

**Beaver County  
Consolidated Financial Statements**

**December 31, 2020**

## **Management's Responsibility**

To the Reeve and Councilors of Beaver County:

The accompanying consolidated 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 consolidated 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 consolidated 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 the consolidated 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 consolidated 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 consolidated 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 21, 2021

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Chief Administrative Officer

To the Reeve and Councillors of Beaver County:

## Opinion

We have audited the financial statements of Beaver County (the "County"), which comprise the statement of consolidated financial position as at December 31, 2020, and the consolidated statements of operations, change in net financial assets, cash flows and the related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2020, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the County's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the County's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the County to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the County to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Leduc, Alberta

April 21, 2021

*MNP LLP*

Chartered Professional Accountants

**Beaver County**  
**Consolidated Statement of Financial Position**

*As at December 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Financial assets</b>		
Cash and equivalents	29,845,293	26,288,974
Property taxes receivable (Note 2)	1,667,258	1,867,867
Trade and other accounts receivable (Note 3)	662,101	812,511
Due from Beaver Foundation (Note 4)	2,874,182	3,008,610
Investment in Claystone Waste Limited Partnership (Note 16)	1,483,238	-
	<b>36,532,072</b>	<b>31,977,962</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	2,422,763	1,759,205
Reclamation liability (Note 8)	2,077,783	2,077,783
Deposit liabilities	400	400
Deferred revenue (Note 9)	570,714	332,903
Long-term debt (Note 10)	2,874,182	3,008,610
	<b>7,945,842</b>	<b>7,178,901</b>
<b>Net financial assets</b>	<b>28,586,230</b>	<b>24,799,061</b>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule II)	44,876,675	44,684,637
Inventory for consumption (Note 11)	2,249,328	1,338,429
Land inventory (Note 5)	2,616,595	2,537,284
Prepaid expenses	189,380	161,911
	<b>49,931,978</b>	<b>48,722,261</b>
<b>Accumulated surplus (Schedule I)</b>	<b>78,518,208</b>	<b>73,521,322</b>

Commitments (Note 18)  
Contingencies (Note 19)

Approved on behalf of Council:

\_\_\_\_\_ Reeve

\_\_\_\_\_ Deputy Reeve

*The accompanying notes are an integral part of these financial statements*

**Beaver County**  
**Consolidated Statement of Operations**

*For the year ended December 31, 2020*

	<b>2020 Budget (Note 21)</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Net municipal property taxes <i>(Schedule III)</i>	13,652,768	<b>13,663,978</b>	13,222,926
Subsidiary operations - Claystone Waste Limited Partnership <i>(Note 16)</i>	-	<b>1,482,493</b>	-
Grants	1,097,471	<b>1,105,417</b>	1,102,896
Government transfers <i>(Schedule IV)</i>	1,061,422	<b>1,082,343</b>	839,003
User fees and sales of goods	613,950	<b>1,026,825</b>	1,025,378
Interest income	300,000	<b>482,225</b>	719,312
Penalties and costs on taxes	80,000	<b>200,548</b>	225,591
Other	434,805	<b>133,710</b>	146,090
Rental	83,900	<b>101,392</b>	67,684
Fines	52,200	<b>31,795</b>	55,110
Gain on sale of tangible capital assets	-	<b>6,751</b>	-
	<b>17,376,516</b>	<b>19,317,477</b>	17,403,990
<b>Expenses</b>			
Public works	7,300,130	<b>7,404,039</b>	7,490,530
Amortization	-	<b>3,296,511</b>	3,272,262
Administration	6,086,619	<b>2,773,615</b>	3,601,419
Protective services	1,273,402	<b>986,582</b>	1,109,073
Agricultural services	875,871	<b>701,263</b>	767,514
Parks and recreation	634,295	<b>518,360</b>	562,116
Legislative	311,019	<b>250,563</b>	296,534
Culture	258,670	<b>245,115</b>	230,898
Planning and economic development	260,452	<b>189,654</b>	310,242
Family and community support	144,772	<b>136,846</b>	137,245
Community adult learning	137,626	<b>135,305</b>	157,030
Wastewater and waste management	93,660	<b>78,480</b>	71,424
	<b>17,376,516</b>	<b>16,716,333</b>	18,006,287
<b>Excess (deficiency) of revenue over expenses before other</b>	<b>-</b>	<b>2,601,144</b>	<b>(602,297)</b>
<b>Other</b>			
Government transfers for capital <i>(Schedule IV)</i>	2,646,308	<b>2,391,206</b>	3,302,892
Other capital contributions	-	<b>4,536</b>	4,536
	<b>2,646,308</b>	<b>2,395,742</b>	3,307,428
<b>Excess of revenue over expenses</b>	<b>2,646,308</b>	<b>4,996,886</b>	2,705,131
<b>Accumulated surplus, beginning of year</b>	<b>73,521,322</b>	<b>73,521,322</b>	70,816,191
<b>Accumulated surplus, end of year</b>	<b>76,167,630</b>	<b>78,518,208</b>	73,521,322

*The accompanying notes are an integral part of these financial statements*

**Beaver County**  
**Consolidated Statement of Change in Net Financial Assets**  
*For the year ended December 31, 2020*

	<b>2020 Budget (Note 21)</b>	<b>2020</b>	<b>2019</b>
<b>Excess of revenue over expenses</b>	2,646,308	<b>4,996,886</b>	2,705,131
Acquisition of tangible capital assets	(4,639,805)	<b>(3,874,408)</b>	(4,625,107)
Proceeds on disposal of tangible capital assets	559,900	<b>392,610</b>	411,675
Amortization of tangible capital assets	-	<b>3,296,511</b>	3,272,261
Loss (gain) on sale of tangible capital assets	-	<b>(6,751)</b>	32,062
Decrease (increase) in land inventory	-	<b>(79,311)</b>	18,134
Decrease (increase) in prepaid expenses	-	<b>(27,469)</b>	56,832
Use (acquisition) of inventory for consumption	-	<b>(910,899)</b>	124,863
<b>Increase (decrease) in net financial assets</b>	(1,433,597)	<b>3,787,169</b>	1,995,851
<b>Net financial assets, beginning of year</b>	24,799,061	<b>24,799,061</b>	22,803,210
<b>Net financial assets, end of year</b>	23,365,464	<b>28,586,230</b>	24,799,061

*The accompanying notes are an integral part of these financial statements*

**Beaver County**  
**Consolidated Statement of Cash Flows**  
*For the year ended December 31, 2020*

	<u>2020</u>	<u>2019</u>
<b>Cash provided by (used for) the following activities:</b>		
<b>Operating</b>		
Excess of revenue over expenses	4,996,886	2,705,131
Non-cash items:		
Amortization of tangible capital assets	3,296,511	3,272,261
Loss (gain) on disposal of tangible capital assets	(6,751)	32,062
Subsidiary operations - Claystone Waste Limited Partnership	(1,482,493)	-
Net change in non-cash operating working capital balances:		
Increase (decrease) in deferred revenue	237,811	(215,020)
Decrease (increase) in prepaid expenses	(27,469)	56,832
Increase (decrease) in accounts payable and accrued liabilities	736,260	(221,105)
Decrease in trade and other accounts receivable	150,410	439,678
Decrease (increase) in property taxes receivable	200,609	(1,401,052)
Use (acquisition) of inventory for consumption	(910,899)	124,863
	<u>7,190,875</u>	<u>4,793,650</u>
<b>Capital</b>		
Proceeds on disposal of tangible capital assets	42,610	-
Acquisition of tangible capital assets	(3,597,855)	(4,237,969)
	<u>(3,555,245)</u>	<u>(4,237,969)</u>
<b>Investing</b>		
Decrease in due from Beaver Foundation	134,428	128,869
Decrease (increase) in land for resale	(79,311)	18,134
	<u>55,117</u>	<u>147,003</u>
<b>Financing</b>		
Repayment of long-term debt	(134,428)	(128,869)
<b>Increase in cash and equivalents</b>	<b>3,556,319</b>	<b>573,815</b>
<b>Cash and equivalents, beginning of year</b>	<b>26,288,974</b>	<b>25,715,159</b>
<b>Cash and equivalents, end of year</b>	<b>29,845,293</b>	<b>26,288,974</b>

*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, 2020*

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus (Note 20)</i>	<i>Equity in Tangible Capital Assets (Note 13)</i>	<b>2020</b>	<b>2019</b>
<b>Balance, beginning of year</b>	<b>1,484,672</b>	<b>27,352,013</b>	<b>44,684,637</b>	<b>73,521,322</b>	70,816,191
Excess of revenue over expenses	4,996,886	-	-	4,996,886	2,705,131
Unrestricted funds designated for future use	(5,521,190)	5,521,190	-	-	-
Restricted funds for operations	4,200,791	(4,200,791)	-	-	-
Restricted funds used for tangible capital assets	-	(138,949)	138,949	-	-
Current year funds used for tangible capital assets	(3,735,459)	-	3,735,459	-	-
Disposal of tangible capital assets	385,859	-	(385,859)	-	-
Annual amortization expense	3,296,511	-	(3,296,511)	-	-
<b>Change in accumulated surplus</b>	<b>3,623,398</b>	<b>1,181,450</b>	<b>192,038</b>	<b>4,996,886</b>	2,705,131
<b>Balance, end of year</b>	<b>5,108,070</b>	<b>28,533,463</b>	<b>44,876,675</b>	<b>78,518,208</b>	73,521,322

*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, 2020*

	<i>Land</i>	<i>Land Improvements</i>	<i>Buildings</i>	<i>Engineered Structures</i>	<i>Machinery &amp; Equipment</i>	<i>Vehicles</i>	<i>2020</i>	<i>2019</i>
<b>Cost:</b>								
Balance, beginning of year	698,315	468,748	5,660,956	90,721,312	10,747,978	3,096,907	111,394,216	108,361,700
Acquisition of tangible capital assets	-	9,280	-	2,429,093	1,145,160	290,875	3,874,408	4,545,208
Construction-in-progress	-	-	-	-	-	-	-	79,899
Disposal of tangible capital assets	(552)	-	-	-	(940,497)	-	(941,049)	(1,592,591)
Balance, end of year	697,763	478,028	5,660,956	93,150,405	10,952,641	3,387,782	114,327,575	111,394,216
<b>Accumulated amortization:</b>								
Balance, beginning of year	-	292,333	1,584,346	58,354,264	4,493,116	1,985,520	66,709,579	64,586,172
Annual amortization	-	25,657	113,406	2,054,442	883,294	219,712	3,296,511	3,272,261
Accumulated amortization on disposals	-	-	-	-	(555,190)	-	(555,190)	(1,148,854)
Balance, end of year	-	317,990	1,697,752	60,408,706	4,821,220	2,205,232	69,450,900	66,709,579
<b>Net book value</b>	<b>697,763</b>	<b>160,038</b>	<b>3,963,204</b>	<b>32,741,699</b>	<b>6,131,421</b>	<b>1,182,550</b>	<b>44,876,675</b>	<b>44,684,637</b>
2019 net book value	698,315	176,415	4,076,610	32,367,048	6,254,862	1,111,387	44,684,637	

During the year, tangible capital assets were acquired at an aggregate cost of \$3,874,408 (2019 - \$4,625,107) of which \$350,000 (2019 - \$411,675) was a non-cash trade-in and transfer of equipment, \$nil (2019 - \$73,447) in accounts payable and accrued liabilities and the remaining \$3,524,408 (2019 - \$4,237,969) was acquired by cash. Proceeds on disposal of tangible capital assets is made up of \$42,610 (2019 - \$nil) of cash and \$350,000 (2019 - \$411,675) 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, 2020*

	<b>2020 Budget</b>	<b>2020</b>	<b>2019</b>
<b>Taxation</b>			
Real property taxes	9,087,586	<b>9,103,034</b>	8,242,391
Designated industrial property	8,256,157	<b>8,251,289</b>	8,718,061
Special assessments	5,995	<b>5,303</b>	5,303
	17,349,738	<b>17,359,626</b>	16,965,755
<b>Requisitions</b>			
Alberta School Foundation Fund	3,388,655	<b>3,388,655</b>	3,446,326
Beaver Foundation Management Agency	278,717	<b>278,195</b>	264,419
Designated industrial property	29,598	<b>28,798</b>	32,084
	3,696,970	<b>3,695,648</b>	3,742,829
<b>Net municipal property taxes</b>	13,652,768	<b>13,663,978</b>	13,222,926

*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, 2020*

	<b>2020 Budget</b>	<b>2020</b>	<b>2019</b>
<b>Operating</b>			
Provincial	1,058,922	<b>1,078,668</b>	832,782
Federal	-	<b>3,675</b>	6,221
Local	2,500	-	-
	1,061,422	<b>1,082,343</b>	839,003
<b>Capital</b>			
Provincial	2,023,558	<b>1,966,206</b>	2,977,892
Federal	622,750	<b>425,000</b>	325,000
	2,646,308	<b>2,391,206</b>	3,302,892
<b>Total government transfers</b>	<b>3,707,730</b>	<b>3,473,549</b>	<b>4,141,895</b>

*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, 2020*

	<b>2020 Budget</b>	<b>2020</b>	2019
Contracted and general services	4,970,118	<b>4,963,008</b>	5,322,608
Salaries, wages and benefits	5,086,836	<b>4,740,041</b>	4,783,135
Amortization	-	<b>3,296,511</b>	3,272,262
Grants to other governments and organizations	2,255,799	<b>1,970,833</b>	1,708,953
Materials, goods and utilities	1,654,263	<b>1,457,397</b>	1,536,061
Provision for allowances	3,400,000	<b>142,871</b>	1,208,931
Interest on long-term debt	-	<b>126,991</b>	132,550
Bank charges and short-term interest	9,500	<b>18,681</b>	9,725
Loss on sale of tangible capital assets	-	-	32,062
	17,376,516	<b>16,716,333</b>	18,006,287

*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, 2020*

	General government	Administration, and legislative	Public works	Wastewater and waste	Protective services	Agriculture services	Family and community	Claystone Waste LP	Planning and development	Culture, parks and recreation	Total
<b>Revenue</b>											
Net municipal property taxes	13,663,978	-	-	-	-	-	-	-	-	-	13,663,978
Government transfers	-	810,061	2,385,907	-	-	143,907	133,674	-	-	-	3,473,549
Subsidiary operations - Claystone Waste LP.	-	-	-	-	-	-	-	1,482,493	-	-	1,482,493
Grants	-	1,071,597	31,320	-	-	2,500	-	-	-	-	1,105,417
User charges and sales of goods	-	26,153	474,246	94,698	2,908	14,559	1,631	-	107,861	304,769	1,026,825
Interest income	-	482,225	-	-	-	-	-	-	-	-	482,225
Penalties and costs on taxes	200,548	-	-	-	-	-	-	-	-	-	200,548
Other	-	133,710	-	-	-	-	-	-	-	-	133,710
Rental	-	101,392	-	-	-	-	-	-	-	-	101,392
Fines	-	-	-	-	31,795	-	-	-	-	-	31,795
Gain on sale of tangible capital assets	-	-	6,751	-	-	-	-	-	-	-	6,751
Other capital contributions	-	4,536	-	-	-	-	-	-	-	-	4,536
	<b>13,864,526</b>	<b>2,629,674</b>	<b>2,898,224</b>	<b>94,698</b>	<b>34,703</b>	<b>160,966</b>	<b>135,305</b>	<b>1,482,493</b>	<b>107,861</b>	<b>304,769</b>	<b>21,713,219</b>
<b>Expenses</b>											
Contracted and general services	-	567,718	3,834,435	41,392	130,550	130,972	26,910	-	90,462	140,569	4,963,008
Salaries, wages, and benefits	-	1,436,705	2,433,351	25,947	230,646	417,859	103,612	-	91,921	-	4,740,041
Grants to other governments and organizations	-	635,959	-	-	615,151	45,452	135,776	-	-	538,495	1,970,833
Materials, goods, and utilities	-	108,626	1,136,253	11,141	10,235	106,980	5,853	-	7,271	71,038	1,457,397
Provision for allowances	-	142,871	-	-	-	-	-	-	-	-	142,871
Interest on long-term debt	-	126,991	-	-	-	-	-	-	-	-	126,991
Bank charges and short-term interest	-	5,308	-	-	-	-	-	-	-	13,373	18,681
	<b>-</b>	<b>3,024,178</b>	<b>7,404,039</b>	<b>78,480</b>	<b>986,582</b>	<b>701,263</b>	<b>272,151</b>	<b>-</b>	<b>189,654</b>	<b>763,475</b>	<b>13,419,822</b>
<b>Net revenue, before amortization</b>	<b>13,864,526</b>	<b>(394,504)</b>	<b>(4,505,815)</b>	<b>16,218</b>	<b>(951,879)</b>	<b>(540,297)</b>	<b>(136,846)</b>	<b>1,482,493</b>	<b>(81,793)</b>	<b>(458,706)</b>	<b>8,293,397</b>
Amortization	-	342,517	2,791,355	48,753	12,954	69,197	-	-	-	31,735	3,296,511
<b>Net revenue</b>	<b>13,864,526</b>	<b>(737,021)</b>	<b>(7,297,170)</b>	<b>(32,535)</b>	<b>(964,833)</b>	<b>(609,494)</b>	<b>(136,846)</b>	<b>1,482,493</b>	<b>(81,793)</b>	<b>(490,441)</b>	<b>4,996,886</b>

The accompanying notes are an integral part of these financial statements

**Beaver County**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2020*

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**1. Significant accounting policies**

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

***Reporting entity***

The consolidated 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, including the Beaver Regional Industrial Services Corporation and Community Adult Learning.

Claystone Waste Limited Partnership, a subsidiary partnership of the County, is accounted for on a modified equity basis, consistent with the public sector accounting treatment for a government business partnership. Under the modified equity basis, the government business partnership's accounting principles are not adjusted to conform with those of the County, and inter-organizational transactions and balances are not eliminated. Other comprehensive income (loss) due to fair value adjustments is reported on the consolidated statement of operations and accumulated surplus as an adjustment to accumulated surplus.

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 consolidated financial statements exclude trust assets that are administered for the benefit of external parties. Inter-departmental and organizational transactions and balances are eliminated.

***Basis of accounting***

The consolidated 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 consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Property taxes receivable, 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 includes estimated rates for internal hauling.

**1. Significant accounting policies** *(continued)*

Pursuant to the *Environmental Enhancement and Protection Act* (Alberta), the County is required to fund the future reclamation of a gravel pit. Closure activities include the final top soil cover, landscaping, and visual inspection. The requirement is being provided for based on the estimated costs and length of time until the site is expected to be inactive. Reclamation liability is valued using calculations which have significant estimates for future reclamation costs, inflation rate and the risk-free rate. The reclamation liability is an estimated cost to bring the gravel pit site back to its original condition.

***Cash and equivalents***

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

***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.

***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, 2020.

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.

**1. Significant accounting policies** *(continued)*

***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 property taxes receivable for collectibility and records a valuation allowance to reflect the property taxes receivable at its net recoverable amount, if necessary.

**iii. Fines and penalties**

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

**iv. Grants, interest income, rental and 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**

Inventory for consumption is 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 inventory**

Land inventory 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 their 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 as the plan is administered independently from the County.

**Beaver County**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2020*

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**1. Significant accounting policies** *(continued)*

***Future accounting standards***

**Effective on or after April 1, 2022:**

**PS 3450 *Financial Instruments***, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives.

**PS 3280 *Asset Retirement Obligations***, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of a liability for retirement of a tangible capital asset. As this standard includes solid waste landfill sites active and post-closing obligations upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 will be withdrawn.

The extent of the impact on adoption of these future standards is not known at this time.

**2. Property taxes receivable**

	<b>2020</b>	<b>2019</b>
Current taxes	<b>2,094,190</b>	2,917,622
Arrears taxes	<b>1,169,588</b>	403,894
	<b>3,263,778</b>	3,321,516
Less allowance for doubtful accounts	<b>(1,596,520)</b>	(1,453,649)
	<b>1,667,258</b>	1,867,867

**3. Trade and other accounts receivable**

	<b>2020</b>	<b>2019</b>
Due from governments	<b>257,300</b>	585,728
Trade and other receivables	<b>404,801</b>	226,783
	<b>662,101</b>	812,511

**Beaver County**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2020*

**4. Due from Beaver Foundation**

	<b>2020</b>	2019
Debt charges recoverable	<b>140,226</b>	134,428
Non-current debt charges recoverable	<b>2,733,956</b>	2,874,182
	<b>2,874,182</b>	3,008,610

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, 2020, \$2,874,182 (2019 - \$3,008,610) 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.

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	140,226	121,194	261,420
2022	146,275	115,145	261,420
2022	152,585	108,835	261,420
2023	159,167	102,253	261,420
2024	166,033	95,387	261,420
To maturity	2,109,896	504,289	2,614,185
	2,874,182	1,047,103	3,921,285

**5. Land inventory**

Land inventory includes acquisition costs of the land and the improvements to prepare the land for sale or servicing. Related development costs incurred to provide infrastructure are recorded as tangible capital assets under their respective function.

	<b>2020</b>	2019
Equity Industrial Park	<b>2,445,195</b>	2,430,106
Viking Beaver Business Park	<b>171,400</b>	107,178
	<b>2,616,595</b>	2,537,284

**6. Bank indebtedness**

The County has a revolving line of credit with ATB Financial with a maximum limit of \$590,000 (2019 - \$590,000). 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 September 12, 2019. As at December 31, 2020, the prime rate was 2.45% (2019 - 3.95%).

As at December 31, 2020, the County had not drawn any funds (2019 - \$ nil) on the line of credit.

**Beaver County**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2020*

**7. Accounts payable and accrued liabilities**

	<i>2020</i>	<i>2019</i>
Accounts payable and accrued liabilities	1,278,452	526,880
Payables to governments	640,125	512,160
Vacation and overtime accruals	417,186	440,590
Retirement allowance	87,000	81,500
Holdbacks payable	-	198,075
	2,422,763	1,759,205

**8. Reclamation liability**

Under Provincial legislation, the County is required to reclaim certain land used for the extraction of aggregate material. Reclamation requirements have been defined in accordance with industry standards and include re-vegetation of sites upon closure. The County owns and operates an aggregate extraction site. The aggregate is used for road maintenance and construction projects within the County. The costs for reclamation have been adjusted by applying a discount rate based on the County's average long-term investment rate of 0.80%, plus an assumed inflation rate of 0.60%. An amount of \$2,077,783 (2019 - \$2,077,783) has been accrued.

The reported liabilities are based on estimates and assumptions using the best information available at the end of the reporting period. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total liabilities and will be recognized prospectively, as a change in estimate, when applicable.

**9. Deferred revenue**

	<i>Opening</i>	<i>Funding received</i>	<i>Recognized as revenue</i>	<i>Closing</i>
Municipal Sustainability Initiative - capital	-	2,304,232	(1,966,206)	338,026
Community Adult Learning Program	108,646	129,709	(128,610)	109,745
Safety code inspection permits	60,430	60,609	(51,563)	69,476
Alberta Community Partnership	36,339	-	(2,907)	33,432
MCS Net	24,571	-	(4,536)	20,035
East end road construction	102,917	347,271	(450,188)	-
Municipal Operating Support Transfer	-	602,934	(602,934)	-
Federal Gas Tax Fund	-	425,000	(425,000)	-
Agricultural Service Boards Program	-	123,907	(123,907)	-
	332,903	3,993,662	(3,755,851)	570,714

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 safety code inspection permits and non-government funded capital projects.

**Beaver County**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2020*

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**10. Long-term debt**

	<i>2020</i>	<i>2019</i>
Self-supported debentures	<b>2,874,182</b>	3,008,610

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Payments of interest and principal are due as follows:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	140,226	121,194	261,420
2022	146,275	115,145	261,420
2022	152,585	108,835	261,420
2023	159,167	102,253	261,420
2024	166,033	95,387	261,420
To maturity	2,109,896	504,289	2,614,185
	<b>2,874,182</b>	<b>1,047,103</b>	<b>3,921,285</b>

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Debenture debt is repayable to the Province of Alberta and bears interest at 4.268% per annum and matures on December 15, 2035. Debenture debt is issued on the credit and security of the County at large.

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, 2020, \$2,874,182 (2019 - \$3,008,610) 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.

**11. Inventory for consumption**

	<i>2020</i>	<i>2019</i>
Gravel inventory	<b>1,998,964</b>	1,120,918
Shop inventory	<b>250,364</b>	217,511
	<b>2,249,328</b>	<b>1,338,429</b>

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**Beaver County**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2020*

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**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:

	<b>2020</b>	2019
Total debt limit	<b>28,983,020</b>	26,112,789
Total debt	<b>2,874,182</b>	3,008,610
<hr/>		
Amount of debt limit unused	<b>26,108,838</b>	23,104,179
<hr/>		
Service on debt limit	<b>4,830,503</b>	4,352,132
Service on debt	<b>261,420</b>	261,420
<hr/>		
Amount of debt servicing limit unused	<b>4,569,083</b>	4,090,712
<hr/>		

The debt limit is calculated at 1.5 times revenue of the County (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 County. Rather, the financial statements must be interpreted as a whole.

**13. Equity in tangible capital assets**

	<b>2020</b>	2019
Tangible capital assets ( <i>Schedule II</i> )	<b>114,327,575</b>	111,394,216
Accumulated amortization ( <i>Schedule II</i> )	<b>(69,450,900)</b>	(66,709,579)
<hr/>		
	<b>44,876,675</b>	44,684,637
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**Beaver County**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2020*

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**14. Salary and benefits disclosure**

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

	<b>Salary/ remuneration</b>	<b>Benefits &amp; allowances</b>	<b>2020</b>	<b>2019</b>
K. Smook, Councilor - Division 1	39,631	5,326	44,957	43,671
J. Kallal, Reeve - Division 2	37,239	4,740	41,979	50,835
G. Hrabec, Deputy Reeve - Division 3	37,424	7,908	45,332	51,349
B. Bruce, Councilor - Division 4	29,525	7,844	37,369	39,760
D. Pederson, Councilor - Division 5	23,572	4,304	27,876	36,740
R. Beck, CAO	181,910	31,469	213,379	211,280

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 274,151 members and 420 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 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2020 were \$314,773 (2019 - \$312,649). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2020 were \$285,593 (2019 - \$284,010).

At December 31, 2019, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial surplus of \$7,913,261,000 (2018 - \$3,469,347,000).

**Beaver County**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2020*

**16. Subsidiary operations - Claystone Waste Limited Partnership**

Claystone Waste Limited Partnership was formed on August 20, 2020 under the laws of Alberta. The Limited Partnership was formed for the purpose of providing waste management services to partner municipalities and others. The General Partner of the Limited Partnership is Claystone Waste Ltd. and the Limited Partners are Beaver County, Village of Holden, Village of Ryley, Town of Tofield and Town of Viking.

**Investment in limited partnership:**

Investment, beginning of year	-
Capital investment in limited partnership	745
Share of net income from partnership operations	1,482,493
<b>Investment, end of year</b>	<b>1,483,238</b>

Beaver County owns 46.56% of the dividend and voting units of Claystone Waste Limited Partnership.

Summary financial information of Claystone Waste Limited Partnership, accounted for using the modified equity method, for the period ended December 31, 2020, is as follows:

	<b>2020</b>
<b>Financial Position:</b>	
Current assets	29,453,320
Property and equipment	35,887,841
Other assets	8,428,565
<b>Total assets</b>	<b>73,769,726</b>
Current liabilities	1,700,537
Non-current liabilities	15,978,311
<b>Total liabilities</b>	<b>17,678,848</b>
Partner's capital	1,601
Capital on acquisition of landfill net assets and operations	52,905,230
Net comprehensive income for the period	3,184,047
<b>Partnership equity</b>	<b>56,090,878</b>
<b>Results of operations:</b>	
Revenue	8,918,829
Expenses	5,816,393
Gain on disposal of property and equipment	81,611
<b>Net and comprehensive income</b>	<b>3,184,047</b>
<b>Changes in partnership equity</b>	
Partnership equity - opening	-
Capital contributions from unit issuances on formation	1,601
Contributions on acquisition of landfill net assets and operations	52,905,230
Net income for the period	3,184,047
<b>Partnership equity - ending</b>	<b>56,090,878</b>

During the year, Beaver County incurred \$7,100 in waste collection fees payable to Claystone Waste Limited Partnership. All transactions are in the normal course of operations and are recorded at the exchange value based on normal commercial rates.

**Beaver County**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2020*

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**17. 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.

**18. Commitments**

The County has entered into gravel hauling and crushing, road construction and computer software agreements. The commitments over the next two years are as follows:

2021	5,695,193
2022	1,882,386

Within Claystone Waste Limited Partnership, there is a commitment disclosed as follows:

The Limited Partnership has entered into a commitment to build a new administration building for cash consideration of \$2,713,419 of which \$1,946,860 was paid or payable at December 31, 2020.

**19. Contingencies**

The County is a member of the Genesis Reciprocal Insurance Exchange ("GENESIS"). Under the terms of membership, the County could become liable for its proportionate share of any claim losses in excess of the funds held by GENESIS. Any liability incurred would be accounted for as a current transaction in the years the losses are determined.

In the normal course of business there may be pending claims by and against the County. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information provided by its legal counsel, final determination of these litigations will not materially affect the County's financial position or results of operations.

Within Claystone Waste Limited Partnership, there is a contingency disclosed as follows:

Under the Technology Innovation and Emissions Reduction Regulation, a landfill site can become a registered and regulated facility when the estimated equivalent carbon dioxide emissions exceed 100,000 tonnes based on the regulation's prescribed method. The prescribed method calculated that the landfill site had emissions in excess of the threshold. Field tests completed using emission detection equipment measured carbon dioxide below the 100,000 tonne threshold and therefore a request was submitted to have the landfill site removed from the registry of regulated facilities and to have payments made returned. The request was successful. The landfill site will continue to be monitored to ensure the threshold is not reached.

Should the partnership be added to the registry in the future, annual payments would be required based partially on emissions for waste accepted at the landfill site up to December 31, 2020. An estimate of the total of these annual payments or the likelihood of becoming registered in the future cannot be made and therefore an estimate of its financial effect cannot be measured.

**Beaver County**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2020*

**20. 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>2019</i>	<i>Increases</i>	<i>Decreases</i>	<i>2020</i>
Contingency	16,005,838	5,995	(586,970)	<b>15,424,863</b>
Public works	6,659,541	3,790,601	(2,634,463)	<b>7,815,679</b>
Administration	2,214,607	1,437,711	(1,118,307)	<b>2,534,011</b>
Planning and economic development	1,109,139	-	-	<b>1,109,139</b>
Water system	532,283	91,175	-	<b>623,458</b>
Parks and recreation	321,432	112,098	-	<b>433,530</b>
Agriculture	319,741	66,000	-	<b>385,741</b>
Legislated	189,432	17,610	-	<b>207,042</b>
	<b>27,352,013</b>	<b>5,521,190</b>	<b>(4,339,740)</b>	<b>28,533,463</b>

**21. 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:

	<b>Budget 2020</b>
Approved budgeted operating surplus	-
Property tax revenue used for capital	680,601
Operating draw from reserve	(4,365,746)
Operating transfer to reserve	3,685,145
<b>Excess of revenue over expenses before other (<i>Statement of Operations</i>)</b>	<b>-</b>
Approved budgeted capital surplus	-
Capital reserve transfer	752,996
Property tax revenue, budgeted for in operating	680,601
<b>Capital surplus</b>	<b>1,433,597</b>
<b>Decrease in net financial assets (<i>Statement of Change in Net Financial Assets</i>)</b>	<b>(1,433,597)</b>

**22. Comparative figures**

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

**Beaver County**  
**Notes to the Consolidated Financial Statements**

*For the year ended December 31, 2020*

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**23. Significant event**

During the year, there was a global outbreak of COVID-19, which has had a significant impact on municipal government operations through the restrictions put in place by the Canadian and provincial governments as well as municipal governments regarding travel, isolation/quarantine orders, closures of County facilities, cancellation/postponement of programs and tax and utility deferral programs. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the County as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus, and the duration of the outbreak, including the duration of County facility closures, program and service disruptions, and isolation/quarantine measures that are currently, or may be put, in place by Canada and other countries to fight the virus.