

**Beaver County
Financial Statements**

December 31, 2015



BEAVER COUNTY

Box 140
Reeve, Alberta T0B 4A0

Management's Responsibility

To the Reeve and Councillors of Beaver County:

The accompanying financial statements of Beaver County are the responsibility of management and have been approved by Council.

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 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 20, 2016

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 as at December 31, 2015, 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, 2015, 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.

April 20, 2016
Leduc, Alberta

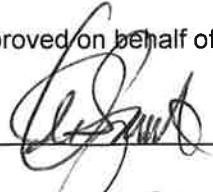
MNP LLP
Chartered Professional Accountants

Beaver County
Statement of Financial Position
As at December 31, 2015


	2015	2014 <i>(Restated)</i> <i>(Note 24)</i>
Financial assets		
Cash and equivalents <i>(Note 3)</i>	17,885,952	1,083,105
Investments <i>(Note 4)</i>	-	15,553,569
Property taxes receivable <i>(Note 5)</i>	309,646	252,682
Trade and other accounts receivable <i>(Note 6)</i>	282,758	891,866
Due from Beaver Foundation <i>(Note 7)</i>	3,492,983	3,601,822
Investment in subsidiary <i>(Note 8)</i>	100	100
	21,971,439	21,383,144
Liabilities		
Accounts payable and accrued liabilities <i>(Note 10)</i>	2,139,455	1,959,041
Reclamation liability	600,000	600,000
Deposit liabilities	60,200	5,290
Deferred revenue <i>(Note 11)</i>	673,815	547,356
Long-term debt <i>(Note 12)</i>	3,492,983	3,601,822
	6,966,453	6,713,509
Net financial assets	15,004,986	14,669,635
Non-financial assets		
Tangible capital assets <i>(Schedule II)</i>	42,086,262	40,348,793
Inventory for consumption <i>(Note 13)</i>	2,652,319	2,631,076
Land for resale <i>(Note 14)</i>	2,491,911	2,308,200
Prepaid expenses	131,978	159,162
	47,362,470	45,447,231
Accumulated surplus <i>(Schedule I)</i>	62,367,456	60,116,866

Commitments *(Note 20)*
Contingencies *(Note 21)*

Approved on behalf of Council:



Reeve



Deputy Reeve

The accompanying notes are an integral part of these financial statements

Beaver County
Statement of Operations

For the year ended December 31, 2015

	2015 Budget (Note 23)	2015	<i>2014 (Restated) (Note 24)</i>
Revenue			
Net municipal property taxes <i>(Schedule III)</i>	13,073,195	13,046,350	12,147,457
Grants	747,117	1,774,190	689,666
Government transfers <i>(Schedule IV)</i>	1,155,152	1,485,302	1,151,917
User fees and sales of goods	618,665	536,067	457,427
Interest income	125,000	354,028	394,961
Other	4,600	251,654	59,139
Penalties and costs on taxes	70,000	82,195	73,917
Fines	26,000	51,455	34,244
Rental	39,415	34,509	35,309
Gain on sale of tangible capital assets	486,000	-	65,022
	16,345,144	17,615,750	15,109,059
Expenses			
Public works	6,817,139	8,235,254	6,224,147
Amortization	-	2,713,962	2,683,925
Administration	2,583,701	2,426,447	2,187,637
Agricultural services	1,133,599	1,179,511	1,083,071
Protective services	943,455	878,013	941,453
Parks and recreation	387,150	455,376	331,440
Planning and economic development	275,845	308,381	187,288
Water and wastewater	57,369	283,553	106,631
Legislative	292,003	279,887	285,180
Culture	233,705	223,660	193,440
Community adult learning	145,200	136,488	144,915
Family and community support	138,450	130,756	141,173
Waste management	5,000	4,040	4,252
	13,012,616	17,255,328	14,514,552
Excess of revenue over expenses before other	3,332,528	360,422	594,507
Other			
Government transfers for capital <i>(Schedule IV)</i>	2,298,890	1,890,168	2,184,343
Excess of revenue over expenses	5,631,418	2,250,590	2,778,850
Accumulated surplus, beginning of year	60,116,866	60,116,866	57,338,016
Accumulated surplus, end of year	65,748,284	62,367,456	60,116,866

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, 2015

	2015 Budget (Note 23)	2015	<i>2014 (Restated) (Note 24)</i>
Excess of revenue over expenses	5,631,418	2,250,590	2,778,850
Acquisition of tangible capital assets	(5,896,990)	(5,008,999)	(5,637,511)
Proceeds on disposal of tangible capital assets	-	335,936	1,911,093
Amortization of tangible capital assets	-	2,713,962	2,683,923
(Gain) loss on sale of tangible capital assets	-	221,632	(65,022)
Purchase of land for resale inventory	-	(183,711)	(20,042)
Decrease (increase) in prepaid expenses	-	27,184	(28,477)
Use (acquisition) of inventory for consumption	-	(21,243)	222,199
Increase (decrease) in net financial assets	(265,572)	335,351	1,845,013
Net financial assets, beginning of year, as previously stated	14,669,635	14,669,635	14,930,859
Correction of errors (Note 24)	-	-	(2,106,237)
Net financial assets, beginning of year, as restated	14,669,635	14,669,635	14,930,859
Net financial assets, end of year	14,404,063	15,004,986	14,669,635

The accompanying notes are an integral part of these financial statements

Beaver County
Statement of Cash Flows
For the year ended December 31, 2015

	2015	2014 <i>(Restated)</i>
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	2,250,590	2,778,850
Non-cash items:		
Amortization of tangible capital assets	2,713,962	2,683,923
(Gain) loss on disposal of tangible capital assets	221,632	(65,022)
Net change in non-cash operating working capital balances:		
Increase in deferred revenue	126,459	108,933
Decrease (increase) in prepaid expenses	27,184	(28,478)
Increase in accounts payable and accrued liabilities	359,650	672,530
Decrease (increase) in trade and other accounts receivable	609,108	(682,293)
Decrease (increase) in property taxes receivable	(56,964)	81,986
Increase in deposit liabilities	54,910	220
Decrease (increase) in inventory for consumption	(21,243)	404,120
	6,101,577	5,934,727
Capital		
Proceeds on disposal of tangible capital assets	335,936	1,911,093
Acquisition of tangible capital assets	(5,188,235)	(5,577,231)
	(4,852,299)	(3,666,138)
Investing		
Redemption (purchase) of investments	15,553,569	(3,243,479)
Decrease in due from Beaver Foundation	108,839	388,293
Increase in land for resale	(183,711)	(20,042)
	15,662,408	(2,855,186)
Financing		
Repayment of long-term debt	(108,839)	(388,293)
Increase (decrease) in cash and equivalents	16,802,847	(974,890)
Cash and equivalents, beginning of year	1,083,105	2,057,995
Cash and equivalents, end of year (Note 3)	17,885,952	1,083,105

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, 2015

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus (Note 22)</i>	<i>Equity in Subsidiary</i>	<i>Equity in Tangible Capital Assets (Note 16)</i>	2015	<i>2014 (Restated) (Note 24)</i>
Balance, beginning of year, as restated (Note 24)	947,179	18,820,794	100	40,348,793	60,116,866	57,338,016
Excess of revenue over expenses	2,250,590	-	-	-	2,250,590	2,778,850
Unrestricted funds designated for future use	(3,074,470)	3,074,470	-	-	-	-
Restricted funds for operations	222,171	(222,171)	-	-	-	-
Restricted funds used for tangible capital assets	-	(2,247,930)	-	2,247,930	-	-
Current year funds used for tangible capital assets	(2,761,069)	-	-	2,761,069	-	-
Disposal of tangible capital assets	557,568	-	-	(557,568)	-	-
Annual amortization expense	2,713,962	-	-	(2,713,962)	-	-
Change in accumulated surplus	(91,248)	604,369	-	1,737,469	2,250,590	2,778,850
Balance, end of year	855,931	19,425,163	100	42,086,262	62,367,456	60,116,866

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, 2015

	<i>Land</i>	<i>Land Improvements</i>	<i>Buildings</i>	<i>Engineered Structures</i>	<i>Machinery & Equipment</i>	<i>Vehicles</i>	2015	2014
Cost:								
Balance, beginning of year	698,534	381,367	5,459,735	78,174,586	8,604,656	2,026,437	95,345,315	92,725,348
Acquisition of tangible capital assets	-	49,780	193,341	2,652,829	1,770,075	342,974	5,008,999	5,637,511
Disposal of tangible capital assets	(716)	-	-	(582,319)	(417,270)	(25,820)	(1,026,125)	(3,017,544)
Balance, end of year	697,818	431,147	5,653,076	80,245,096	9,957,461	2,343,591	99,328,189	95,345,315
Accumulated amortization:								
Balance, beginning of year	-	153,514	993,299	49,686,208	2,907,599	1,255,902	54,996,522	53,484,072
Annual amortization	-	20,101	123,378	1,619,742	780,910	169,831	2,713,962	2,683,923
Accumulated amortization on disposals	-	-	-	(162,997)	(279,740)	(25,820)	(468,557)	(1,171,473)
Balance, end of year	-	173,615	1,116,677	51,142,953	3,408,769	1,399,913	57,241,927	54,996,522
Net book value	697,818	257,532	4,536,399	29,102,143	6,548,692	943,678	42,086,262	40,348,793
2014 net book value	698,534	227,853	4,466,436	28,488,378	5,697,057	770,535	40,348,793	

During the year, tangible capital assets were acquired at an aggregate cost of \$5,008,999 (2014 - \$5,637,511) of which nil (2014 - \$179,236) was in accounts payable at year-end and the remaining \$5,008,999 (2014 - \$5,577,231) was acquired by cash.

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, 2015

	2015 Budget	2015	<i>2014</i>
Taxation			
Real property taxes	9,664,281	9,639,623	8,874,336
Linear property taxes	6,763,470	6,763,470	6,551,154
Special assessments	5,995	5,303	5,995
	16,433,746	16,408,396	15,431,485
Requisitions			
Alberta School Foundation Fund	3,188,576	3,190,039	3,112,022
Beaver Foundation Management Agency	171,975	172,007	172,006
	3,360,551	3,362,046	3,284,028
Net municipal property taxes	13,073,195	13,046,350	12,147,457

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, 2015

	2015 Budget	2015	<i>2014</i>
Operating			
Provincial	894,652	1,479,446	1,143,339
Local	193,000	3,000	3,000
Federal	67,500	2,856	5,578
	1,155,152	1,485,302	1,151,917
Capital			
Provincial	2,000,656	1,591,934	1,824,750
Federal	298,234	298,234	359,593
	2,298,890	1,890,168	2,184,343
Total government transfers	3,454,042	3,375,470	3,336,260

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, 2015

	2015 Budget	2015	<i>2014 (Restated) (Note 24)</i>
Contracted and general services	4,441,681	6,061,285	3,850,733
Salaries, wages and benefits	4,782,161	4,611,415	4,337,547
Amortization	-	2,713,962	2,683,925
Materials, goods and utilities	2,057,524	1,761,476	1,772,109
Grants to other governments and organizations	1,714,250	1,713,942	1,658,522
Loss on sale of tangible capital assets	-	221,632	-
Interest on long-term debt	-	152,580	181,858
Provision for allowances	15,000	17,244	28,030
Bank charges and short-term interest	2,000	1,792	1,828
	13,012,616	17,255,328	14,514,552

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, 2015

	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	13,046,350	-	-	-	-	-	-	-	-	-	13,046,350
Government transfers	-	471,149	2,422,329	156,398	-	198,359	127,235	-	-	-	3,375,470
Grants	-	1,654,190	-	120,000	-	-	-	-	-	-	1,774,190
User charges and sales of goods	-	14,204	195,100	45,359	7,919	19,403	9,414	-	211,254	33,414	536,067
Interest income	201,448	152,580	-	-	-	-	-	-	-	-	354,028
Other	251,654	-	-	-	-	-	-	-	-	-	251,654
Penalties and costs on taxes	82,195	-	-	-	-	-	-	-	-	-	82,195
Fines	-	-	-	-	51,455	-	-	-	-	-	51,455
Rental	34,509	-	-	-	-	-	-	-	-	-	34,509
	13,616,156	2,292,123	2,617,429	321,757	59,374	217,762	136,649	-	211,254	33,414	19,505,918
Expenses											
Contracted and general services	-	630,094	4,586,276	235,409	28,060	242,792	32,428	35,835	208,352	62,039	6,061,285
Salaries, wages, and benefits	-	1,512,682	2,121,283	37,904	198,057	540,910	100,983	-	99,596	-	4,611,415
Materials, goods, and utilities	-	73,162	1,306,063	14,280	19,145	291,692	4,387	-	433	52,314	1,761,476
Grants to other governments and organizations	-	318,780	-	-	632,751	104,117	129,446	187,825	-	341,023	1,713,942
Loss on sale of tangible capital assets	-	-	221,632	-	-	-	-	-	-	-	221,632
Interest on long-term debt	-	152,580	-	-	-	-	-	-	-	-	152,580
Provision for allowances	-	17,244	-	-	-	-	-	-	-	-	17,244
Bank charges and short-term interest	-	1,792	-	-	-	-	-	-	-	-	1,792
	-	2,706,334	8,235,254	287,593	878,013	1,179,511	267,244	223,660	308,381	455,376	14,541,366
Net revenue, before amortization	13,616,156	(414,211)	(5,617,825)	34,164	(818,639)	(961,749)	(130,595)	(223,660)	(97,127)	(421,962)	4,964,552
Amortization	-	339,596	2,212,320	40,670	21,188	79,775	-	-	-	20,413	2,713,962
Net revenue	13,616,156	(753,807)	(7,830,145)	(6,506)	(839,827)	(1,041,524)	(130,595)	(223,660)	(97,127)	(442,375)	2,250,590

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 CPA Canada. 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.

Management uncertainty (use of estimates)

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

Cash and equivalents

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

1. Significant accounting policies *(continued)*

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.

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.

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the County is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2015.

1. Significant accounting policies *(continued)*

Liability for contaminated sites *(continued)*

At each financial reporting date, the County reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The County continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Revenue recognition

i. 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.

ii. 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.

iii. 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	10-30 years
Buildings	10-50 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 nil (2014 - \$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.

v. Prepaid expenses

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

vi. Land for resale

Land 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)*

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. Financial Instruments

In June 2011, the Public Sector Accounting Board ("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, 2019. Earlier adoption is permitted. The County does not expect the adoption of the new section to have a material impact on its financial statements.

ii. 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 are to be added together and are effective for fiscal years beginning on or after April 1, 2019. Early adoption is permitted. The County does not expect the adoption of the new section to have a material impact on its financial statements.

iii. Portfolio investments

In March 2012, as a result of the issuance of PS 3450 *Financial Instruments*, the PSAB issued new PS 3041 *Portfolio Investments*, which revises and replaces PS 3030 *Temporary Investments* and PS 3040 *Portfolio Investments*.

This Section is effective in the same period PS 1201 *Financial Statement Presentation* and PS 3450 are adopted. PS 1201, PS 3041, and PS 3450 are to be adopted together and are effective for fiscal years beginning on or after April 1, 2019. Early adoption is permitted. The County does not expect the adoption of the new section to have a material impact on its financial statements.

2. Change in accounting policy

Effective January 1, 2015, the County adopted the recommendations relating to PS 3260, *Liability for Contaminated Sites*, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

Previously, no accounting policy existed to account for liability for contaminated sites. Under the new recommendations, the County is required to recognize a liability for contaminated sites when economic benefits will be give up, as described in Note 1, *significant accounting policies*.

There was no effect on the County's financial statements of adopting the above-noted change in accounting policy.

3. Cash and equivalents

	2015	2014
Cash	17,885,952	686,674
Guaranteed investment certificates	-	396,431
	17,885,952	1,083,105

In 2014, guaranteed investment certificates had an effective interest rate of 1.61% and matured in three months or less.

4. Investments

In 2014, investments were made up of guaranteed investment certificates with effective interest rates of 1.63% to 1.73% and had maturities greater than three months.

5. Property taxes receivable

	2015	2014
Current taxes	238,100	186,123
Arrears taxes	274,946	252,715
	513,046	438,838
Less allowance for doubtful accounts	(203,400)	(186,156)
	309,646	252,682

6. Trade and other accounts receivable

	2015	2014
Due from governments	199,208	441,518
Trade and other receivables	83,550	450,348
	282,758	891,866

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2015

7. Due from Beaver Foundation

	<i>2015</i>	<i>2014</i>
Debt charges recoverable	113,534	108,839
Non-current debt charges recoverable	3,379,449	3,492,983
	3,492,983	3,601,822

The County had undertaken a joint project to assist the Beaver Foundation to build a new senior's lodge in Tofield. As at December 31, 2015 \$3,492,983 (2014 - \$3,601,822) 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>
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
2020	134,428	126,991	261,419
To maturity	2,874,181	1,047,104	3,921,285
	3,492,983	1,735,397	5,228,380

8. Investment in subsidiary

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

9. Bank indebtedness

The County has a revolving line of credit with Alberta Treasury Branch with a maximum limit of \$700,000. Interest accrues monthly on the outstanding balance at a rate of prime. The line of credit arrangement is reviewed annually by the bank with the most recent review date being January 29, 2016. As at December 31, 2015, the prime rate was 2.70%.

As of December 31, 2015 the County had not drawn any funds (2014 - \$0) on the line of credit.

10. Accounts payable and accrued liabilities

	<i>2015</i>	<i>2014</i>
Accounts payable and accrued liabilities	1,583,165	1,544,051
Vacation and overtime accruals	556,290	414,990
	2,139,455	1,959,041

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2015

11. Deferred revenue

	<i>Opening</i>	<i>Funding Recognized</i>		<i>Closing</i>
		<i>received</i>	<i>as revenue</i>	
Municipal Sustainability Initiative - capital	181,268	2,462,238	(2,185,956)	457,550
Advanced education grant for adult learning	96,628	124,879	(127,235)	94,272
Permits	143,772	98,585	(163,079)	79,278
MCS Net	47,250	-	(4,535)	42,715
Growing Forward 2 grant	67,500	22,500	(90,000)	-
ATCL lease	10,938	-	(10,938)	-
BMS - dividend	-	1,498,427	(1,498,427)	-
Federal Gas Tax Fund	-	298,234	(298,234)	-
Youth Education Grant	-	250,000	(250,000)	-
Municipal Sustainability Initiative - operating	-	215,293	(215,293)	-
ASB grant	-	198,359	(198,359)	-
Clean Harbors	-	120,000	(120,000)	-
BMS - grant in lieu	-	115,507	(115,507)	-
BMS - Good Neighbour	-	31,873	(31,873)	-
Miscellaneous	-	6,383	(6,383)	-
Local government grants	-	3,000	(3,000)	-
Federal conditional grant - student employment	-	2,856	(2,856)	-
BMS - other	-	2,000	(2,000)	-
	547,356	5,450,134	(5,323,675)	673,815

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

12. Long-term debt

	<i>2015</i>	<i>2014</i>
Tax-supported debentures	3,492,983	3,601,822

Payments of interest and principal are due as follows:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
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
2020	134,428	126,991	261,419
To maturity	2,874,181	1,047,104	3,921,285
	3,492,983	1,735,397	5,228,380

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.

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2015

13. Inventory for consumption

	2015	2014 <i>(Restated)</i> <i>(Note 24)</i>
Gravel inventory	2,434,155	2,413,279
Shop inventory	218,164	217,797
	2,652,319	2,631,076

14. Land for resale

Land for resale includes land that the County intends to sell in the future. It is presented as a non-financial asset as it does not meet the criteria of a tangible capital asset or a financial asset held for sale.

15. 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:

	2015	2014
Total debt limit	26,423,625	22,663,589
Total debt	3,492,983	3,601,822
	22,930,642	19,061,767
Service on debt limit	4,403,938	3,777,265
Service on debt	261,419	261,419
	4,142,519	3,515,846

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.

16. Equity in tangible capital assets

	2015	2014
Tangible capital assets <i>(Schedule II)</i>	99,328,189	95,345,315
Accumulated amortization <i>(Schedule II)</i>	(57,241,927)	(54,996,522)
	42,086,262	40,348,793

17. 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:

	<i>Salary/ remuneration</i>	<i>Benefits & allowances</i>	<i>2015</i>	<i>2014</i>
K. Smook, Reeve	39,847	3,847	43,694	32,604
R. Yarham, Deputy Reeve	40,915	7,657	48,572	51,337
A. Hanson, Councillor	43,917	4,399	48,316	55,546
S. Scott, Councillor	29,628	3,683	33,311	36,233
D. Collison, Councillor	22,799	6,136	28,935	27,984
 R. Beck, CAO	 165,775	 30,684	 196,459	 181,749

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

18. 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 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 2015 were \$410,798 (2014 - \$387,540). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2015 were \$378,912 (2014 - \$356,981).

At December 31, 2014, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial deficiency of \$2,454,636,000 (2013 - \$4,851,516,000).

19. 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.

20. Commitments

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

2016 \$2,906,860

The County also committed to purchasing capital equipment in 2016 for a total cost of \$19,807 (2015 - \$116,579).

21. Contingencies

The County is involved in a dispute over the legal ownership of certain property. The effects of any contingent claims relating to this dispute are not determinable.

22. 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>2014</i>	<i>Increases</i>	<i>Decreases</i>	<i>2015</i>
Administration	1,882,645	1,850,275	(2,234,109)	1,498,811
Public works	10,318,452	645,500	(8,353,426)	2,610,526
Water system	550,848	54,786	(418,294)	187,340
Parks and recreation	1,167,166	69,564	(979,276)	257,454
Planning and economic development	1,162,754	223,054	(162,754)	1,223,054
Agriculture	438,110	50,000	(415,310)	72,800
Contingency	3,300,819	10,274,359	-	13,575,178
	18,820,794	13,167,538	(12,563,169)	19,425,163

23. Budget information

The disclosed budget information has been approved by Council. The following is a reconciliation between the budget approved and that showing in the financial statements:

	<i>Budget</i>
	2015
Approved budgeted operating deficit	-
Operating revenue used for capital	185,000
Property tax revenue used for capital	1,405,217
Operating draw from reserve	(90,000)
Operating transfer to reserve	1,832,311
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Excess of revenue over expenses (<i>Statement of Operations</i>)	3,332,528
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Approved budgeted capital surplus	-
Capital reserve transfer	2,007,883
Revenue, budgeted for in operating	185,000
Property tax revenue, budgeted for in operating	1,405,217
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Capital surplus	3,598,100
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Decrease in net financial assets (<i>Statement of Change in Net Financial Assets</i>)	(265,572)

24. Correction of errors

During the year it was noted that there was a decrease in gravel inventory owned by the County that had not been recorded in the prior year. As a result, 2014 gravel inventory had been overstated and 2014 contracted and general services had been understated by \$181,921.

The cumulative effect on the financial statements in the prior year is a decrease in accumulated surplus of \$181,921.

During the year it was noted that land for resale was incorrectly classified in the prior years. The overall effect on the financial statements in the prior year is a reclassification of land for resale from financial assets to non-financial assets of \$2,308,200 and a decrease in net financial assets of the same amount that includes purchase of land for resale of \$20,042, in that year.

This adjustment had no effect on accumulated surplus.

25. Comparative figures

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