

**Beaver County
Financial Statements**

December 31, 2014



BEAVER COUNTY

Box 140
Ryley, Alberta T0B 4A0

Management's Responsibility

To the Reeve and Councillors of Beaver County:

Management is responsible for the preparation and presentation of the accompanying 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 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 County. 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 County's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by Council to audit the 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 15, 2015

Chief Administrative Officer

Independent Auditors' Report

To the Reeve and Councillors of Beaver County:

We have audited the accompanying financial statements of Beaver County, which comprise the statement of financial position at December 31, 2014, the statements of operations, change in net financial assets, cash flows, and schedules I through VI for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Beaver County as at December 31, 2014, and the results of its operations, change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The financial statements as at and for the year ended December 31, 2013 were audited by other auditors, who expressed an unqualified opinion on these statements in their report dated April 16, 2014.

April 15, 2015
Leduc, Alberta

MNP LLP
Chartered Accountants



MNP

Beaver County
Statement of Financial Position
As at December 31, 2014

	2014	2013 <i>(Restated)</i>
Financial assets		
Cash and equivalents (Note 2)	1,083,105	2,057,995
Investments (Note 3)	15,553,569	12,310,089
Property taxes receivable (Note 4)	252,682	334,668
Trade and other accounts receivable (Note 5)	891,866	209,573
Land for resale inventory	2,308,200	2,288,158
Due from Beaver Foundation (Note 6)	3,601,822	3,990,115
Investment in subsidiary (Note 7)	100	100
	23,691,344	21,190,698
Liabilities		
Accounts payable and accrued liabilities	1,544,051	838,392
Reclamation liability	600,000	600,000
Deposit liabilities	5,290	5,070
Employee benefit obligations (Note 8)	414,990	387,839
Deferred revenue (Note 9)	547,356	438,423
Long-term debt (Note 10)	3,601,822	3,990,115
	6,713,509	6,259,839
Net financial assets	16,977,835	14,930,859
Non-financial assets		
Tangible capital assets (Schedule II)	40,348,793	39,241,277
Inventory for consumption (Note 11)	2,812,997	3,035,196
Prepaid expenses	159,162	130,684
	43,320,952	42,407,157
Accumulated surplus (Schedule I)	60,298,787	57,338,016

Commitments (Note 17)

Approved on behalf of Council:


 _____ Reeve

 _____ Councillor

The accompanying notes are an integral part of these financial statements

Beaver County
Statement of Operations

For the year ended December 31, 2014

	2014 Budget	2014	2013 (Restated)
Revenue			
Net municipal property taxes <i>(Schedule III)</i>	12,194,777	12,147,457	11,519,569
Government transfers <i>(Schedule IV)</i>	2,636,661	1,151,917	1,341,646
Grants	265,500	689,666	129,006
User fees and sales of goods	326,950	457,427	399,833
Interest income	125,000	394,961	324,765
Penalties and costs on taxes	60,000	73,917	74,799
Gain on sale of tangible capital assets	-	65,022	427,807
Other	17,000	59,139	17,605
Rental	49,140	35,309	44,027
Fines	50,000	34,244	29,161
	15,459,528	15,109,059	14,308,218
Expenses			
Public works	6,192,003	8,254,138	8,839,859
Administration	2,134,675	2,519,834	2,341,880
Agricultural services	974,380	1,143,924	910,934
Protective services	976,651	964,981	896,018
Parks and recreation	329,654	349,606	296,715
Legislative	318,695	285,180	271,971
Culture	205,453	193,440	174,419
Planning and economic development	303,929	187,288	188,372
Community adult learning	151,335	144,915	149,652
Water and wastewater	93,247	143,900	91,536
Family and community support	143,633	141,173	79,323
Waste management	6,220	4,252	4,553
	11,829,875	14,332,631	14,245,232
Excess of revenue before other	3,629,653	776,428	62,986
Government transfers for capital <i>(Schedule IV)</i>	827,000	2,184,343	2,427,160
Excess of revenue over expenses	4,456,653	2,960,771	2,490,146
Accumulated surplus, beginning of year	57,338,016	57,338,016	54,847,870
Accumulated surplus, end of year	61,794,669	60,298,787	57,338,016

The accompanying notes are an integral part of these financial statements

Beaver County
Statement of Change in Net Financial Assets

For the year ended December 31, 2014

	2014 Budget	2014	2013 (Restated)
Excess of revenue over expenses	4,456,653	2,960,771	2,490,146
Acquisition of tangible capital assets	(5,982,691)	(5,637,511)	(3,608,086)
Proceeds on disposal of tangible capital assets	1,423,400	1,911,093	763,617
Amortization of tangible capital assets	-	2,683,923	2,599,092
Gain on sale of tangible capital assets	-	(65,022)	(427,807)
Increase in prepaid expenses	-	(28,477)	(11,083)
Use of inventory for consumption	-	222,199	10,690
Increase (decrease) in net financial assets	(102,638)	2,046,976	1,816,569
Net financial assets, beginning of year	14,930,859	14,930,859	13,114,290
Net financial assets, end of year	14,828,221	16,977,835	14,930,859

The accompanying notes are an integral part of these financial statements

Beaver County
Statement of Cash Flows
For the year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	2,960,771	2,490,146
Non-cash items:		
Amortization of tangible capital assets	2,683,923	2,599,092
Gain on disposal of tangible capital assets	(65,022)	(427,807)
Net change in non-cash operating working capital balances:		
Increase (decrease) in deferred revenue	108,933	(42,953)
Increase in prepaid expenses	(28,478)	(11,083)
Increase (decrease) in accounts payable and accrued liabilities	645,379	(2,137,021)
Decrease (increase) in trade and other accounts receivable	(682,293)	1,418,735
Decrease (increase) in property taxes receivable	81,986	(23,066)
Increase in deposit liabilities	220	-
Decrease in inventory for consumption	222,199	10,690
Increase in employee benefit obligations	27,151	60,893
Decrease (increase) in land held for resale	(20,042)	337,750
	5,934,727	4,275,376
Capital		
Proceeds on disposal of tangible capital assets	1,911,093	763,617
Acquisition of tangible capital assets	(5,577,231)	(4,332,296)
	(3,666,138)	(3,568,679)
Investing		
Purchase of investments	(3,243,479)	(1,810,089)
Advances to subsidiary company	-	(581)
Decrease in due from Beaver Foundation	388,293	107,687
	(2,855,186)	(1,702,983)
Financing		
Repayment of long-term debt	(388,293)	(107,687)
Decrease in cash and equivalents	(974,890)	(1,103,973)
Cash and equivalents, beginning of year	2,057,995	3,161,968
Cash and equivalents, end of year (Note 2)	1,083,105	2,057,995

The accompanying notes are an integral part of these financial statements

Beaver County
Schedule I - Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2014

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus (Note 19)</i>	<i>Equity in Subsidiary</i>	<i>Equity in Tangible Capital Assets (Note 13)</i>	<i>2014</i>	<i>2013 (Restated)</i>
Balance, beginning of year, as previously stated	1,129,100	17,567,539	100	39,241,277	57,938,016	55,447,870
Correction of an error (Note 23)	-	(600,000)	-	-	(600,000)	(600,000)
Balance, beginning of year, as restated	1,129,100	16,967,539	100	39,241,277	57,338,016	54,847,870
Excess of revenue over expenses	2,960,771	-	-	-	2,960,771	2,490,146
Unrestricted funds designated for future use	(5,001,257)	5,001,257	-	-	-	-
Restricted funds for operations	335,125	(335,125)	-	-	-	-
Restricted funds used for tangible capital assets	-	(2,812,877)	-	2,812,877	-	-
Current year funds used for tangible capital assets	(2,824,633)	-	-	2,824,633	-	-
Disposal of tangible capital assets	1,846,071	-	-	(1,846,071)	-	-
Annual amortization expense	2,683,923	-	-	(2,683,923)	-	-
Change in accumulated surplus	-	1,853,255	-	1,107,516	2,960,771	2,490,146
Balance, end of year	1,129,100	18,820,794	100	40,348,793	60,298,787	57,338,016

The accompanying notes are an integral part of these financial statements

Beaver County
Schedule II - Schedule of Tangible Capital Assets
For the year ended December 31, 2014

	<i>Land</i>	<i>Land Improvements</i>	<i>Buildings</i>	<i>Engineered Structures</i>	<i>Machinery & Equipment</i>	<i>Vehicles</i>	<i>2014</i>	<i>2013</i>
Cost:								
Balance, beginning of year	545,740	324,492	5,114,468	76,206,931	8,477,285	2,056,432	92,725,348	90,304,603
Acquisition of tangible capital assets	222,794	56,875	644,920	1,967,655	2,745,267	-	5,637,511	3,608,086
Disposal of tangible capital assets	(70,000)	-	(299,653)	-	(2,617,896)	(29,995)	(3,017,544)	(1,187,341)
Balance, end of year	698,534	381,367	5,459,735	78,174,586	8,604,656	2,026,437	95,345,315	92,725,348
Accumulated amortization:								
Balance, beginning of year	-	136,266	896,830	48,128,125	3,174,394	1,148,457	53,484,072	51,736,510
Annual amortization	-	17,248	111,845	1,558,083	859,307	137,440	2,683,923	2,599,092
Accumulated amortization on disposals	-	-	(15,376)	-	(1,126,102)	(29,995)	(1,171,473)	(851,531)
Balance, end of year	-	153,514	993,299	49,686,208	2,907,599	1,255,902	54,996,522	53,484,071
Net book value	698,534	227,853	4,466,436	28,488,378	5,697,057	770,535	40,348,793	39,241,277
2013 net book value	545,740	188,226	4,217,638	28,078,807	5,302,891	907,975	39,241,277	

The accompanying notes are an integral part of these financial statements

Beaver County
Schedule III - Schedule of Property Taxes Levied
For the year ended December 31, 2014

	2014 Budget	2014	2013
Taxation			
Real property taxes	10,472,076	8,874,336	8,591,740
Linear property taxes	5,000,000	6,551,154	6,266,065
Special assessments and local improvement taxes	5,995	5,995	9,174
	15,478,071	15,431,485	14,866,979
Requisitions			
Alberta School Foundation Fund	3,111,291	3,112,022	3,170,158
Beaver Foundation Management Agency	172,003	172,006	177,252
	3,283,294	3,284,028	3,347,410
Net municipal property taxes	12,194,777	12,147,457	11,519,569

The accompanying notes are an integral part of these financial statements

Beaver County
Schedule IV - Schedule of Government Transfers
For the year ended December 31, 2014

	2014 Budget	2014	2013
Operating			
Provincial	2,280,143	1,146,339	1,338,913
Federal	356,518	5,578	2,733
	2,636,661	1,151,917	1,341,646
Capital			
Provincial	827,000	1,824,750	2,427,160
Federal	-	359,593	-
	827,000	2,184,343	2,427,160
Total government transfers	3,463,661	3,336,260	3,768,806

The accompanying notes are an integral part of these financial statements

Beaver County
Schedule V - Schedule of Expenses by Object
For the year ended December 31, 2014

	2014 Budget	2014	2013
Salaries, wages and benefits	4,395,065	4,337,547	4,235,099
Contracted and general services	4,186,185	3,668,812	4,117,179
Amortization of tangible capital assets	-	2,683,925	2,599,092
Materials, goods and utilities	1,852,236	1,772,109	1,924,253
Grants to other governments and organizations	1,380,189	1,658,522	1,257,973
Interest on long-term debt	-	181,858	173,761
Provision for (recovery of) allowances	15,000	28,030	(63,640)
Bank charges and short-term interest	1,200	1,828	1,515
	11,829,875	14,332,631	14,245,232

The accompanying notes are an integral part of these financial statements

Beaver County
Schedule VI - Schedule of Segmented Disclosure
For the year ended December 31, 2014

	General government	Administration, and legislative	Public works	Water and wastewater	Protective services	Agriculture services	Family and community	Culture	Planning and development	Parks and recreation	Total
Revenue											
Net municipal property taxes	12,147,457	-	-	-	-	-	-	-	-	-	12,147,457
Government transfers	-	363,579	2,641,151	-	-	203,359	128,171	-	-	-	3,336,260
Grants	-	599,666	-	90,000	-	-	-	-	-	-	689,666
User charges and sales of goods	-	30,702	112,149	53,708	25,613	16,805	18,001	-	172,128	28,321	457,427
Interest income	213,103	181,858	-	-	-	-	-	-	-	-	394,961
Penalties and costs on taxes	73,917	-	-	-	-	-	-	-	-	-	73,917
Gain on sale of tangible capital assets	-	-	65,022	-	-	-	-	-	-	-	65,022
Other	59,139	-	-	-	-	-	-	-	-	-	59,139
Rental	35,309	-	-	-	-	-	-	-	-	-	35,309
Fines	-	-	-	-	34,244	-	-	-	-	-	34,244
	12,528,925	1,175,805	2,818,322	143,708	59,857	220,164	146,172	-	172,128	28,321	17,293,402
Expenses											
Salaries, wages, and benefits	-	1,458,681	1,942,857	55,301	193,639	506,614	95,354	-	85,101	-	4,337,547
Contracted and general services	-	549,702	2,751,198	27,053	30,739	79,909	47,171	22,412	101,687	58,941	3,668,812
Materials, goods, and utilities	-	107,361	1,348,172	28,529	23,126	220,886	3,649	-	500	39,886	1,772,109
Grants to other governments and organizations	-	145,358	-	-	693,948	275,661	139,914	171,028	-	232,613	1,658,522
Interest on long-term debt	-	181,858	-	-	-	-	-	-	-	-	181,858
Provision for allowances	-	28,030	-	-	-	-	-	-	-	-	28,030
Bank charges and short-term interest	-	1,828	-	-	-	-	-	-	-	-	1,828
	-	2,472,818	6,042,227	110,883	941,452	1,083,070	286,088	193,440	187,288	331,440	11,648,706
Net revenue, before amortization	12,528,925	(1,297,013)	(3,223,905)	32,825	(881,595)	(862,906)	(139,916)	(193,440)	(15,160)	(303,119)	5,644,696
Amortization expense	-	332,196	2,211,911	37,269	23,528	60,854	-	-	-	18,167	2,683,925
Net revenue	12,528,925	(1,629,209)	(5,435,816)	(4,444)	(905,123)	(923,760)	(139,916)	(193,440)	(15,160)	(321,286)	2,960,771

1. Significant accounting policies

The financial statements of Beaver County (the "County") are the representations of management prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the County are as follows:

Reporting entity

The financial statements reflect the assets, liabilities, revenue, 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 County and are, therefore, accountable to County Council for the administration of their financial affairs and resources.

The schedule of property taxes levied also includes requisitions for education and other external organizations that are not part of the municipal reporting entity.

The financial statements exclude trust assets that are administered for the benefit of external parties.

Basis of accounting

The 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.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Trade and other accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Accrued sick time for employees is based on historical utilization applied to the total sick bank. Gravel inventory is valued using calculations which have some estimation involved. The reclamation liability is an estimated cost to bring the gravel pit site back to its original condition prior to mining.

1. Significant accounting policies *(continued)*

Cash and equivalents

Cash and equivalents include balances with banks and short-term investments with maturities of three months or less.

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized 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. Under the *Municipal Government Act*, the County is required to hold these funds for up to 10 years and attempt to disperse them to the former property owners.

Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

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.

Land for resale inventory

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisitions 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 tangible capital assets under the respective function.

1. Significant accounting policies *(continued)*

Investment in subsidiary company

Beaver Regional Industrial Services Corp., a wholly-owned subsidiary corporation of Beaver County, is accounted for on a modified equity basis, consistent with Canadian generally accepted accounting principles for government business enterprises. Under the modified equity basis, the business enterprise's accounting policies are not adjusted to conform with those of the County, and inter-organizational transactions and balances are not eliminated.

Revenue recognition

i. Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal year are reflected as deferred revenue on the statement of financial position in the year of receipt.

ii. 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.

The County 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 County recognizes revenue as the liability is settled.

iii. Tax revenue

The County recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by Council, 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 legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the County evaluates the tax receivable for collectibility and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

iv. Other revenue

Other sources of revenue are recorded when received or receivable.

Non-financial assets

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.

1. Significant accounting policies *(continued)*

Non-financial assets *(continued)*

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:

Land improvements	15-25 years
Buildings	25-50 years
Engineered structures, roads and bridges	5-75 years
Machinery and equipment	5-40 years
Vehicles	5-25 years

Amortization is charged in the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use. The net book value of assets under construction in the current year is \$1,028,889.

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.

vi. Prepaid expenses

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

1. Significant accounting policies *(continued)*

Segments

The County conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of the County's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

Pensions

The County participates in a multi-employer defined benefit pension plan. The plan is accounted for as a defined contribution plan.

Recent accounting pronouncements

i. Liability for contaminated sites

In June 2010, the Public Sector Accounting Board ("PSAB") issued PS 3260 *Liability for Contaminated Sites* to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The County does not expect the adoption of the new section to have a material impact on its financial statements.

ii. Financial Instruments

In June 2011, the PSAB issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections.

PS 3450 is effective for fiscal years beginning on or after April 1, 2016. Earlier adoption is permitted. The County does not expect the adoption of the new section to have a material impact on its financial statements.

iii. Financial statement presentation

In June 2011, as a result of the issuance of PS 3450 *Financial Instruments*, the PSAB issued new PS 1201 *Financial Statement Presentation*, which revises and replaces PS 1200 *Financial Statement Presentation*.

This section is effective for governments in the same period PS 3450 is adopted. PS 3450 is effective for fiscal years beginning on or after April 1, 2016. Early adoption is permitted. The County does not expect the adoption of the new section to have a material impact on its financial statements.

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2014

2. Cash and equivalents

	<i>2014</i>	<i>2013</i>
Cash	686,674	257,995
Temporary investments	396,431	1,800,000
	1,083,105	2,057,995

Temporary investments are made up of guaranteed investment certificates with effective interest rates of 1.61% (2013 - 1.70% to 1.80%) and mature in three months or less.

3. Investments

Investments are made up of guaranteed investment certificates with effective interest rates of 1.63% - 1.73% (2013 - 1.28% to 2.03%) and have maturities greater than three months.

4. Property taxes receivable

	<i>2014</i>	<i>2013</i>
Current taxes	186,123	245,632
Arrears taxes	252,715	247,162
	438,838	492,794
Less allowance for doubtful accounts	(186,156)	(158,126)
	252,682	334,668

5. Trade and other accounts receivable

	<i>2014</i>	<i>2013</i>
Due from governments	441,518	133,143
Trade and other receivables	450,348	76,430
	891,866	209,573

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2014

6. Due from Beaver Foundation

	<i>2014</i>	<i>2013</i>
Debt charges recoverable	108,839	112,332
Non-current debt charges recoverable	3,492,983	3,877,783
	3,601,822	3,990,115

The County has undertaken a joint project to assist the Beaver Foundation to build a new senior's lodge in Tofield. As at December 31, 2014 \$3,601,822 (2013 - \$3,990,115) plus interest at 4.268% is recoverable from Beaver Foundation with respect to this financing. Amounts are recoverable in semi-annual blended instalments of \$130,710, and mature December 15, 2035.

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2015	108,839	152,580	261,419
2016	113,534	147,885	261,419
2017	118,431	142,988	261,419
2018	123,540	137,879	261,419
2019	128,869	132,550	261,419
To maturity	3,008,609	1,174,095	4,182,704
	3,601,822	1,887,977	5,489,799

7. Investment in subsidiary

Investment in subsidiary consists of 100% of the common shares of Beaver Regional Industrial Services Corp. and is stated at cost.

8. Employee benefit obligations

Employee benefit obligations are comprised of vacation, overtime and sick time that can be carried forward to future years. Employees have earned the vacation and overtime benefits and are entitled to these benefits within the next budgetary year. The sick time liability is accrued based on historical utilization of sick time.

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2014

9. Deferred revenue

	<i>Opening</i>	<i>Funding Recognized received as revenue</i>		<i>Closing</i>
Federal Gas Tax Fund	50,422	309,171	(359,593)	-
MCS Net	189,000	-	(141,750)	47,250
ATCL lease	10,938	-	-	10,938
Permits	86,785	56,987	-	143,772
Advanced education grant for adult learning	101,278	123,521	(128,171)	96,628
Growing Forward 2 grant	-	67,500	-	67,500
Municipal Sustainability Initiative - operating	-	218,250	(218,250)	-
Municipal Sustainability Initiative - capital	-	2,462,826	(2,281,558)	181,268
ASB grant	-	198,359	(198,359)	-
Federal conditional grant - student employment	-	5,578	(5,578)	-
Local government grants	-	3,000	(3,000)	-
Miscellaneous	-	13,798	(13,798)	-
BMS - dividend	-	454,069	(454,069)	-
BMS - grant in lieu	-	103,622	(103,622)	-
BMS - good neighbour	-	28,177	(28,177)	-
Clean Harbors	-	90,000	(90,000)	-
	438,423	4,134,858	(4,025,925)	547,356

Included in the County's deferred revenue are government transfers which are restricted to eligible capital projects as approved under the funding agreements and amounts received in advance for permits.

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2014

10. Long-term debt

	2014	2013
Tax-supported debentures	3,601,822	3,990,115

Payments of interest and principal are due as follows:

	Principal	Interest	Total
2015	108,839	152,580	261,419
2016	113,534	147,885	261,419
2017	118,431	142,988	261,419
2018	123,540	137,879	261,419
2019	128,869	132,550	261,419
To maturity	3,008,609	1,174,095	4,182,704
	3,601,822	1,887,977	5,489,799

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at 4.268% per annum and matures in 2035. Debenture debt is issued on the credit and security of the County at large.

11. Inventory for consumption

	2014	2013
Gravel inventory	2,595,200	2,829,246
Shop inventory	217,797	205,950
	2,812,997	3,035,196

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2014

12. Debt limits

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/00 for the County be disclosed as follows:

	2014	2013
Total debt limit	22,663,589	21,462,327
Total debt	3,601,822	3,990,115
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Amount of debt limit unused	19,061,767	17,472,212
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Service on debt limit	3,777,265	3,577,055
Service on debt	261,419	261,419
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Amount of debt servicing limit unused	3,515,846	3,315,636
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The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a 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.

13. Equity in tangible capital assets

	2014	2013
Tangible capital assets (<i>Schedule II</i>)	95,345,315	92,725,348
Accumulated amortization (<i>Schedule II</i>)	(54,996,522)	(53,484,071)
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	40,348,793	39,241,277
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14. Salary 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:

	Salary	Benefits & allowances	2014	2013
K. Smook, Councillor	28,579	4,025	32,604	38,848
S. Scott, Councillor	30,750	5,483	36,233	30,340
R. Yarham, Councillor	42,815	8,522	51,337	47,763
D. Collison, Councillor	21,218	6,766	27,984	32,206
A. Hanson, Councillor	49,633	5,913	55,546	46,161
R. Beck, CAO	150,674	31,075	181,749	170,222

Salary 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 and short-term disability plans, professional memberships and tuition.

15. Local Authorities Pension Plan

Employees of the County 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 230,534 people and 418 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 County is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2014 were \$387,540 (2013 - \$332,218). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2014 were \$356,981 (2013 - \$303,430).

At December 31, 2013, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial deficiency of \$4,851,516,000 (2012 - \$4,977,303,000).

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2014

16. Segments

The County provides a range of services to its ratepayers. For each reported segment, the revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Refer to Schedule VI - Schedule of Segmented Disclosure.

17. Commitments

The County has entered into gravel supply, gravel hauling and dust control agreements. The commitments over the next two years are as follows:

2015	\$3,209,360
2016	\$2,906,860

The County also committed to purchasing capital equipment in 2015 for a total cost of \$116,579.

18. Financial instruments

As part of its operations, the County carries a number of financial instruments. Unless otherwise noted, it is the opinion of management that the County is not exposed to significant interest, currency or credit risks arising from these financial instruments. The estimated fair market value of cash and equivalents, investments, property taxes receivable, trade and other accounts receivable accounts payable and accrued liabilities is equal to book value, unless otherwise stated, given the short-term nature of these items. The fair value of long-term debt and due from Beaver Foundation is not determinable, as there is no market to trade these items.

19. Restricted surplus

The County has restricted certain amounts of the accumulated surplus in order to fund future operations. This restricted surplus is not fully funded in cash as this would tie up too much of the operational cash needed to run the day to day operations of the County. The restricted surplus total is available over time and used on an as needed basis. Surplus restricted for operating and capital activities changed as follows:

	<i>2013</i> <i>(Restated)</i>	<i>Increases</i>	<i>Decreases</i>	<i>2014</i>
Administration	1,092,947	886,374	(96,676)	1,882,645
Public works	9,157,886	3,094,127	(1,933,561)	10,318,452
Water system	707,848	658,460	(815,460)	550,848
Parks and recreation	1,083,745	83,421	-	1,167,166
Planning and economic development	1,155,062	19,430	(11,738)	1,162,754
Agriculture	475,227	253,450	(290,567)	438,110
Contingency	3,294,824	5,995	-	3,300,819
	16,967,539	5,001,257	(3,148,002)	18,820,794

20. Budget figures

The disclosed budget information has been approved by Council. The approved budget includes \$2,741,150 of transfers to reserves in expenses. These have been removed from the budget on the statement of operations in order to show a more accurate comparison to actual expenses incurred in the year. The County does not budget for amortization. Included in the actual expenses on the statement of operations is amortization of \$2,683,925 (2013 - \$2,599,092).

21. Comparative figures

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

22. Non-cash tangible capital assets

During the year, tangible capital assets were acquired at an aggregate cost of \$5,637,511 (2013 - \$3,608,086), of which \$179,236 (2013 - \$118,956) was in accounts payable at year-end and the remaining \$5,577,231 (2013 - \$4,332,296) was acquired by cash.

23. Correction of an error

During the year it was noted that there was a liability to reclaim a gravel pit owned by the County which had not been recorded in prior years. The total amount of this liability amounted to \$600,000. This liability related to years prior to 2013 so the overall effect on the financial statements in the current year is an increase in the reclamation liability and a decrease in accumulated surplus of \$600,000 in both 2014 and 2013.