessCard Mastercard held with ATB with a credit limit of \$100,000 (2021 - \$100,000) available. Total withdrawal as at December 31, 2022 is \$44,556 (2021 - \$45,528). This balance is included in accounts payable (Note 6).

Covenants related to this loan are as follows:

- a) The Town cannot create or permit to exist any mortgage, charge, lien, encumbrance or other security interest on any of its present or future assets, other than permitted encumbrances;
- b) 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.
- c) The Town cannot provide financial assistance (by means of a loan, guarantee or otherwise) to any person or other lender; and
- d) The Town cannot pay to or for the benefit of shareholders or persons associated with shareholders (within the meaning of the Alberta Business Corporations Act) by way of salaries, bonuses, dividends, management fees, repayment of loans or otherwise, any amount which would cause the breach of a provision hereof;
- e) The Town cannot amalgamate, consolidate or merge with any person other than a Loan Party or enter into any partnership with any other person unless the partnership becomes a Loan Party hereunder and provides security in favour of ATB;
- f) The Town cannot consent or facilitate a change in ownership of shares without the prior written consent of ATB;
- g) The Town cannot acquire any assets on or move any assets to a jurisdiction where ATB has not registered the Security Documents;
- h) The Town cannot operate accounts with or otherwise conduct any banking business with any financial institution other than ATB.
- i) The Town cannot enter into any commodity, currency or interest rate hedging arrangement which is not used for risk management in relation to its business but is entered into for speculative purposes.

6. Accounts payable and accrued liabilities

	2022	2021
Accounts payable	876,139	588,635
Funding repayable	-	45,911
Holdbacks payable	319,867	-
Vacation and overtime payable	80,975	30,620
Salaries and wages payable	103,326	92,191
	1,380,308	757,357

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 \$24,524 (2021 - \$22,902).

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

7. Deferred revenue

	2022	2021
Municipal Sustainability Initiative - Capital		
Balance beginning of year	214,858	-
Total grant approved	579,760	432,589
Less funding receivable from prior year	-	(22,853)
Funding recognized as spent	(713,686)	(194,878)
Amount deferred	80,932	214,858
Canada Community Building Fund		
Balance beginning of year	-	-
Total grant approved	676,810	141,190
Less funding receivable not spent	-	-
Funding recognized as spent	(676,810)	(141,190)
Amount deferred	-	-
Alberta Municipal Water/Wastewater Partnership - Water Treatment Plant Upgrades		
Balance beginning of year	616,979	-
Funding received/receivable	495,200	1,100,000
Funding recognized as spent	(1,112,179)	(483,021)
Amount deferred	-	616,979
Alberta Municipal Water/Wastewater Partnership - Raw Water Pumphouse Upgrades		
Balance beginning of year	-	-
Funding received/receivable	67,163	-
Funding recognized as spent	(67,163)	-
Amount deferred	-	-
Alberta Community Partnership - Stormwater Management		
Balance beginning of year	-	21,321
Funding received	-	-
Funding recognized as spent	-	(6,832)
Funding repayable	-	(14,489)
Amount deferred	-	-
Alberta Community Partnership - Municipal Development Plan		
Balance beginning of year	-	25,625
Funding receivable	-	-
Funding recognized as spent	-	(8,125)
Funding repayable	-	(17,500)
Amount deferred	-	-
Municipal Stimulus Program - Booster Station Upgrades		
Balance beginning of year	-	-
Funding received	-	68,000
Funding recognized as spent	-	(68,000)
Amount deferred	-	-

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

7. Deferred revenue (continued)

	2022	2021
Municipal Stimulus Program - Lift Station Upgrades		
Balance beginning of year	-	100,000
Funding received	-	125,000
Funding recognized as spent	(13,921)	(211,079)
Funding repayable	13,921	(13,921)
Amount deferred	-	-
Municipal Operating Support Transfer		
Balance beginning of year	-	19,741
Funding received	-	-
Funding recognized as spent	-	(19,741)
Amount deferred	-	-
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	4,620	-
Funding received	27,255	23,295
Funding recognized as spent	(31,875)	(18,675)
Amount deferred	-	4,620
Community Bus Replacement		
Balance beginning of year	50,000	-
Funding received	45,000	50,000
Funding recognized as spent	(12,370)	-
Amount deferred	82,630	50,000
Disaster Relief Funding		
Balance beginning of year	13,597	-
Funding received	5,958	13,597
Funding recognized as spent	(19,555)	-
Amount deferred	-	13,597
Alberta Transportation		
Balance beginning of year	-	-
Funding received	73,175	17,925
Funding recognized as spent	(73,175)	(17,925)
Amount deferred	-	-
County of Grande Prairie - Fire Hall		
Balance beginning of year	-	-
Funding received	912,233	-
Funding recognized as spent	(912,233)	-
Amount deferred	-	-

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

7. Deferred revenue (continued)

	2022	2021
Odyssey House		
Balance beginning of year	-	-
Funding received	12,000	-
Funding recognized as spent	(7,179)	-
Amount deferred	4,821	-
Nuvista Annual Commitment		
Balance beginning of year	-	-
Funding received	40,000	-
Funding recognized as spent	-	-
Amount deferred	40,000	-
Nuvista Naming Rights		
Balance beginning of year	-	-
Funding received	30,000	-
Funding recognized as spent	(17,057)	-
Amount deferred	12,943	-
Firefighter's Association		
Balance beginning of year	-	-
Funding received	300,000	-
Funding recognized as spent	(300,000)	-
Amount deferred	-	-
Health Complex - Dedicated Reserve		
Balance beginning of year	95,436	93,241
Funding received	6,770	2,195
Funding recognized as spent	-	-
Amount deferred	102,206	95,436
Family and Child Social Services		
Balance beginning of year	15,201	5,075
Funding received	-	15,201
Funding recognized as spent	(15,201)	(5,075)
Amount deferred	-	15,201
Prepaid property taxes and utilities	63,834	58,760
Total deferred revenue	387,365	1,069,452

Not included in deferred revenue above is \$983,303 (2021 - \$561,422) of Canada Community Building Fund government grants and \$32,329 (2021 - \$1,494,219) of Municipal Sustainability Initiative government grants that have not yet been spent nor received. They will be recorded as revenue when spent.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

8. Long-term debt

	2022	2021
Self-supported debentures	6,842,065	7,165,738

Principal and interest repayments are as follows:

	Principal	Interest	Total
2023	336,010	248,757	584,767
2024	350,629	241,813	592,442
2025	364,116	228,547	592,663
2026	377,988	214,745	592,733
2027	364,341	200,386	564,727
2028 and thereafter	5,048,983	1,347,919	6,396,902
	6,842,065	2,482,167	9,324,233

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 3.10% to 6.00% (2021 - 3.10% to 6.00%) 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 \$263,373 (2021 - \$221,833). Total cash payments for interest during the year are \$265,749 (2021 - \$222,735).

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:

	2022	2021
Total debt limit	10,147,475	9,704,946
Total debt	6,842,065	7,165,738
Amount of debt limit unused	3,305,410	2,539,208
Debt servicing limit	1,691,246	1,617,491
Debt servicing	584,767	598,512
Amount of debt servicing limit unused	1,106,479	1,018,979

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

	2022	2021
Tangible capital assets (Schedule II)	54,378,657	48,645,778
Accumulated amortization (Schedule II)	(18,789,461)	(17,836,466)
Long-term debt (Note 8)	(6,842,065)	(7,165,738)
	28,747,131	23,643,575

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

11. Accumulated surplus

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

	2022	2021
Unrestricted surplus	588,314	2,682,223
Reserves (Note 12)	2,456,496	2,523,941
Equity in tangible capital assets (Note 10)	28,747,131	23,643,575
	31,791,940	28,849,738

12. Reserves

	2022	2021
Capital	967,223	908,935
Landfill	597,473	508,343
Fire department	277,715	217,506
Recreation and parks	117,217	137,290
Handi-bus	100,000	30,000
Tax stabilization	135,036	135,036
Water/sewer reserve	2,159	327,159
Waste Management	20,000	20,000
Equipment reserve	223,986	223,986
Insurance deductible	15,687	15,687
	2,456,496	2,523,941

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	2022	2021
Mayor:				
Rycroft, Gary	20,350	-	20,350	17,990
Councillors:				
Kokotilo-Bekkerus, Judy	21,590	-	21,590	17,150
Corbett, Cynthia	26,220	-	26,220	26,870
Graw, Hugh	13,795	-	13,795	11,660
Jones, Gena	21,985	-	21,985	19,893
Dueck, Terry	-	-	-	13,660
Mosher, Cal	13,870	-	13,870	13,938
Moulds, Cody	15,170	-	15,170	3,980
Chief Administrative Officer	196,955	31,345	228,300	194,449

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

² Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, short and long-term disability plans, professional memberships and tuition.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

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, 2022:

	2022	2021
Financial Position:		
Financial assets	627,994	543,086
Physical assets	275,003	292,487
Total assets	902,997	835,573
Financial liabilities	25,424	29,645
Accumulated surplus	877,574	805,928
Results of Operations:		
Total revenue	155,627	127,836
Total expenses	83,981	63,304
Excess of revenue over expenses	71,646	64,532

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 282,000 people and 435 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 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.80% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2022 were \$154,440 (2021 - \$156,460). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2020 were \$137,844 (2021 - \$141,167).

At December 31, 2021, the LAPP disclosed a surplus of \$11.9 billion (2021 - surplus of \$5.0 billion). The 2022 LAPP annual report was not available at the date of these financial statements.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

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 (2021 - 25 years) after closure using a discount rate of 4.90% (2021 - 3.46%) and assuming annual inflation of 3.00% (2021 - 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 1,143,040 cubic meters. The estimated remaining capacity of the landfill site is 907,296 (2021 - 1,106,023) cubic meters. The existing landfill is expected to reach capacity in approximately the year 2117 (2021 - 2116).

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

	2022	2021
Estimated closure costs	58,611	78,237
Estimated post-closure costs	32,257	45,057
Estimated total liability	90,867	123,294
Estimated capacity remaining	79.4%	82.9%
Portion of total liability remaining to be recognized	72,131	102,359
Estimated capacity used	20.6%	17.1%
Accrued liability portion	18,738	21,121

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:

2023	80,904
2024	56,701
2025	12,687
2026	12,687
2027	9,763
	172,742

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.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

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, 2022 was 6.45% (2021 - 2.45%).

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 28, 2022.