

**Beaver County
Financial Statements**

December 31, 2017

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 18, 2018



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, 2017, 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, 2017, 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 18, 2018
Leduc, Alberta

MNP LLP
Chartered Professional Accountants

Beaver County
Statement of Financial Position

As at December 31, 2017


	2017	2016
Financial assets		
Cash and equivalents	23,735,483	21,804,978
Property taxes receivable (Note 2)	438,512	375,731
Trade and other accounts receivable (Note 3)	196,667	115,525
Due from Beaver Foundation (Note 4)	3,261,019	3,379,450
Investment in subsidiary (Note 5)	100	100
	27,631,781	25,675,784
Liabilities		
Accounts payable and accrued liabilities (Note 7)	1,406,243	1,665,923
Reclamation liability	632,783	632,783
Deposit liabilities	300	300
Deferred revenue (Note 8)	881,125	680,013
Long-term debt (Note 9)	3,261,019	3,379,450
	6,181,470	6,358,469
Net financial assets	21,450,311	19,317,315
Non-financial assets		
Tangible capital assets (Schedule II)	42,301,102	41,724,688
Inventory for consumption (Note 10)	2,813,029	2,422,764
Land for resale (Note 11)	2,555,418	2,555,418
Prepaid expenses	131,914	132,348
	47,801,463	46,835,218
Accumulated surplus (Schedule I)	69,251,774	66,152,533

Commitments (Note 17)

Contingency (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, 2017

	2017	2017	2016
	Budget		
	(Note 20)		
Revenue			
Net municipal property taxes <i>(Schedule III)</i>	13,200,697	13,190,791	13,059,927
Government transfers <i>(Schedule IV)</i>	1,347,635	1,153,151	1,150,089
Grants	1,404,983	1,096,706	1,078,633
User fees and sales of goods	524,390	554,478	522,444
Interest income	150,000	470,623	390,765
Penalties and costs on taxes	70,000	183,734	137,818
Other	6,000	110,792	56,652
Fines	50,000	84,395	83,283
Rental	25,680	31,835	27,269
	16,779,385	16,876,505	16,506,880
Expenses			
Public works	7,140,260	6,300,155	5,379,386
Administration	2,879,801	3,143,345	2,538,639
Amortization	-	2,994,264	3,079,710
Agricultural services	1,170,762	1,107,766	1,012,643
Protective services	1,003,358	913,150	854,959
Parks and recreation	548,929	468,184	732,809
Legislative	322,491	281,326	289,138
Planning and economic development	355,413	208,697	237,978
Culture	220,407	205,727	210,171
Water and wastewater	159,774	142,153	113,086
Family and community support	133,451	113,032	113,094
Community adult learning	134,422	103,351	151,188
Waste management	5,000	5,928	3,888
	14,074,068	15,987,078	14,716,689
Excess of revenue over expenses before other	2,705,317	889,427	1,790,191
Other			
Government transfers for capital <i>(Schedule IV)</i>	2,468,049	2,205,278	1,990,350
Other capital contributions	-	4,536	4,536
	2,468,049	2,209,814	1,994,886
Excess of revenue over expenses	5,173,366	3,099,241	3,785,077
Accumulated surplus, beginning of year	66,152,533	66,152,533	62,367,456
Accumulated surplus, end of year	71,325,899	69,251,774	66,152,533

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, 2017

	2017 Budget (Note 20)	2017	2016
Excess of revenue over expenses	5,173,366	3,099,241	3,785,077
Acquisition of tangible capital assets	(5,033,671)	(3,887,794)	(3,308,604)
Proceeds on disposal of tangible capital assets	260,000	310,000	548,523
Amortization of tangible capital assets	-	2,994,264	3,079,710
Loss on sale of tangible capital assets	-	7,118	41,945
Purchase of land for resale	-	-	(63,507)
Decrease (increase) in prepaid expenses	-	432	(370)
Use (acquisition) of inventory for consumption	-	(390,265)	229,555
Increase in net financial assets	399,695	2,132,996	4,312,329
Net financial assets, beginning of year	19,317,315	19,317,315	15,004,986
Net financial assets, end of year	19,717,010	21,450,311	19,317,315

The accompanying notes are an integral part of these financial statements

Beaver County
Statement of Cash Flows
For the year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	3,099,241	3,785,077
Non-cash items:		
Amortization of tangible capital assets	2,994,264	3,079,710
Loss on disposal of tangible capital assets	7,118	41,945
Net change in non-cash operating working capital balances:		
Increase in deferred revenue	201,112	6,198
Decrease (increase) in prepaid expenses	434	(370)
Decrease in accounts payable and accrued liabilities	(259,682)	(440,749)
Decrease (increase) in trade and other accounts receivable	(81,142)	167,233
Increase in property taxes receivable	(62,781)	(66,085)
Increase (decrease) in deposit liabilities	-	(59,900)
Use (acquisition) of inventory for consumption	(390,265)	229,555
	<u>5,508,299</u>	<u>6,742,614</u>
Capital		
Proceeds on disposal of tangible capital assets	-	298,523
Acquisition of tangible capital assets	(3,577,794)	(3,058,604)
	<u>(3,577,794)</u>	<u>(2,760,081)</u>
Investing		
Decrease in due from Beaver Foundation	118,431	113,533
Increase in land for resale	-	(63,507)
	<u>118,431</u>	<u>50,026</u>
Financing		
Repayment of long-term debt	(118,431)	(113,533)
Increase in cash and equivalents	1,930,505	3,919,026
Cash and equivalents, beginning of year	21,804,978	17,885,952
Cash and equivalents, end of year	23,735,483	21,804,978

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, 2017

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus (Note 19)</i>	<i>Equity in Subsidiary</i>	<i>Equity in Tangible Capital Assets (Note 13)</i>	2017	2016
Balance, beginning of year	1,340,157	23,087,587	100	41,724,689	66,152,533	62,367,456
Excess of revenue over expenses	3,099,241	-	-	-	3,099,241	3,785,077
Unrestricted funds designated for future use	(4,093,829)	4,093,829	-	-	-	-
Restricted funds for operations	1,145,757	(1,145,757)	-	-	-	-
Restricted funds used for tangible capital assets	-	(565,608)	-	565,608	-	-
Current year funds used for tangible capital assets	(3,322,186)	-	-	3,322,186	-	-
Disposal of tangible capital assets	317,117	-	-	(317,117)	-	-
Annual amortization expense	2,994,264	-	-	(2,994,264)	-	-
Change in accumulated surplus	140,364	2,382,464	-	576,413	3,099,241	3,785,077
Balance, end of year	1,480,521	25,470,051	100	42,301,102	69,251,774	66,152,533

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, 2017

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2017	2016
Cost:								
Balance, beginning of year		440,571	5,660,726	82,094,077	9,720,280	2,444,577	101,058,554	99,328,189
Acquisition of tangible capital assets	-	22,770	-	2,555,769	969,068	340,187	3,887,794	3,308,604
Disposal of tangible capital assets	-	-	-	(22,800)	(646,200)	-	(669,000)	(1,578,240)
Balance, end of year	698,323	463,341	5,660,726	84,627,046	10,043,148	2,784,764	104,277,348	101,058,553
Accumulated amortization:								
Balance, beginning of year	-	215,918	1,243,825	52,920,104	3,380,427	1,573,591	59,333,865	57,241,927
Annual amortization	-	25,347	119,237	1,717,351	940,627	191,702	2,994,264	3,079,710
Accumulated amortization on disposals	-	-	-	(21,286)	(330,597)	-	(351,883)	(987,772)
Balance, end of year	-	241,265	1,363,062	54,616,169	3,990,457	1,765,293	61,976,246	59,333,865
Net book value	698,323	222,076	4,297,664	30,010,877	6,052,691	1,019,471	42,301,102	41,724,688
2016 net book value	698,323	224,653	4,416,901	29,173,973	6,339,853	870,986	41,724,688	

During the year, tangible capital assets were acquired at an aggregate cost of \$3,887,794 (2016 - \$3,308,604) of which \$310,000 (2016 - \$250,000) was a non cash trade in and transfer of equipment and the remaining \$3,577,794 (2016 - \$3,058,604) was acquired by cash. Proceeds on disposal of tangible capital assets is made up of \$nil (2016 - \$298,523) of cash and \$310,000 (2016 - \$250,000) of direct trade in and transfer 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, 2017

	2017 Budget (Note 20)	2017	2016
Taxation			
Real property taxes	10,597,188	10,587,395	10,004,601
Linear property taxes	6,044,754	6,044,764	6,548,655
Special assessments	5,995	5,303	5,995
	16,647,937	16,637,462	16,559,251
Requisitions			
Alberta School Foundation Fund	3,271,683	3,271,224	3,323,877
Beaver Foundation Management Agency	175,557	175,447	175,447
	3,447,240	3,446,671	3,499,324
Net municipal property taxes	13,200,697	13,190,791	13,059,927

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, 2017

	2017 Budget (Note 20)	2017	2016
Operating			
Provincial	1,347,635	1,147,588	1,146,057
Federal	-	5,563	4,032
	1,347,635	1,153,151	1,150,089
Capital			
Provincial	2,160,337	1,897,566	1,683,639
Federal	307,712	307,712	306,711
	2,468,049	2,205,278	1,990,350
Total government transfers	3,815,684	3,358,429	3,140,439

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, 2017

	2017 Budget (Note 20)	2017	2016
Salaries, wages and benefits	4,855,585	4,838,736	4,590,546
Contracted and general services	5,093,970	3,980,334	3,221,702
Amortization	-	2,994,264	3,079,710
Materials, goods and utilities	2,390,144	1,705,194	1,798,492
Grants to other governments and organizations	1,717,369	1,555,810	1,748,222
Provision for allowances	15,000	760,534	86,532
Interest on long-term debt	-	142,988	147,885
Loss on sale of tangible capital assets	-	7,117	41,945
Bank charges and short-term interest	2,000	2,101	1,655
	14,074,068	15,987,078	14,716,689

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, 2017

	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	13,190,791	-	-	-	-	-	-	-	-	-	13,190,791
Government transfers	-	205,582	2,808,372	63,000	-	187,019	94,456	-	-	-	3,358,429
Grants	-	1,092,199	-	4,507	-	4,507	-	-	-	-	1,096,706
User charges and sales of goods	-	29,221	123,101	99,433	7,776	8,190	8,895	-	115,361	162,501	554,478
Interest income	327,635	142,988	-	-	-	-	-	-	-	-	470,623
Penalties and costs on taxes	183,734	-	-	-	-	-	-	-	-	-	183,734
Other	110,792	-	-	-	-	-	-	-	-	-	110,792
Fines	-	-	-	-	84,395	-	-	-	-	-	84,395
Rental	31,835	-	-	-	-	-	-	-	-	-	31,835
Other capital contributions	-	4,536	-	-	-	-	-	-	-	-	4,536
	13,844,787	1,474,526	2,931,473	162,433	92,171	199,716	103,351	-	115,361	162,501	19,086,319
Expenses											
Salaries, wages, and benefits	-	1,626,538	2,302,080	26,605	216,497	502,660	72,550	-	87,577	4,229	4,838,736
Contracted and general services	-	599,304	2,769,877	111,322	35,322	254,765	28,955	3,378	120,277	57,134	3,980,334
Materials, goods, and utilities	-	119,118	1,221,081	10,154	24,235	242,803	3,277	-	843	83,683	1,705,194
Grants to other governments and organizations	-	174,088	-	-	637,096	107,538	111,601	202,349	-	323,138	1,555,810
Provision for allowances	-	760,534	-	-	-	-	-	-	-	-	760,534
Interest on long-term debt	-	142,988	-	-	-	-	-	-	-	-	142,988
Loss on sale of tangible capital assets	-	-	7,117	-	-	-	-	-	-	-	7,117
Bank charges and short-term interest	-	2,101	-	-	-	-	-	-	-	-	2,101
	-	3,424,671	6,300,155	148,081	913,150	1,107,766	216,383	205,727	208,697	468,184	12,992,814
Net revenue, before amortization	13,844,787	(1,950,145)	(3,368,682)	14,352	(820,979)	(908,050)	(113,032)	(205,727)	(93,336)	(305,683)	6,093,505
Amortization	-	319,407	2,488,211	50,239	23,201	85,096	-	-	-	28,110	2,994,264
Net revenue	13,844,787	(2,269,552)	(5,856,893)	(35,887)	(844,180)	(993,146)	(113,032)	(205,727)	(93,336)	(333,793)	3,099,241

The accompanying notes are an integral part of these financial statements

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 full consolidation basis, consistent with Canadian generally accepted accounting principles for other government organizations.

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, 2017.

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.

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2017

2. Property taxes receivable

	<i>2017</i>	<i>2016</i>
Current taxes	1,045,098	363,038
Arrears taxes	443,879	302,625
	1,488,977	665,663
Less allowance for doubtful accounts	(1,050,465)	(289,932)
	438,512	375,731

3. Trade and other accounts receivable

	<i>2017</i>	<i>2016</i>
Due from governments	174,798	80,020
Trade and other receivables	21,869	35,505
	196,667	115,525

4. Due from Beaver Foundation

	<i>2017</i>	<i>2016</i>
Debt charges recoverable	123,540	118,431
Non-current debt charges recoverable	3,137,479	3,261,019
	3,261,019	3,379,450

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, 2017 \$3,261,019 (2015 - \$3,379,450) 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>
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
2022	146,275	115,144	261,419
To maturity	2,587,681	810,766	3,398,447
	3,261,019	1,444,523	4,705,542

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2017

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, 2017, the prime rate was 3.20% (2016 - 2.70%).

As at December 31, 2017 the County had not drawn any funds (2016 - \$ nil) on the line of credit.

7. Accounts payable and accrued liabilities

	<i>2017</i>	<i>2016</i>
Accounts payable and accrued liabilities	884,705	1,078,989
Vacation and overtime accruals	521,538	586,934
	1,406,243	1,665,923

8. Deferred revenue

	<i>Opening</i>	<i>Funding Recognized</i>	<i>received as revenue</i>	<i>Closing</i>
Municipal Sustainability Initiative - capital	500,248	2,302,943	(2,496,124)	307,067
Permits	62,299	230,364	(84,281)	208,382
Alberta Community Partnership	-	200,000	-	200,000
Advanced education grant for adult learning	79,287	134,772	(94,456)	119,603
MCS Net	38,179	-	(4,536)	33,643
Youth Education Grant	-	11,190	-	11,190
Miscellaneous	-	4,747	(3,507)	1,240
Beaver Municipal Solutions - dividend	-	928,459	(928,459)	-
Federal Gas Tax Fund	-	307,712	(307,712)	-
Municipal Sustainability Initiative - operating	-	208,215	(208,215)	-
Agricultural Services Board grant	-	183,359	(183,359)	-
Beaver Municipal Solutions - grant in lieu	-	163,740	(163,740)	-
Growing Forward grant	-	63,000	(63,000)	-
Federal conditional grant - student employment	-	5,563	(5,563)	-
Beaver Municipal Solutions - other	-	1,000	(1,000)	-
	680,013	4,745,064	(4,543,952)	881,125

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.

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2017

9. Long-term debt

	2017	2016
Self-supported debentures	3,261,019	3,379,450

Payments of interest and principal are due as follows:

	Principal	Interest	Total
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
2022	146,275	115,144	261,419
To maturity	2,587,681	810,766	3,398,447
	3,261,019	1,444,523	4,705,542

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

	2017	2016
Gravel inventory	2,600,791	2,219,312
Shop inventory	212,238	203,452
	2,813,029	2,422,764

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:

	2017	2016
Total debt limit	25,321,562	24,767,124
Total debt	3,261,019	3,379,450
Amount of debt limit unused	22,060,543	21,387,674

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2017

12. Debt limits (continued)

Service on debt limit	4,220,260	4,127,854
Service on debt	261,419	261,419
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Amount of debt servicing limit unused	3,958,841	3,866,435

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

13. Equity in tangible capital assets

	2017	2016
Tangible capital assets (<i>Schedule II</i>)	104,277,348	101,058,553
Accumulated amortization (<i>Schedule II</i>)	(61,976,246)	(59,333,865)
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	42,301,102	41,724,688

14. Salary and benefits disclosure

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer ("CAO") and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary/ remuneration	Benefits & allowances	2017	2016
K. Smook, Former Reeve	42,315	4,894	47,209	48,004
A. Hanson, Former Councillor	36,101	4,237	40,338	50,313
R. Yarham, Former Deputy Reeve	29,717	6,867	36,584	53,540
D. Collison, Former Councillor	21,197	5,584	26,781	29,194
S. Scott, Former Councillor	24,619	1,915	26,534	35,992
J. Kallal, Reeve	6,299	1,063	7,362	-
G. Hrabec, Councillor	5,851	1,220	7,071	-
B. Bruce, Deputy Reeve	5,678	1,036	6,714	-
D. Pederson, Councillor	4,085	717	4,802	-
 R. Beck, CAO	 174,858	 33,048	 207,906	 202,567

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 253,862 people and 417 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 2017 were \$381,490 (2016 - \$378,635). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2017 were \$352,071 (2016 - \$349,404).

At December 31, 2016, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial deficiency of \$637,357,000 (2015 - \$923,416,000).

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 and software agreements. The commitment over the next year is \$775,250.

18. Contingency

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.

Beaver County
Notes to the Financial Statements
For the year ended December 31, 2017

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:

	2016	Increases	Decreases	2017
Contingency	15,142,030	333,653	-	15,475,683
Public works	4,472,068	2,839,768	(1,565,080)	5,746,756
Administration	1,674,276	519,398	(65,969)	2,127,705
Planning and economic development	1,101,662	-	(6,645)	1,095,017
Water system	223,360	189,193	-	412,553
Parks and recreation	156,299	108,528	(13,269)	251,558
Legislated	189,432	-	-	189,432
Agriculture	128,460	103,289	(60,402)	171,347
	23,087,587	4,093,829	(1,711,365)	25,470,051

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>
	<i>2017</i>
Approved budgeted operating surplus	-
Property tax revenue used for capital	1,911,622
Operating draw from reserve	(1,799,000)
Operating transfer to reserve	2,592,695
Excess of revenue over expenses (<i>Statement of Operations</i>)	2,705,317
Approved budgeted capital surplus	-
Capital reserve transfer	394,000
Property tax revenue, budgeted for in operating	1,911,622
Capital surplus	2,305,622
Increase in net financial assets (<i>Statement of Change in Net Financial Assets</i>)	399,695