

Town of Beaverlodge
Consolidated Financial Statements
December 31, 2023

Town of Beaverlodge Contents

For the year ended December 31, 2023

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Management's Responsibility

To the Members of Council of the Town of Beaverlodge:

The accompanying consolidated financial statements of the Town of Beaverlodge (the "Town") are the responsibility of management and have been approved by Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated 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 consolidated financial statements. Council fulfils 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 is appointed by Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.

April 23, 2024



Chief Administrative Officer

To the Members of Council of the Town of Beaverlodge:

Qualified 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, 2023, and the consolidated statements of operations and accumulated surplus, change 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, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2023, and the results of its operations, changes in its of change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Canadian public sector accounting standards ("PSAS") Section PS 3280 Asset Retirement Obligations ("ARO") which was adopted by the Town as of January 1, 2023 requires the recognition of an ARO liability when there is a legal obligation to a tangible capital asset. The Town has not identified ARO liabilities as of December 31, 2023 and we were unable to satisfy ourselves concerning those liabilities by alternative means. Consequently, we were not able to determine whether any adjustments would be necessary to liabilities, net debt, tangible capital assets, accumulated surplus, expenses, excess (deficit) of revenue over expenses, change in net debt for the years-ended December 31, 2023, and accumulated surplus as of December 31, 2023.

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 qualified 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 of the Town intends 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.

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.

Report on Other Legal and Regulatory Requirements

Debt Limit Regulation

In accordance with Alberta regulations 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 11.

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 15.

Grande Prairie, Alberta

April 23, 2024

MNP LLP

Chartered Professional Accountants

Town of Beaverlodge
Consolidated Statement of Financial Position
As at December 31, 2023

	2023	2022
Financial assets		
Cash and temporary investments (Note 2)	2,526,040	3,381,619
Accounts receivable (Note 3)	1,273,495	1,800,575
Property tax receivable (Note 4)	206,183	236,285
Deposit asset	15,094	18,481
Investments (Note 5)	6,396	6,346
	4,027,208	5,443,306
Liabilities		
Bank indebtedness (Note 6)	1,110,742	611,131
Accounts payable and accruals (Note 7)	889,270	1,380,308
Deferred revenue (Note 8)	122,516	326,531
Deposit liabilities	187,651	76,927
Long-term debt (Note 10)	6,506,055	6,842,065
Landfill closure and post closure liabilities	291,587	18,738
	9,107,821	9,255,700
Net debt	(5,080,613)	(3,812,394)
Contingencies (Note 9)		
Commitments (Note 20)		
Non-financial assets		
Tangible capital assets (Schedule 2)	38,490,524	35,589,194
Prepaid expenses	2,770	15,144
Total non-financial assets	38,493,294	35,604,338
Accumulated surplus (Note 14) (Schedule 1)	33,412,681	31,791,944

Approved on behalf of Council:



Mayor



Councillor

Town of Beaverlodge

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31, 2023

	2023 <i>Budget</i>	2023	2022
Revenue			
Net municipal property taxes <i>(Schedule 3)</i>	3,376,262	3,356,988	3,123,252
Investment income	58,280	138,939	109,372
User fees	2,233,452	2,266,612	2,188,053
Franchise and concession contracts	279,670	272,206	289,238
Other revenue	224,433	248,773	167,333
Government transfers for operating <i>(Schedule 4)</i>	850,870	984,499	887,735
	7,022,967	7,268,017	6,764,983
Program expenses			
General government	1,444,304	1,389,850	1,390,086
Fire and bylaws enforcement	548,595	507,155	421,549
Roads, streets, walks and lighting	1,338,060	1,813,362	1,805,828
Recreation and parks	2,117,206	2,309,353	2,250,696
Water supply and distribution	1,377,137	1,742,791	1,595,397
Family and community support services	161,740	151,566	213,092
Planning and development	35,925	28,790	35,060
	7,022,967	7,942,867	7,711,708
Deficiency of revenue over expenses before other items	-	(674,850)	(946,725)
Other items			
Gain on disposal of tangible capital assets	-	5,000	4,438
Government transfers for capital	7,926,031	2,290,587	3,884,489
	7,926,031	1,620,737	2,942,202
Excess of revenue over expenses	7,926,031	1,620,737	2,942,202
Accumulated surplus, beginning of year	-	31,791,944	28,849,742
Accumulated surplus, end of year	7,926,031	33,412,681	31,791,944

The accompanying notes are an integral part of these financial statements

Town of Beaverlodge
Consolidated Statement of Change in Net Debt

For the year ended December 31, 2023

	2023	2023	2022
	<i>Budget</i>		
Excess of revenue over expenses	7,926,031	1,620,737	2,942,202
Acquisition of tangible capital assets <i>(Schedule 2)</i>	(11,889,876)	(4,129,761)	(5,840,479)
Amortization of tangible capital assets <i>(Schedule 2)</i>	-	1,228,432	1,060,595
Gain on sale of tangible capital assets	-	(5,000)	(4,438)
Proceeds on disposal of tangible capital assets	-	5,003	4,443
Change in land held for sale	-	-	32,449
Change in prepaid expenses	-	12,370	(12,370)
Decrease in net debt	(3,963,845)	(1,268,219)	(1,817,598)
Net debt, beginning of year	(3,812,394)	(3,812,394)	(1,994,796)
Net debt, end of year	(7,776,239)	(5,080,613)	(3,812,394)

The accompanying notes are an integral part of these financial statements

Town of Beaverlodge
Consolidated Statement of Cash Flows
For the year ended December 31, 2023

	2023	2022
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	1,620,737	2,942,202
Non-cash items:		
Amortization (Schedule 2)	1,228,432	1,060,595
Gain on disposal of tangible capital assets	(5,000)	(4,438)
	2,844,169	3,998,359
Net change in non-cash operating working capital balances:		
Decrease (increase) in deposit assets	3,387	2,466
Decrease (increase) in taxes and grants in lieu receivable	30,102	29,292
Decrease (increase) in trade and other accounts receivable	595,835	(1,120,456)
Decrease (increase) in due from County of Grande Prairie No. 1	(68,755)	(74,659)
Decrease (increase) in prepaid expenses	12,372	(12,370)
Increase (decrease) in accounts payable and accrued liabilities	(491,038)	628,777
Increase (decrease) in landfill closure liability	272,850	(2,383)
Increase (decrease) in deferred revenue	(93,291)	(682,086)
Increase (decrease) in land held for sale	-	32,449
	3,105,631	2,799,389
Financing activities		
Repayment of long-term debt	(336,010)	(323,673)
Capital activities		
Acquisition of tangible capital assets	(4,129,761)	(5,840,479)
Proceeds from disposal of tangible capital assets	5,000	4,438
Cash applied to capital transactions	(4,124,761)	(5,836,041)
Decrease in cash resources	(1,355,140)	(3,360,325)
Cash and equivalents, beginning of year	2,770,488	6,130,813
Cash and equivalents, end of year (Note 2)	1,415,348	2,770,488
Cash resources are composed of:		
Cash (Note 2)	191,326	688,061
Temporary investments (Note 2)	2,334,764	2,693,558
Bank indebtedness (Note 6)	(1,110,742)	(611,131)
	1,415,348	2,770,488

The accompanying notes are an integral part of these financial statements

Town of Beaverlodge
Schedule 1 - Schedule of Changes in Accumulated Surplus (Deficit)
For the year ended December 31, 2023

	<i>Unrestricted Surplus (Deficit)</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets (Note 13)</i>	<i>2023</i>	<i>2022</i>
Balance, beginning of year	588,319	2,456,495	28,747,130	31,791,944	28,849,742
Excess of revenue over expenses	1,620,737	-	-	1,620,737	2,942,202
Transfer from (to) reserves	(212,079)	212,079	-	-	-
Current year funds used for tangible capital assets	(3,768,617)	(361,145)	4,129,762	-	-
Annual amortization expense	1,228,433	-	(1,228,433)	-	-
Long-term debt repaid	(336,010)	-	336,010	-	-
Asset retirement obligations liability recognized	291,587	-	(291,587)	-	-
Change in accumulated surplus	(1,175,949)	(149,066)	2,945,752	1,620,737	2,942,202
Balance, end of year	(587,630)	2,307,429	31,692,882	33,412,681	31,791,944

Town of Beaverlodge
Schedule 2 - Schedule of Tangible Capital Assets

For the year ended December 31, 2023

	<i>Land</i>	<i>Land Improvements</i>	<i>Buildings</i>	<i>Engineered Structures</i>	<i>Machinery & Equipment</i>	<i>Vehicles</i>	<i>Construction in progress</i>	<i>2023</i>	<i>2022</i>
Cost									
Balance, beginning of year	1,816,416	346,565	4,467,728	39,754,875	2,407,836	1,171,007	4,414,231	54,378,658	48,645,778
Acquisition of tangible capital assets	-	274,905	1,481,670	1,188,025	25,827	159,717	999,618	4,129,762	5,840,480
Disposal of tangible capital assets	-	-	-	-	-	(24,420)	-	(24,420)	(107,600)
Transfer from construction in progress	-	-	1,591,159	2,633,646	-	-	(4,224,805)	-	-
Balance, end of year	1,816,416	621,470	7,540,557	43,576,546	2,433,663	1,306,304	1,189,044	58,484,000	54,378,658
Accumulated amortization									
Balance, beginning of year	-	168,845	2,097,889	14,016,104	1,850,637	655,988	-	18,789,463	17,836,468
Annual amortization	-	21,420	151,104	885,439	110,900	59,570	-	1,228,433	1,060,595
Accumulated amortization on disposals	-	-	-	-	-	(24,420)	-	(24,420)	(107,600)
Balance, end of year	-	190,265	2,248,993	14,901,543	1,961,537	691,138	-	19,993,476	18,789,463
Net book value of tangible capital assets	1,816,416	431,205	5,291,564	28,675,003	472,126	615,166	1,189,044	38,490,524	35,589,195
Net book value of tangible capital assets (2022)	1,816,416	177,720	2,369,839	25,738,771	557,199	515,019	4,414,231	35,589,195	

Town of Beaverlodge
Schedule 3 - Schedule of Net Municipal Taxes
For the year ended December 31, 2023

	2023	2023	2022
	<i>Budget</i>		
Taxation			
Real property taxes	4,197,218	4,059,730	3,863,726
Linear property taxes	-	106,621	101,716
Government grants in lieu of taxes	-	11,593	11,865
	4,197,218	4,177,944	3,977,307
Requisitions			
Alberta School Foundation Fund	805,355	805,355	840,193
Seniors Foundation	15,601	15,601	13,863
	820,956	820,956	854,056
Net municipal property taxes	3,376,262	3,356,988	3,123,251

Town of Beaverlodge
Schedule 4 - Schedule of Government Transfers
For the year ended December 31, 2023

	2023 Budget	2023	2022
Operating			
Other local governments	724,594	802,179	724,372
Provincial government	126,276	179,441	163,363
Federal government	-	2,880	-
	850,870	984,500	887,735
Capital			
Other local governments	-	620,397	1,224,603
Provincial government	-	1,670,189	2,659,887
	-	2,290,586	3,884,490
Total government transfers	850,870	3,275,086	4,772,225

Town of Beaverlodge
Schedule 5 - Schedule of Consolidated Expenses by Object

For the year ended December 31, 2023

	2023 Budget	2023	2022
Salaries and benefits	2,934,766	2,956,420	2,951,166
Amortization <i>(Schedule 2)</i>	-	1,228,432	1,060,595
Contract & general services	2,048,703	2,208,312	2,028,285
Materials and supplies	1,184,084	1,212,063	1,316,225
Interest on long-term debt	589,422	250,942	263,373
Transfers to other boards	32,275	31,724	32,715
Transfer to reserve accounts	167,517	-	-
Bad debt expense (recovery)	-	(153)	531
Other expense	66,200	55,129	58,817
	7,022,967	7,942,869	7,711,707

Town of Beaverlodge
Schedule 6 - Schedule of Segmented Disclosure

For the year ended December 31, 2023

	<i>General government</i>	<i>Fire and bylaws enforcement</i>	<i>Roads, streets , walks and lighting</i>	<i>Planning and development</i>	<i>Recreation and parks</i>	<i>Water supply and distribution</i>	<i>Family and community support services</i>	2023
Revenue								
Net municipal property taxes	3,356,988	-	-	-	-	-	-	3,356,988
Investment income	138,939	-	-	-	-	-	-	138,939
User fees	-	-	-	-	582,397	1,674,719	9,495	2,266,611
Franchise and concession contracts	272,206	-	-	-	-	-	-	272,206
Other revenue	101,251	82,281	38,767	4,835	9,363	-	12,275	248,772
Government transfers for operating	176,254	-	35,808	-	671,484	-	100,954	984,500
	4,045,638	82,281	74,575	4,835	1,263,244	1,674,719	122,724	7,268,016
Expenses								
Contract & general services	414,234	229,795	424,612	18,765	556,131	527,708	37,067	2,208,312
Interest on long-term debt	-	18,295	-	-	119,437	113,209	-	250,941
Bad debt expense (recovery)	(153)	-	-	-	-	-	-	(153)
Materials and supplies	59,109	57,900	335,317	10,025	356,750	388,872	4,089	1,212,062
Salaries and benefits	853,320	108,455	672,268	-	979,569	244,770	98,037	2,956,419
Transfers to other boards	-	-	16,041	-	15,683	-	-	31,724
Other expense	54,676	-	-	-	12,955	(12,502)	-	55,129
	1,381,186	414,445	1,448,238	28,790	2,040,525	1,262,057	139,193	6,714,434
Excess (deficiency) of revenue over expenses before other items								
Amortization of tangible capital assets	2,664,452	(332,164)	(1,373,663)	(23,955)	(777,281)	412,662	(16,469)	553,582
Government transfers for capital	(8,664)	(92,710)	(365,124)	-	(268,828)	(480,734)	(12,373)	(1,228,433)
Gain on disposal of capital assets	85,000	537,767	-	78,049	-	1,507,141	82,630	2,290,587
	-	5,000	-	-	-	-	-	5,000
Excess (deficiency) of revenue over expenses								
	2,570,788	117,893	(1,738,878)	(102,004)	(1,046,109)	1,370,707	53,788	1,620,736

1. 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 are as follows:

Reporting entity

The consolidated financial statements reflect the financial activities of the reporting entity. This entity is comprised of the municipal operations plus all organizations that are owned or controlled by the Town and are, therefore, accountable to Council for the administration of their financial affairs and resources. The consolidated financial statements exclude trust assets that are administered for the benefit of external parties.

The Town has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- West Grande Prairie County Solid Waste Management Authority 15% (2022 - 15%)
- Beaverlodge Public Library 100% (2022 - 100%)

All inter-entity balances have been eliminated on consolidation. Transactions between departments have also been 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 garbage facility for the benefit of all participating municipalities under the name West Grande Prairie County Solid Waste Management Authority. The Government partnership is accounted for using proportionate consolidation. Under proportionate consolidation, only the Town of Sexsmith's interest of 15% (2022 - 15%) in the government partnership is included in the consolidated financial statements.

Basis of accounting

These financial statements have been 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 consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Property tax revenues are based on property tax assessment values provided by the County of Grande Prairie No. 1.

Expenditures that relate to on-going environmental and remediation programs are charged against as incurred. A liability for a contaminated site reflects management's best estimate of the amount required to remediate the contaminated site. The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future site remediation.

1. **Significant accounting policies** *(Continued from previous page)*

Measurement uncertainty (use of estimates) *(Continued from previous page)*

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized. A liability for an asset retirement obligation reflects management's best estimate of the amount required to retire the related tangible capital asset (or component thereof). The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future asset retirement.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

Asset retirement obligation

A liability for an asset retirement obligation reflects management's best estimate of the amount required to retire the related tangible capital asset (or component thereof). The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future asset retirement.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the year in which they become known.

Cash and equivalents

Cash and equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is disclosed as restricted in Note 2.

Investments

Investments are recorded at amortized cost, except investments in government business partnerships explained below. 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.

Tax sale proceeds

Tax sale proceeds and the associated liabilities consist of the excess funds collected on the sale of seized properties put up for tax auction after outstanding property taxes were recovered by the Town. Under the *Municipal Government Act*, the Town is required to hold these funds for up to 10 years and attempt to disperse them to the former property owner.

Property tax 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.

Revenue recognition

Government transfers

The Town recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Town recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

1. **Significant accounting policies** *(Continued from previous page)*

Revenue recognition *(Continued from previous page)*

Externally restricted revenue

The Town recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the Town records externally restricted inflows in deferred revenue.

Tax revenue

The Town recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized by a legislature, council, or legislative convention; and the taxable event has occurred.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each consolidated financial statement date, the Town evaluates the tax receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

Fines and penalties

Traffic fine revenue is recorded as cash is received, which is not materially different than recording revenue on an accrual basis.

Other Revenue

Other sources of revenue are recorded when received or receivable.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, inventory held for resale, and prepaid expenses.

Tangible capital assets

Tangible capital assets are initially recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Only tangible capital assets with costs in excess of \$5,000 are capitalized. Contributed tangible assets are recorded at their fair value at the date of contribution.

When conditions indicate that a tangible capital asset no longer contributes to the Town's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the Town reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

1. **Significant accounting policies** (Continued from previous page)

Tangible capital assets (Continued from previous page)

Amortization

Tangible capital assets are amortized annually using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives. One half of the amortization is charged in the year of acquisition and none in the year of disposal. No amortization is charged in the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use:

	Years
Land improvements	15-20
Buildings	25-50
Engineered structures:	
Wastewater system	45-75
Other engineered structures	15-30
Machinery and equipment	5-15
Vehicles	10-25

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.

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, and 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.

Prepaid expenses

Prepaid expenses include pre-payments on goods and services which will be utilized in the following fiscal year.

Segments

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 6).

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.

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 this 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.

1. **Significant accounting policies** *(Continued from previous page)*

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.

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.

The Town subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those 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. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses, with the exception of gains and losses on externally restricted financial assets measured at fair value, which are recognized as an increase or decrease to the associated liability until the resources are used in accordance with their specified purpose. Interest income is recognized in the statement of operations; however, interest income on externally restricted financial assets is recognized as an increase or decrease to the associated liability until the resources are used in accordance with their specified purpose. 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. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating excess of revenue over expenses.

Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, and recent collection experience in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Public private partnerships

When the Town enters into a public private partnership arrangement an infrastructure asset is recognized and measured at the cost of acquiring and constructing the asset, when determinable. Otherwise, the infrastructure asset is measured at its fair value. Depending on the structure of the agreement, the Town also records either a financial liability or performance obligation at an amount that is equal to infrastructure asset.

Where a financial liability arises in the arrangement, it is recognized when the private sector partner designs, builds, finances, operates and maintains the infrastructure in exchange for a contractual right to receive cash. Whereas, where the Town has granted the private sector partner the right to earn revenue in exchange for the design, build, acquisition, or betterment of infrastructure, a performance obligation is recognized.

At each reporting date the infrastructure assets are amortized using a rational and systematic manner over its useful life. Where a financial liability arises, it is subsequently measured at amortized cost using the effective interest method. Where a performance obligation arises the Town recognizes revenue and the liability is reduced in accordance with PS 3400 *Revenue* when the obligation is satisfied.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

2. Cash

	2023	2022
Cash on hand	950	1,000
Cash	190,326	687,061
Temporary investments	2,334,764	2,693,558
	2,526,040	3,381,619

Select temporary investments accrue interest monthly from 4.70% - 5.40% (2022 - 1.75% - 2.00%), with the remainder at prime less 1.60% - prime less 1.50% (2022 - prime less 1.60% - prime less 1.50%) and are drawable with 31-90 days notice with select accounts having maturity from October 2024 - April 2025.

Council has designated funds of \$2,204,981 (2022 - \$2,456,945) to reserves and \$122,516 (2022 - \$326,531) for deferred revenue.

Term deposits are held in trust by the County of Grande Prairie No. 1 on behalf of the West Grande Prairie County Solid Waste Management Authority. Included in portfolio investments are term deposits totaling \$415,521 (2022 - \$404,935).

3. Accounts receivable

	2023	2022
Receivable from government agencies	478,841	1,281,083
Trade and other accounts receivable	432,153	198,679
Goods and service tax receivable	94,599	121,666
Landfill receivable	268,527	199,772
	1,274,120	1,801,200
Less: Allowance for doubtful accounts	625	625
	1,273,495	1,800,575

4. Property tax receivable

	2023	2022
Municipal taxes receivable - current	171,918	203,439
Municipal taxes receivable - arrears	34,265	32,846
	206,183	236,285

5. Investments

	2023	2022
Alberta Capital Finance Authority shares	10	10
Mountview Health Limited Partnership (Note 17)	50	-
Alberta Association of Municipal Districts & Counties Member's Equity	235	235
United Farmers of Alberta patronage account	6,101	6,101
	6,396	6,346

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

6. Bank indebtedness

The Town is approved for a revolving loan up to \$1,200,000 (2022 - \$1,200,000), bearing interest at prime rate plus 1% (2022 - 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, 2023 is \$1,110,749 (2022 - \$611,131). Subsequent to year-end the Town has increased the limit on the above noted revolving loan to \$1,900,000.

The Town has an Alberta BusinessCard Mastercard held with ATB with a credit limit of \$100,000 (2022 - \$100,000) available. Total withdrawal as at December 31, 2023 is \$72,991 (2022 - \$44,556). This balance is included in accounts payable and accruals (Note 6). The Mastercard carries an interest rate of 19.90% (2022 - 19.90%).

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.

7. Accounts payable and accruals

	2023	2022
Accounts payable	577,470	876,139
Vacation and overtime payable	84,448	80,975
Salaries and wages payable	126,110	103,326
Holdbacks payable	101,243	319,867
	889,271	1,380,307

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 \$24,011 (2022 - \$24,524).

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

8. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Revenue recognized</i>	<i>Balance, end of year</i>
Municipal Sustainability Initiative - Capital	80,932	-	78,049	2,883
Community Bus Replacement	82,630	-	82,630	-
Nuvista Annual Commitment	40,000	-	40,000	-
Nuvista Naming Rights	12,943	30,000	30,450	12,493
Odyssey House	4,821	-	4,821	-
Health Complex Dedicated Reserve	102,206	4,934	-	107,140
	323,532	34,934	235,950	122,516

Not included in deferred revenue above is \$983,303 (2022 - \$983,303) of Canada Community Building Fund government grants and \$101,642 (2022 - \$32,329) of Municipality Sustainability Initiative government grants that have not yet been spent nor received. They will be recorded as revenue when spent.

9. Asset retirement obligations

West Grande Prairie County Solid Waste Management Authority

The Town's portion of the West Grande Prairie County Solid Waste Management Authority results in a legal obligation for the closure and post-closure costs as required by Alberta Environment.

The following summarized the Town's portion of the West Grande Prairie County Solid Waste Management Authority's total net present value for the estimated costs relating to the closure and post-closure care which include the final clay cover, landscaping, surface and ground water monitoring, leachate control, and visual inspection.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years (2022 - 25 years) after closure to the year 2144 using a discount rate of 5.28% (2022 - 4.90%) and assuming annual inflation of 3.50% (2022 - 3.00%). The liability of \$291,587 (2022 - \$18,737) for the total obligation which is incurred when the site started accepting waste, irrespective of the volume of waste that has been accrued has been recorded.

	2023	2022
Balance, beginning of year	18,737	21,120
Liabilities incurred	285,352	-
Accretion	6,235	(2,383)
Change in estimated cash flows	(18,737)	-
Balance, end of year	291,587	18,737

Town of Beaverlodge asbestos abatement

The Town operates several buildings that were built prior to 1996. As a result, there is a likelihood that these buildings will contain asbestos and require abatement upon demolition or during renovations to extend their useful lives. The Town was unable to determine a reasonable estimate of the asset retirement obligation because they were unable to obtain accurate information from an expert, from which a reasonable estimate could be derived.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

10. Long-term debt

	2023	2022
Self-supported debentures	6,506,055	6,842,065

Principal repayments on long-term debt in each of the next five years are estimated as follows:

	Principal	Interest	Total
2024	348,844	240,578	589,422
2025	364,116	228,547	592,663
2026	377,988	214,745	592,733
2027	364,341	200,386	564,727
2028	377,756	183,505	561,261
2029 and thereafter	4,673,010	1,316,734	5,989,744
	6,506,055	2,384,495	8,890,550

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 3.10% to 6.00% (2022 - 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 amount to \$250,942 (2022 - \$263,373). Total cash payments for interest during the year are \$253,412 (2022 - \$265,749).

11. Debt limits

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

	2023	2022
Total debt limit	11,840,123	10,147,475
Total debt	6,506,055	6,842,065
Amount of debt limit unused	5,334,068	3,305,410
Service on debt limit	1,973,354	1,691,246
Service on debt	589,422	584,767
Amount of debt servicing limit unused	1,383,932	1,106,479

The debt limit is calculated as 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/0000) and the debt service limit is calculated as 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 which could be at financial risk if further debt is acquired. The calculation alone does not represent the financial stability of the Town. Rather, the consolidated financial statements must be interpreted as a whole.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

12. Reserves

	2023	2022
Capital	1,058,634	967,223
Landfill	699,921	597,473
Fire department	92,274	277,715
Recreation and parks	1,891	117,216
Handi-bus	60,000	100,000
Tax stabilization	135,036	135,036
Water/sewer reserve	-	2,159
Waste management	20,000	20,000
Equipment reserve	223,986	223,986
Insurance deductible	15,687	15,687
	2,307,429	2,456,495

13. Equity in tangible capital assets

	2023	2022
Tangible capital assets (<i>Schedule 2</i>)	58,484,000	54,378,658
Accumulated amortization (<i>Schedule 2</i>)	(19,993,476)	(18,789,463)
Long-term debt (<i>Note 8</i>)	(6,506,055)	(6,842,065)
Asset retirement obligations (<i>Note 9</i>)	(291,587)	-
	31,692,882	28,747,130

14. Accumulated operating surplus

Accumulated operating surplus consists of the following:

	2023	2022
Unrestricted surplus (deficit)	(587,630)	588,319
Reserves	2,307,429	2,456,495
Equity in tangible capital assets	31,692,882	28,747,130
	33,412,681	31,791,944

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

15. Salaries and benefits disclosure

Disclosure of salaries and benefits for elected municipal officials, the Chief Administrative Officer (“CAO”) and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<i>Salary/ remuneration</i>	<i>Benefits & allowances</i>	2023	2022
Mayor:				
Gary Rycroft	19,700	-	19,700	20,350
Councilors:				
Cynthia Corbett	20,500	-	20,500	26,220
Hugh Graw	14,378	-	14,378	13,795
Ryier Hommy	5,390	-	5,390	-
Gena Jones	2,420	-	2,420	21,985
Judy Kokotilo-Bekkerus	19,483	-	19,483	21,590
Calvin Mosher	16,240	-	16,240	13,870
Cody Moulds	13,090	-	13,090	15,170
CAO	222,908	38,591	261,499	228,300
Designated Officer	31,063	-	31,063	-

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

Benefits and allowances includes 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, long-term disability plans, professional memberships and tuition.

Benefits and allowances also include the employer's share of the costs of additional taxable benefits.

Town of Beaverlodge
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

16. Investments in partnerships and government business entities

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, 2023:

	2023	2022
Assets		
Financial assets	708,669	627,994
Non-financial asset	532,503	275,003
Total assets	1,241,172	902,997
Liabilities		
Financial liabilities	295,236	25,424
Total liabilities	295,236	25,424
Accumulated surplus	945,936	877,573
Total revenue	160,651	155,627
Total expenses	92,288	83,981
Excess of revenue over expenses	68,363	71,646

17. Public private partnerships

On November 6, 2023, the Town entered into a partnership with Landrex Investments Inc., 2169820 Alberta Ltd., and Beaverlodge Medical Health Centre Ltd. to create the Mountview Health Limited Partnership. Their objective is to build a community hospital and health centre in the Town. Under the arrangement, the Town is obligated to provide the partnership with land valued at \$897,000 for the construction of the aforementioned hospital, this was contributed in the December 31, 2024 fiscal year. These terms may affect the amount, timing and uncertainty of future cash flow payments.

18. Local Authorities Pension Plan

Employees of the Town participate in the Local Authorities Pension Plan ("LAPP"), which is one of the plans covered by the *Alberta Public Sector Pension Plans Act*. The LAPP serves about 291,000 members and 437 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenses in the year in which they become due.

The Town is required to make current service contributions 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 2023 were \$157,861 (2022 - \$154,440). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2023 were \$140,647 (2022 - \$137,844).

At December 31, 2022, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial surplus (in billions) of \$12.7 (2021 - surplus of \$11.9). The 2023 LAPP annual report was not available at the date of these financial statements.

19. Contingencies

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

20. Commitments

The Town is committed to make annual payments for multiple operating leases for which they have entered for various equipment over the next 4 years as follows:

2024	56,701
2025	12,687
2026	12,687
2027	9,763
	91,839
	91,839

21. Financial Instruments

The Town's financial instruments consist of cash and portfolio investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other accounts receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

The Town is subject to interest rate risk with respect to bank indebtedness which bear interest on the basis of the prime lending rate. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Town is exposed to interest rate risk with respect to cash and temporary investments which are subject to floating interest rates as detailed in Note 2. The Town's cash on hand and reserve balance minimize this interest rate risk. The prime lending rate at December 31, 2023 was 7.20% (2022 - 6.45%).

22. Comparative figures

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

23. Approval of financial statements

Council and Management have approved these financial statements.

24. Approval of budget

The disclosed budget information has been approved by The Mayor and Council the Town of Beaverlodge on March 27, 2023.