

**Beaver County
Financial Statements**

December 31, 2016

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 24, 2017

A handwritten signature in blue ink, consisting of a large, stylized 'C' followed by a wavy line.

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, 2016, 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, 2016, 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 24, 2017
Leduc, Alberta

MNP LLP
Chartered Professional Accountants

Beaver County
Statement of Financial Position
As at December 31, 2016

	2016	2015
Financial assets		
Cash and equivalents	21,804,978	17,885,952
Property taxes receivable (Note 2)	375,731	309,646
Trade and other accounts receivable (Note 3)	115,525	282,758
Due from Beaver Foundation (Note 4)	3,379,450	3,492,983
Investment in subsidiary (Note 5)	100	100
	25,675,784	21,971,439
Liabilities		
Accounts payable and accrued liabilities (Note 7)	1,665,923	2,106,672
Reclamation liability	632,783	632,783
Deposit liabilities	300	60,200
Deferred revenue (Note 8)	680,013	673,815
Long-term debt (Note 9)	3,379,450	3,492,983
	6,358,469	6,966,453
Net financial assets	19,317,315	15,004,986
Non-financial assets		
Tangible capital assets (Schedule II)	41,724,688	42,086,262
Inventory for consumption (Note 10)	2,422,764	2,652,319
Land for resale (Note 11)	2,555,418	2,491,911
Prepaid expenses	132,348	131,978
	46,835,218	47,362,470
Accumulated surplus (Schedule I)	66,152,533	62,367,456

Commitments (Note 17)
Contingencies (Note 18)

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, 2016

	2016 Budget (Note 20)	2016	2015
Revenue			
Net municipal property taxes <i>(Schedule III)</i>	13,053,984	13,059,927	13,046,350
Government transfers <i>(Schedule IV)</i>	1,119,228	1,150,089	1,485,302
Grants	470,068	1,078,633	1,774,190
User fees and sales of goods	638,550	522,444	536,067
Interest income	150,000	390,765	354,028
Penalties and costs on taxes	70,000	137,818	82,195
Fines	26,000	83,283	51,455
Other	4,600	56,652	251,654
Rental	24,140	27,269	34,509
	15,556,570	16,506,880	17,615,750
Expenses			
Public works	7,283,441	5,379,386	8,235,254
Amortization	-	3,079,710	2,713,962
Administration	2,570,300	2,538,639	2,426,447
Agricultural services	1,152,349	1,012,643	1,179,511
Protective services	882,960	854,959	878,013
Parks and recreation	814,808	732,809	455,376
Legislative	324,782	289,138	279,887
Planning and economic development	399,238	237,978	308,381
Culture	216,031	210,171	223,660
Community adult learning	135,022	151,188	136,488
Family and community support	133,451	113,094	130,756
Water and wastewater	134,692	113,086	283,553
Waste management	5,000	3,888	4,040
	14,052,074	14,716,689	17,255,328
Excess of revenue over expenses before other	1,504,496	1,790,191	360,422
Other			
Government transfers for capital <i>(Schedule IV)</i>	2,468,049	1,990,350	1,885,632
Other capital contributions	601,446	4,536	4,536
	3,069,495	1,994,886	1,890,168
Excess of revenue over expenses	4,573,991	3,785,077	2,250,590
Accumulated surplus, beginning of year	62,367,456	62,367,456	60,116,866
Accumulated surplus, end of year	66,941,447	66,152,533	62,367,456

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, 2016

	2016 Budget (Note 20)	2016	2015
Excess of revenue over expenses	4,573,991	3,785,077	2,250,590
Acquisition of tangible capital assets	(4,799,932)	(3,308,604)	(5,008,999)
Proceeds on disposal of tangible capital assets	260,000	548,523	335,936
Amortization of tangible capital assets	-	3,079,710	2,713,962
Loss on sale of tangible capital assets	-	41,945	221,632
Purchase of land for resale	-	(63,507)	(183,711)
Decrease (increase) in prepaid expenses	-	(370)	27,184
Use (acquisition) of inventory for consumption	-	229,555	(21,243)
Increase in net financial assets	34,059	4,312,329	335,351
Net financial assets, beginning of year	15,004,986	15,004,986	14,669,635
Net financial assets, end of year	15,039,045	19,317,315	15,004,986

The accompanying notes are an integral part of these financial statements

Beaver County
Statement of Cash Flows
For the year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	3,785,077	2,250,590
Non-cash items:		
Amortization of tangible capital assets	3,079,710	2,713,962
Loss on disposal of tangible capital assets	41,945	221,632
Net change in non-cash operating working capital balances:		
Increase in deferred revenue	6,198	126,459
Decrease (increase) in prepaid expenses	(370)	27,184
Increase (decrease) in accounts payable and accrued liabilities	(440,749)	359,650
Decrease in trade and other accounts receivable	167,233	609,108
Increase in property taxes receivable	(66,085)	(56,964)
Increase (decrease) in deposit liabilities	(59,900)	54,910
Use (acquisition) of inventory for consumption	229,555	(21,243)
	6,742,614	6,285,288
Capital		
Proceeds on disposal of tangible capital assets	298,523	335,936
Acquisition of tangible capital assets	(3,058,604)	(5,188,235)
	(2,760,081)	(4,852,299)
Investing		
Decrease in due from Beaver Foundation	113,533	108,839
Redemption of investments	-	15,553,569
Increase in land for resale	(63,507)	(183,711)
	50,026	15,478,697
Financing		
Repayment of long-term debt	(113,533)	(108,839)
Increase in cash and equivalents	3,919,026	16,802,847
Cash and equivalents, beginning of year	17,885,952	1,083,105
Cash and equivalents, end of year	21,804,978	17,885,952

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, 2016

	2015	2016	2015	2016
	Unrestricted Surplus	Restricted Surplus in Subsidiary	Equity in Tangible Capital Assets	2015
	(Note 19)	(Note 19)	(Note 13)	2016
Balance, beginning of year	855,931	19,425,163	100	60,116,866
Excess of revenue over expenses	3,785,077	-	-	3,785,077
Unrestricted funds designated for future use	(5,646,000)	5,646,000	-	-
Restricted funds for operations	1,417,968	(1,417,968)	-	-
Restricted funds used for tangible capital assets	-	(565,608)	-	-
Current year funds used for tangible capital assets	(2,742,996)	-	565,608	-
Disposal of tangible capital assets	590,468	-	2,742,996	-
Annual amortization expense	3,079,710	-	(590,468)	-
			(3,079,710)	-
Change in accumulated surplus	484,227	3,662,424	(361,574)	3,785,077
Balance, end of year	1,340,158	23,087,587	100	62,367,456

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, 2016

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2016	2015
Cost:								
Balance, beginning of year	697,818	431,147	5,653,076	80,245,096	9,957,461	2,343,591	99,328,189	95,345,315
Acquisition of tangible capital assets	505	9,423	7,650	1,879,181	1,310,859	100,986	3,308,604	5,008,999
Disposal of tangible capital assets	-	-	-	(30,200)	(1,548,040)	-	(1,578,240)	(1,026,125)
Balance, end of year	698,323	440,570	5,660,726	82,094,077	9,720,280	2,444,577	101,058,553	99,328,189
Accumulated amortization:								
Balance, beginning of year	-	173,615	1,116,677	51,142,953	3,408,769	1,399,913	57,241,927	54,996,522
Annual amortization	-	42,304	128,087	1,806,411	929,230	173,678	3,079,710	2,713,962
Accumulated amortization on disposals	-	-	-	(30,200)	(957,572)	-	(987,772)	(468,557)
Balance, end of year	-	215,919	1,244,764	52,919,164	3,380,427	1,573,591	59,333,865	57,241,927
Net book value	698,323	224,651	4,415,962	29,174,913	6,339,853	870,986	41,724,688	42,086,262
2015 net book value	697,818	257,532	4,536,399	29,102,143	6,548,692	943,678	42,086,262	

During the year, tangible capital assets were acquired at an aggregate cost of \$3,308,604 (2015 - \$5,008,999) of which \$250,000 (2015 - \$ nil) was non cash trade in of equipment and the remaining \$3,058,604 (2015 - \$5,188,235) was acquired by cash. Proceeds on disposal of tangible capital assets is made up of \$298,523 of cash and \$250,000 of direct trade in of equipment.

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, 2016

	2016 Budget	2016	2015
Taxation			
Real property taxes	10,001,444	10,004,601	9,639,623
Linear property taxes	6,549,346	6,548,655	6,763,470
Special assessments	5,995	5,995	5,303
	16,556,785	16,559,251	16,408,396
Requisitions			
Alberta School Foundation Fund	3,327,203	3,323,877	3,190,039
Beaver Foundation Management Agency	175,598	175,447	172,007
	3,502,801	3,499,324	3,362,046
Net municipal property taxes	13,053,984	13,059,927	13,046,350

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, 2016

	2016 Budget	2016	2015
Operating			
Provincial	1,119,228	1,146,057	1,479,446
Federal	-	4,032	2,856
Local	-	-	3,000
	1,119,228	1,150,089	1,485,302
Capital			
Provincial	2,161,338	1,683,639	1,587,398
Federal	306,711	306,711	298,234
	2,468,049	1,990,350	1,885,632
Total government transfers	3,587,277	3,140,439	3,370,934

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, 2016

	2016 Budget	2016	2015
Salaries, wages and benefits	4,959,960	4,590,546	4,611,415
Contracted and general services	4,884,214	3,221,702	6,061,285
Amortization	-	3,079,710	2,713,962
Materials, goods and utilities	2,304,810	1,798,492	1,761,476
Grants to other governments and organizations	1,886,090	1,748,222	1,713,942
Interest on long-term debt	-	147,885	152,580
Provision for allowances	15,000	86,532	17,244
Loss on sale of tangible capital assets	-	41,945	221,632
Bank charges and short-term interest	2,000	1,655	1,792
	14,052,074	14,716,689	17,255,328

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, 2016

	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	13,059,927	-	-	-	-	-	-	-	-	-	13,059,927
Government transfers	-	210,144	2,522,180	71,263	-	198,444	138,408	-	-	-	3,140,439
Grants	-	1,065,178	-	10,000	-	3,455	-	-	-	-	1,078,633
User charges and sales of goods	-	18,246	110,224	59,393	5,560	17,243	12,780	-	156,044	142,954	522,444
Interest income	242,880	147,885	-	-	-	-	-	-	-	-	390,765
Penalties and costs on taxes	-	-	-	-	-	-	-	-	-	-	137,818
Fines	-	-	-	-	83,283	-	-	-	-	-	83,283
Other	56,652	-	-	-	-	-	-	-	-	-	56,652
Rental	27,269	-	-	-	-	-	-	-	-	-	27,269
Other capital contributions	-	4,536	-	-	-	-	-	-	-	-	4,536
	13,524,546	1,445,989	2,632,404	140,656	88,843	219,142	151,188	-	156,044	142,954	18,501,766
Expenses											
Salaries, wages, and benefits	-	1,628,882	2,045,126	25,109	222,494	472,775	109,593	-	76,365	10,202	4,590,546
Contracted and general services	-	713,362	1,961,758	79,354	37,708	183,906	34,814	2,990	160,630	47,180	3,221,702
Materials, goods, and utilities	-	92,559	1,330,557	12,511	15,291	245,363	8,274	35	983	92,919	1,798,492
Grants to other governments and organizations	-	156,902	-	-	579,466	110,599	111,601	207,146	-	582,508	1,748,222
Interest on long-term debt	-	147,885	-	-	-	-	-	-	-	-	147,885
Provision for allowances	-	86,532	-	-	-	-	-	-	-	-	86,532
Loss on sale of tangible capital assets	-	-	41,945	-	-	-	-	-	-	-	41,945
Bank charges and short-term interest	-	1,655	-	-	-	-	-	-	-	-	1,655
	-	2,827,777	5,379,386	116,974	854,959	1,012,643	264,282	210,171	237,978	732,809	11,636,979
Net revenue, before amortization	13,524,546	(1,381,788)	(2,746,982)	23,682	(766,116)	(793,501)	(113,094)	(210,171)	(81,934)	(589,855)	6,864,787
Amortization	-	337,334	2,544,297	45,243	19,105	89,654	-	-	-	44,077	3,079,710
Net revenue	13,524,546	(1,719,122)	(5,291,279)	(21,561)	(785,221)	(883,155)	(113,094)	(210,171)	(81,934)	(633,932)	3,785,077

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.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. 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, 2016.

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. Fines

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

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	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.

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. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

iv. Prepaid expenses

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

v. 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.

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.

1. Significant accounting policies *(continued)*

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. Property taxes receivable

	2016	2015
Current taxes	363,038	238,100
Arrears taxes	302,625	274,946
	665,663	513,046
Less allowance for doubtful accounts	(289,932)	(203,400)
	375,731	309,646

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2016

3. Trade and other accounts receivable

	2016	2015
Due from governments	80,020	201,008
Trade and other receivables	35,505	81,750
	115,525	282,758

4. Due from Beaver Foundation

	2016	2015
Debt charges recoverable	118,431	113,534
Non-current debt charges recoverable	3,261,019	3,379,449
	3,379,450	3,492,983

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, 2016 \$3,379,450 (2015 - \$3,492,983) 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.

	Principal	Interest	Total
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
2021	140,226	121,193	261,419
To maturity	2,733,956	925,910	3,659,866
	3,379,450	1,587,511	4,966,961

5. Investment in subsidiary

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

6. 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 30, 2017. As at December 31, 2016, the prime rate was 2.70% (2015 - 2.70%).

As at December 31, 2016 the County had not drawn any funds (2015 - \$ nil) on the line of credit.

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2016

7. Accounts payable and accrued liabilities

	2016	2015
Accounts payable and accrued liabilities	1,078,989	1,550,382
Vacation and overtime accruals	586,934	556,290
	1,665,923	2,106,672

8. Deferred revenue

	Opening	Funding Recognized received as revenue		Closing
Municipal Sustainability Initiative - capital	457,550	2,324,896	(2,282,198)	500,248
Advanced education grant for adult learning	94,272	136,302	(151,287)	79,287
Permits	79,278	-	(16,979)	62,299
MCS Net	42,715	-	(4,536)	38,179
BMS - dividend	-	908,138	(908,138)	-
Federal Gas Tax Fund	-	306,711	(306,711)	-
Municipal Sustainability Initiative - operating	-	210,648	(210,648)	-
ASB grant	-	198,359	(198,359)	-
BMS - grant in lieu	-	122,997	(122,997)	-
BMS - Good Neighbour	-	34,044	(34,044)	-
Clean Harbors	-	10,000	(10,000)	-
Miscellaneous	-	84	(84)	-
	673,815	4,252,179	(4,245,981)	680,013

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.

9. Long-term debt

	2016	2015
Self-supported debentures	3,379,450	3,492,983

Payments of interest and principal are due as follows:

	Principal	Interest	Total
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
2021	140,226	121,193	261,419
To maturity	2,733,956	925,910	3,659,866
	3,379,450	1,587,511	4,966,961

9. Long-term debt (continued)

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.

10. Inventory for consumption

	2016	2015
Gravel inventory	2,219,312	2,434,155
Shop inventory	203,452	218,164
	2,422,764	2,652,319

11. 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.

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:

	2016	2015
Total debt limit	24,767,124	26,430,429
Total debt	3,379,450	3,492,983
	21,387,674	22,937,446
Service on debt limit	4,127,854	4,405,072
Service on debt	261,419	261,419
	3,866,435	4,143,653

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.

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2016

13. Equity in tangible capital assets

	2016	2015
Tangible capital assets (<i>Schedule II</i>)	101,058,553	99,328,189
Accumulated amortization (<i>Schedule II</i>)	(59,333,865)	(57,241,927)
	41,724,688	42,086,262

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:

	<i>Salary/ remuneration</i>	<i>Benefits & allowances</i>	2016	2015
K. Smook, Reeve	42,399	5,605	48,004	43,694
R. Yarham, Deputy Reeve	44,699	8,841	53,540	48,572
A. Hanson, Councillor	44,487	5,826	50,313	48,316
S. Scott, Councillor	32,354	3,638	35,992	33,311
D. Collison, Councillor	25,140	4,054	29,194	28,935
R. Beck, CAO	168,535	34,032	202,567	196,459

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.

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 244,621 people and 426 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 2016 were \$378,635 (2015 - \$410,798). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2016 were \$349,404 (2015 - \$378,912).

At December 31, 2015, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial deficiency of \$923,416,000 (2014 - \$2,454,636,000).

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 financial statements as disclosed in Note 1.

Refer to Schedule VI - Schedule of Segmented Disclosure.

17. Commitments

The County has entered into gravel hauling, chip seal and dust control agreements. The commitment over the next year is \$2,109,484.

18. 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.

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>2015</i>	<i>Increases</i>	<i>Decreases</i>	<i>2016</i>
Administration	1,498,811	777,829	(602,364)	1,674,276
Public works	2,610,526	3,075,522	(1,213,980)	4,472,068
Water system	187,340	36,020	-	223,360
Parks and recreation	85,813	96,986	(26,500)	156,299
Planning and economic development	1,223,054	-	(121,392)	1,101,662
Legislated	171,641	17,791	-	189,432
Agriculture	72,800	75,000	(19,340)	128,460
Contingency	13,575,178	1,566,852	-	15,142,030
	19,425,163	5,646,000	(1,983,576)	23,087,587

20. 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>
	2016
Approved budgeted operating surplus	-
Property tax revenue used for capital	1,113,270
Operating draw from reserve	(2,090,794)
Operating transfer to reserve	2,482,020
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Excess of revenue over expenses (<i>Statement of Operations</i>)	1,504,496
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Approved budgeted capital surplus	-
Capital reserve transfer	357,167
Property tax revenue, budgeted for in operating	1,113,270
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Capital surplus	1,470,437
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Decrease in net financial assets (<i>Statement of Change in Net Financial Assets</i>)	34,059
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21. Comparative figures

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