

BEAVER COUNTY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
AND  
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COUNCIL

BEAVER COUNTY  
DECEMBER 31, 2013  
INDEX TO FINANCIAL STATEMENTS

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

We have audited the accompanying financial statements of **Beaver County**, which comprise the statement of financial position at December 31, 2013, the statement of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the 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.

### *Auditor's 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 the 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 auditor's 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 control 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 control. An audit also includes evaluating the appropriateness of 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Audit Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Beaver County** as at December 31, 2013, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta  
April 16, 2014


*Yaremchuk & Annicchiarico LLP*  
Chartered Accountants

BEAVER COUNTY  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
FINANCIAL ASSETS:		
Cash and temporary investments (Note 2).....	\$14,368,084	\$13,661,968
Accounts receivable:		
Taxes (Note 3) .....	334,668	311,602
Trade and other receivables (Note 4) .....	209,573	1,628,308
Land for resale inventory.....	2,288,158	2,625,908
Investment in subsidiary company (Note 5) .....	100	100
Loan receivable (Note 6).....	<u>3,990,115</u>	<u>4,097,802</u>
Total financial assets .....	<u>21,190,698</u>	<u>22,325,688</u>
LIABILITIES:		
Accounts payable and accrued liabilities.....	838,392	3,699,623
Due to subsidiary company .....	-	581
Deposit liabilities .....	5,070	5,070
Deferred revenue .....	438,423	481,376
Employee benefit obligations (Note 8) .....	387,839	326,946
Debenture payable (Note 9).....	<u>3,990,115</u>	<u>4,097,802</u>
Total liabilities .....	<u>5,659,839</u>	<u>8,611,398</u>
NET FINANCIAL ASSETS.....	<u>15,530,859</u>	<u>13,714,290</u>
NON-FINANCIAL ASSETS:		
Tangible capital assets (Schedule 2) .....	39,241,277	38,568,093
Inventory for consumption (Note 11).....	3,035,196	3,045,886
Prepaid expenses .....	<u>130,684</u>	<u>119,601</u>
Total non-financial assets .....	<u>42,407,157</u>	<u>41,733,580</u>
ACCUMULATED SURPLUS (Note 12).....	<u>\$57,938,016</u>	<u>\$55,447,870</u>
COMMITMENTS (Note 15)		

Approved by:

.....Reeve

 (for) Chief Administrative Officer



**BEAVER COUNTY**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget (Unaudited)	2013	2012
<b>REVENUE:</b>			
Net municipal taxes (Schedule 3).....	\$11,519,486	\$11,519,569	\$11,007,937
User fees and sales of goods.....	312,900	399,834	330,963
Government transfers for operating (Schedule 4)...	1,270,927	1,341,646	1,301,064
Investment income .....	125,000	151,004	124,088
Penalties and costs on taxes.....	60,000	74,799	79,910
Land sales - net.....	230,300	-	74,678
Rentals .....	23,000	44,027	54,142
Other.....	174,140	175,772	156,336
<b>Total revenue.....</b>	<b>13,715,753</b>	<b>13,706,651</b>	<b>13,129,118</b>
<b>EXPENSES:</b>			
Legislative.....	309,900	271,970	300,189
Administration.....	2,373,445	1,883,792	2,088,673
Protective services .....	1,141,885	876,220	913,196
Public works .....	6,555,779	6,655,498	7,387,699
Water and wastewater.....	81,720	54,383	56,137
Waste management.....	17,220	4,557	4,267
Planning and economic development .....	518,674	188,372	285,815
Agricultural services .....	832,750	855,344	698,049
Recreation and parks .....	359,300	278,849	447,421
Family and community support.....	89,029	79,323	65,832
Community adult learning.....	141,430	149,653	143,580
Culture .....	194,350	174,419	182,123
Amortization.....	2,600,000	2,599,092	2,503,073
(Gain) loss on disposal of tangible capital assets ...	(150,000)	(427,807)	88,427
<b>Total expenses (Schedule 5).....</b>	<b>15,065,482</b>	<b>13,643,665</b>	<b>15,164,481</b>
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES BEFORE THE UNDERNOTED .....</b>	<b>(1,349,729)</b>	<b>62,986</b>	<b>(2,035,363)</b>
<b>OTHER:</b>			
Government transfers for capital (Schedule 4) .....	3,319,470	2,427,160	4,191,130
Subsidiary operations .....	-	-	(3,328)
<b>Net other .....</b>	<b>3,319,470</b>	<b>2,427,160</b>	<b>4,187,802</b>
<b>EXCESS OF REVENUE OVER EXPENSES.....</b>	<b>1,969,741</b>	<b>2,490,146</b>	<b>2,152,439</b>
<b>ACCUMULATED SURPLUS AT BEGINNING OF THE YEAR.....</b>	<b>56,042,842</b>	<b>55,447,870</b>	<b>53,295,431</b>
<b>ACCUMULATED SURPLUS AT END OF THE YEAR.....</b>	<b>\$58,012,583</b>	<b>\$57,938,016</b>	<b>\$55,447,870</b>

BEAVER COUNTY  
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2013

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	<u>2013</u>	<u>2012</u>
EXCESS OF REVENUE OVER EXPENSES.....	\$ <u>2,490,146</u>	\$ <u>2,152,439</u>
Amortization of tangible capital assets.....	2,599,092	2,503,073
Acquisition of tangible capital assets .....	(3,608,086)	(5,034,173)
Proceeds on disposal of tangible capital assets .....	763,617	309,611
(Gain) loss on disposal of tangible capital assets .....	<u>(427,807)</u>	<u>88,427</u>
	<u>(673,184)</u>	<u>(2,133,062)</u>
Net change in inventory for consumption.....	10,690	296,173
Net change in prepaid expenses.....	<u>(11,083)</u>	<u>11,258</u>
	<u>(393)</u>	<u>307,431</u>
INCREASE IN NET FINANCIAL ASSETS.....	1,816,569	326,808
NET FINANCIAL ASSETS AT BEGINNING OF THE YEAR.....	<u>13,714,290</u>	<u>13,387,482</u>
NET FINANCIAL ASSETS AT END OF THE YEAR.....	<u>\$15,530,859</u>	<u>\$13,714,290</u>

**BEAVER COUNTY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>OPERATING ACTIVITIES:</b>		
Excess of revenue over expenses .....	\$ 2,490,146	\$ 2,152,439
Items not involving cash for operations:		
Amortization of tangible capital assets .....	2,599,092	2,503,073
(Gain) loss on disposal of tangible capital assets .....	(427,807)	88,427
Subsidiary operations.....	<u>-</u>	<u>3,328</u>
	4,661,431	4,747,267
Add (deduct) change in non-cash working capital balances:		
Increase in taxes receivable .....	(23,066)	(14,730)
Decrease (increase) in trade and other receivables ....	1,418,735	(1,350,845)
Decrease (increase) in land held for resale inventory .	337,750	(655,509)
Decrease in inventory for consumption .....	10,690	296,173
(Increase) decrease in prepaid expenses .....	(11,083)	11,258
(Decrease) increase in accounts payable and accrued liabilities .....	(2,861,231)	2,215,592
Decrease in deferred revenue .....	(42,953)	(1,437,748)
Increase in employee benefit obligations .....	<u>60,893</u>	<u>19,731</u>
Net cash from operating activities .....	<u>3,551,166</u>	<u>3,831,189</u>
<b>CAPITAL ACTIVITIES:</b>		
Acquisition of tangible capital assets .....	(3,608,086)	(5,034,173)
Proceeds on disposal of tangible capital assets .....	<u>763,617</u>	<u>309,611</u>
Net cash used in capital activities.....	<u>(2,844,469)</u>	<u>(4,724,562)</u>
<b>INVESTING ACTIVITIES:</b>		
Dividends received from subsidiary company .....	-	18,918
Advances to subsidiary company .....	(581)	(18,918)
Repayments on loan receivable .....	<u>107,687</u>	<u>103,233</u>
Net cash from investing activities .....	<u>107,106</u>	<u>103,233</u>
<b>FINANCING ACTIVITY - repayments on debenture payable .....</b>	<u>(107,687)</u>	<u>(103,233)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR .....</b>	<b>706,116</b>	<b>(893,373)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR.....</b>	<b><u>13,661,968</u></b>	<b><u>14,555,341</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR.....</b>	<b><u>\$14,368,084</u></b>	<b><u>\$13,661,968</u></b>



**BEAVER COUNTY**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Unrestricted Surplus	Restricted Surplus	Equity in Subsidiary	Equity in Tangible Capital Assets	2013	2012
Balance beginning of the year.....	\$ 1,129,100	\$15,750,577	\$100	\$38,568,093	\$55,447,870	\$53,295,431
Excess of revenue over expenses .....	2,490,146	-	-	-	2,490,146	2,152,439
Unrestricted funds designated for future use .....	(2,129,783)	2,129,783	-	-	-	-
Restricted funds used for operations .....	312,821	(312,821)	-	-	-	-
Acquisition of tangible capital assets .....	(3,608,086)	-	-	3,608,086	-	-
Disposal of tangible capital assets .....	335,810	-	-	(335,810)	-	-
Annual amortization expense .....	2,599,092	-	-	(2,599,092)	-	-
Change in accumulated surplus .....	-	1,816,962	-	673,184	2,490,146	2,152,439
Balance end of the year .....	\$ 1,129,100	\$17,567,539	\$100	\$39,241,277	\$57,938,016	\$55,447,870



**BEAVER COUNTY**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2013	2012
<b>COST:</b>								
Balance at beginning of the year.	\$549,304	\$246,882	\$3,903,867	\$75,120,852	\$ 8,441,550	\$2,042,148	\$90,304,603	\$86,508,546
Acquisition of tangible capital assets.....	-	77,610	1,210,601	1,086,079	1,059,861	173,935	3,608,086	5,034,173
Disposal of tangible capital assets.....	(3,564)	-	-	-	(1,024,126)	(159,651)	(1,187,341)	(1,238,116)
Balance at end of the year.....	545,740	324,492	5,114,468	76,206,931	8,477,285	2,056,432	92,725,348	90,304,603
<b>ACCUMULATED AMORTIZATION:</b>								
Balance at beginning of the year.	-	121,240	809,121	46,583,026	3,054,769	1,168,354	51,736,510	50,073,515
Amortization .....	-	15,025	87,707	1,545,101	811,506	139,753	2,599,092	2,503,073
Accumulated amortization on disposals.....	-	-	-	-	(691,880)	(159,651)	(851,531)	(840,078)
Balance at end of the year.....	-	136,265	896,828	48,128,127	3,174,395	1,148,456	53,484,071	51,736,510
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS .....</b>	<b>\$545,740</b>	<b>\$188,227</b>	<b>\$4,217,640</b>	<b>\$28,078,804</b>	<b>\$ 5,302,890</b>	<b>\$ 907,976</b>	<b>\$39,241,277</b>	<b>\$38,568,093</b>

**BEAVER COUNTY**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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	Budget (Unaudited)	<u>2013</u>	<u>2012</u>
<b>TAXATION:</b>			
Real property taxes .....	\$ 5,378,204	\$ 5,382,385	\$ 5,096,695
Linear property taxes .....	6,267,004	6,266,065	6,122,881
Non-residential property taxes .....	3,211,716	3,209,355	2,972,467
Special assessments and local improvement taxes.....	<u>9,195</u>	<u>9,174</u>	<u>9,174</u>
Total taxation .....	<u>14,866,119</u>	<u>14,866,979</u>	<u>14,201,217</u>
<b>REQUISITIONS:</b>			
Alberta School Foundation Fund .....	3,169,423	3,170,158	3,026,680
Beaver Foundation Management Agency .....	<u>177,210</u>	<u>177,252</u>	<u>166,600</u>
Total requisitions .....	<u>3,346,633</u>	<u>3,347,410</u>	<u>3,193,280</u>
NET MUNICIPAL TAXES .....	<u>\$11,519,486</u>	<u>\$11,519,569</u>	<u>\$11,007,937</u>

**BEAVER COUNTY**  
**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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	Budget (Unaudited)	<u>2013</u>	<u>2012</u>
TRANSFERS FOR OPERATING:			
Provincial Government.....	\$1,270,927	\$1,338,913	\$1,301,064
Federal Government.....	<u>-</u>	<u>2,733</u>	<u>-</u>
	1,270,927	1,341,646	1,301,064
TRANSFERS FOR CAPITAL:			
Provincial Government.....	<u>3,319,470</u>	<u>2,427,160</u>	<u>4,191,130</u>
TOTAL GOVERNMENT TRANSFERS.....	<u>\$4,590,397</u>	<u>\$3,768,806</u>	<u>\$5,492,194</u>



**BEAVER COUNTY**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget (Unaudited)	<u>2013</u>	<u>2012</u>
Salaries, wages and benefits.....	\$ 4,337,606	\$ 4,235,100	\$ 3,944,327
Contracted and general services .....	5,130,104	4,117,179	5,515,341
Materials, goods, supplies and utilities .....	1,663,308	1,924,253	1,663,245
Provision for allowances (recovered).....	15,000	(63,640)	86,172
Bank charges and short-term interest .....	1,200	1,515	1,517
Contributed to municipal agencies and governments.....	1,291,064	1,241,481	1,350,379
Grants to individuals and organizations.....	177,200	16,492	12,000
Amortization of tangible capital assets .....	2,600,000	2,599,092	2,503,073
(Gain) loss on disposal of tangible capital assets .....	(150,000)	(427,807)	88,427
Total expenses .....	<u>\$15,065,482</u>	<u>\$13,643,665</u>	<u>\$15,164,481</u>

**BEAVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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**1. ACCOUNTING POLICIES:**

The financial statements of Beaver County are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and include the following policies adopted by Beaver County:

*a) Reporting entity:*

The financial statements reflect the assets, liabilities, revenue and expenses, changes in financial assets and change 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 the Council for the administration of their financial affairs and resources.

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

*b) 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.

Funds from external parties restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

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.

*c) Use of estimates:*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. Actual results could differ from those estimates.



BEAVER COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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1. ACCOUNTING POLICIES (continued):

d) *Land for resale inventory:*

Inventory of land held for resale is stated at the lower of cost and net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges.

e) *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.

f) *Government transfers:*

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

g) *Equity in tangible capital assets:*

Equity in tangible capital assets represents the County's net investment in total tangible capital assets, after deducting the portion financed by third parties through debenture debt or any other long term capital borrowings or liabilities.

h) *Non-financial assets:*

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the change in net financial assets for the year.



BEAVER COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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1. ACCOUNTING POLICIES (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.....	15-20 years
Buildings.....	25-50 years
Engineered structures, roads and bridges .....	7-75 years
Machinery and equipment.....	5-15 years
Vehicles.....	4-25 years

Assets under construction are not amortized until the asset is available for productive use.

j) *Inventory for consumption:*

Inventory for consumption is recorded at the lower of cost or net realizable value.

2. CASH AND TEMPORARY INVESTMENTS:

Cash and temporary investments consist of:

	<u>2013</u>	<u>2012</u>
Cash.....	\$ 257,995	\$ 1,161,968
Temporary investments.....	<u>14,110,089</u>	<u>12,500,000</u>
	<u>\$14,368,084</u>	<u>\$13,661,968</u>

Temporary investments are short-term investments with original maturities of 180 days or less.

**BEAVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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**3. TAXES RECEIVABLE:**

Taxes receivable consists of the following:

	<u>2013</u>	<u>2012</u>
Current taxes.....	\$ 245,632	\$ 260,122
Tax arrears.....	<u>247,162</u>	<u>273,246</u>
	492,794	533,368
Less: allowance for doubtful accounts .....	<u>(158,126)</u>	<u>(221,766)</u>
	<u>\$ 334,668</u>	<u>\$ 311,602</u>

**4. TRADE AND OTHER RECEIVABLES:**

Trade and other receivables consists of the following:

	<u>2013</u>	<u>2012</u>
Due from provincial government .....	\$ -	\$ 580,621
Due from federal government .....	133,143	255,508
Trade receivables and other .....	<u>76,430</u>	<u>792,179</u>
	<u>\$209,573</u>	<u>\$1,628,308</u>

**5. INVESTMENT IN SUBSIDIARY COMPANY:**

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

**6. LOAN RECEIVABLE:**

Loan receivable bears interest at a rate of 4.2681% per annum and is repayable in semi-annual payments of \$140,724 principal and interest combined on June 15 and December 15 each year with the balance due December 15, 2035.

**7. BANK INDEBTEDNESS:**

The County has arranged a total of \$1,210,000 in bank credit facilities bearing interest at the bank prime rate per annum. The credit facilities are secured by the taxes levied by the County. There was no balance outstanding on the credit facilities at December 31, 2013 or December 31, 2012.

**BEAVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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**8. EMPLOYEE BENEFIT OBLIGATIONS:**

Employee benefit obligations consist of accrued vacation and banked time that employees have earned but have deferred to future years.

**9. DEBENTURE PAYABLE:**

The debenture is repayable to the Alberta Capital Finance Authority, bears interest at a rate of 4.2681% per annum and is repayable in semi-annual payments of \$140,724 principal and interest combined on June 15 and December 15 each year with the balance due December 15, 2035.

Debenture payable is issued on the credit and security of the County at large.

Principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014 .....	\$ 112,332	\$ 169,116	\$ 281,448
2015 .....	117,178	164,270	281,448
2016 .....	122,232	159,216	281,448
2017 .....	127,505	153,943	281,448
2018 .....	133,005	148,443	281,448
Thereafter .....	<u>3,377,863</u>	<u>1,406,758</u>	<u>4,784,621</u>
	<u>\$3,990,115</u>	<u>\$2,201,746</u>	<u>\$6,191,861</u>

**10. DEBT LIMITS:**

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

	<u>2013</u>	<u>2012</u>
Total debt limit.....	\$20,559,977	\$19,693,677
Total debt .....	<u>3,990,115</u>	<u>4,097,802</u>
Amount of total debt limit unused .....	<u>\$16,569,862</u>	<u>\$15,595,875</u>
Service on debt limit.....	\$ 3,426,663	\$ 3,282,280
Service on debt .....	<u>281,448</u>	<u>281,448</u>
Amount of total debt servicing unused .....	<u>\$ 3,145,215</u>	<u>\$ 3,000,832</u>



**BEAVER COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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**10. DEBT LIMITS (continued):**

The debt limit is calculated at 1.5 times revenue of the County (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**11. INVENTORY FOR CONSUMPTION:**

Inventory for consumption consists of the following:

	<u>2013</u>	<u>2012</u>
Gravel.....	\$2,829,246	\$2,774,737
Transportation shop - public works .....	<u>205,950</u>	<u>271,149</u>
	<u>\$3,035,196</u>	<u>\$3,045,886</u>

**12. ACCUMULATED SURPLUS:**

Accumulated surplus consists of the following:

	<u>2013</u>	<u>2012</u>
Unrestricted surplus .....	\$ <u>1,129,100</u>	\$ <u>1,129,100</u>
Restricted surplus:		
Administration.....	1,092,947	1,097,597
Public works .....	9,757,886	8,617,535
Water system .....	707,848	550,000
Parks and recreation .....	1,083,745	1,092,993
Planning and economic development.....	1,155,062	750,000
Agriculture .....	475,227	359,402
Contingency.....	<u>3,294,824</u>	<u>3,283,050</u>
Total restricted surplus .....	<u>17,567,539</u>	<u>15,750,577</u>
Equity in tangible capital assets (Schedule 2).....	<u>39,241,277</u>	<u>38,568,093</u>
Equity in investment in subsidiary company (Note 5) .....	<u>100</u>	<u>100</u>
	<u>\$57,938,016</u>	<u>\$55,447,870</u>

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**13. SALARY AND BENEFITS DISCLOSURE:**

Disclosure of salaries and benefits for municipal officials and the chief administrative officer as required by Alberta Regulation 313/2000 is as follows:

	<u>2013</u>			<u>2012</u>
	<u>Salary</u>	<u>Benefits and Allowance</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Division 1 .....	\$ 33,330	\$ 5,518	\$ 38,848	\$ 50,300
Division 2 .....	27,224	3,116	30,340	40,474
Division 3 .....	39,896	7,867	47,763	53,757
Division 4 .....	25,598	6,608	32,206	36,067
Division 5 .....	<u>41,692</u>	<u>4,469</u>	<u>46,161</u>	<u>48,021</u>
	167,740	27,578	195,318	228,619
Chief Administrative Officer.....	<u>140,912</u>	<u>29,310</u>	<u>170,222</u>	<u>162,279</u>
Total .....	<u>\$308,652</u>	<u>\$56,888</u>	<u>\$365,540</u>	<u>\$390,898</u>

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

Benefits and allowances includes the employer's share of all 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.

**14. LOCAL AUTHORITIES PENSION PLAN:**

Employees of Beaver 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 is financed by employer and employee contributions and by investment earnings of the LAPP fund.

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

Beaver County is required to make current service contributions to LAPP of 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% on pensionable earnings above this amount. Employees of Beaver County are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.



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**14. LOCAL AUTHORITIES PENSION PLAN (continued):**

At December 31, 2012 the LAPP disclosed an actuarial deficit of approximately \$4.98 billion. No accrual relating to this deficit has been recorded in the financial statements.

**15. COMMITMENTS:**

- a) The County is committed to a gravel hauling contract for the years 2014 to 2016 in the amount of \$906,260 per year and is committed to a gravel supply contract for the years 2013 to 2016 in the amount of \$1,750,000 per year.
- b) The County is committed to an agreement to purchase machinery and equipment for cash consideration of \$151,075.

**16 SUBSEQUENT EVENT:**

Subsequent to year end, the County purchased machinery and equipment for cash consideration of \$800,545.

**17. FINANCIAL INSTRUMENTS:**

The County's financial instruments consist of cash and temporary investments, taxes and accounts receivable, loan receivable, accounts payable and accrued liabilities, deposit liabilities, employee benefit obligations and debenture payable. It is management's opinion that Beaver County is not exposed to significant interest rate or currency risks arising from these financial instruments.

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

The carrying values of the financial instruments approximate their fair values.

**18. APPROVAL OF FINANCIAL STATEMENTS:**

These financial statements were approved by Council and Management.