

**Beaver County
Consolidated Financial Statements**

December 31, 2018



BEAVER COUNTY

Box 140
Ryley, Alberta T0B 4A0

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 17, 2019

Chief Administrative Officer

Independent Auditor's Report

To the Reeve and Councilors of Beaver County:

Opinion

We have audited the consolidated financial statements of Beaver County (the "County"), which comprise the consolidated statement of financial position as at December 31, 2018, the consolidated 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Beaver County as at December 31, 2018, 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.

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 consolidated financial statements in Canada, and we have fulfilled our 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 these 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 relating 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk 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.

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.


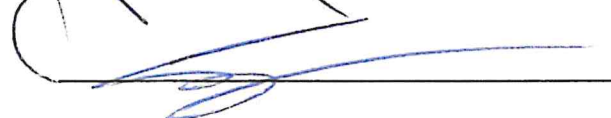
April 17, 2019
Leduc, Alberta

MNP LLP
Chartered Professional Accountants

Beaver County
Consolidated Statement of Financial Position
As at December 31, 2018

	2018	2017
Financial assets		
Cash and equivalents	25,715,159	23,735,483
Property taxes receivable (Note 2)	466,815	438,512
Trade and other accounts receivable (Note 3)	1,252,189	196,767
Due from Beaver Foundation (Note 4)	3,137,479	3,261,019
	30,571,642	27,631,781
Liabilities		
Accounts payable and accrued liabilities (Note 7)	2,004,847	1,406,243
Reclamation liability (Note 8)	2,077,783	632,783
Deposit liabilities	400	300
Deferred revenue (Note 9)	547,923	881,125
Long-term debt (Note 10)	3,137,479	3,261,019
	7,768,432	6,181,470
Net financial assets	22,803,210	21,450,311
Non-financial assets		
Tangible capital assets (Schedule II)	43,775,528	42,301,102
Inventory for consumption (Note 11)	1,463,292	2,813,029
Land for resale (Note 5)	2,555,418	2,555,418
Prepaid expenses	218,743	131,914
	48,012,981	47,801,463
Accumulated surplus (Schedule I)	70,816,191	69,251,774
Commitments (Note 17)		
Contingencies (Note 18)		

Approved on behalf of Council:

 _____ Reeve
 _____ Deputy Reeve

Beaver County
Consolidated Statement of Operations
For the year ended December 31, 2018

	2018 Budget (Note 20)	2018	2017
Revenue			
Net municipal property taxes (Schedule III)	13,395,841	13,382,972	13,190,791
Grants	2,409,529	1,123,800	1,096,706
Interest income	225,000	598,714	470,623
Government transfers (Schedule IV)	843,652	577,004	1,153,151
User fees and sales of goods	544,380	568,055	554,478
Penalties and costs on taxes	80,000	247,234	183,734
Other	36,000	155,034	110,792
Fines	50,000	84,997	84,395
Rental	32,480	41,578	31,835
	17,616,882	16,779,388	16,876,505
Expenses			
Public works (Note 21)	7,949,780	8,925,687	6,300,155
Administration	3,926,544	3,369,492	3,143,345
Amortization	-	3,142,469	2,994,264
Protective services	1,171,736	1,146,080	913,150
Agricultural services	976,510	779,450	1,107,766
Parks and recreation	549,860	496,236	468,184
Legislative	323,291	278,690	281,326
Planning and economic development	384,275	242,101	208,697
Culture	224,487	219,368	205,727
Community adult learning	142,372	141,652	101,920
Family and community support	137,626	129,943	114,463
Water and wastewater	59,496	47,858	142,153
Waste management	12,200	10,377	5,928
	15,858,177	18,929,403	15,987,078
Excess (deficiency) of revenue over expenses before other	1,758,705	(2,150,015)	889,427
Other			
Government transfers for capital (Schedule IV)	2,713,964	3,709,896	2,205,278
Other capital contributions	-	4,536	4,536
	2,713,964	3,714,432	2,209,814
Excess of revenue over expenses	4,472,669	1,564,417	3,099,241
Accumulated surplus, beginning of year	69,251,774	69,251,774	66,152,533
Accumulated surplus, end of year	73,724,443	70,816,191	69,251,774

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, 2018

	2018 Budget (Note 20)	2018	2017
Excess of revenue over expenses	4,472,669	1,564,417	3,099,241
Acquisition of tangible capital assets	(5,438,093)	(4,960,784)	(3,887,794)
Proceeds on disposal of tangible capital assets	260,000	284,000	310,000
Amortization of tangible capital assets	-	3,142,469	2,994,264
Loss on sale of tangible capital assets	-	59,890	7,118
Decrease (increase) in prepaid expenses	-	(86,830)	432
Use (acquisition) of inventory for consumption	-	1,349,737	(390,265)
Increase (decrease) in net financial assets	(705,424)	1,352,899	2,132,996
Net financial assets, beginning of year	21,450,311	21,450,311	19,317,315
Net financial assets, end of year	20,744,887	22,803,210	21,450,311

The accompanying notes are an integral part of these financial statements

Beaver County
Consolidated Statement of Cash Flows
For the year ended December 31, 2018

	2018	2017
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	1,564,417	3,099,241
Non-cash items:		
Amortization of tangible capital assets	3,142,469	2,994,264
Loss on disposal of tangible capital assets	59,890	7,118
Net change in non-cash operating working capital balances:		
Increase (decrease) in deferred revenue	(333,202)	201,112
Decrease (increase) in prepaid expenses	(86,829)	434
Increase (decrease) in accounts payable and accrued liabilities	1,945,619	(259,682)
Decrease (increase) in trade and other accounts receivable	(1,055,422)	(81,142)
Increase in property taxes receivable	(28,303)	(62,781)
Increase in deposit liabilities	100	-
Use (acquisition) of inventory for consumption	1,349,737	(390,265)
	6,558,476	5,508,299
Capital		
Acquisition of tangible capital assets	(4,578,800)	(3,577,794)
Investing		
Decrease in due from Beaver Foundation	123,540	118,431
Financing		
Repayment of long-term debt	(123,540)	(118,431)
Increase in cash and equivalents	1,979,676	1,930,505
Cash and equivalents, beginning of year	23,735,483	21,804,978
Cash and equivalents, end of year	25,715,159	23,735,483

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, 2018

	Unrestricted Surplus	Restricted Surplus (Note 19)	Equity in Tangible Capital Assets (Note 13)	2018	2017
Balance, beginning of year	1,480,621	25,470,051	42,301,102	69,251,774	66,152,533
Excess of revenue over expenses	1,564,417	-	-	1,564,417	3,099,241
Unrestricted funds designated for future use	(4,082,464)	4,082,464	-	-	-
Restricted funds for operations	2,895,204	(2,895,204)	-	-	-
Restricted funds used for tangible capital assets	-	(402,843)	402,843	-	-
Current year funds used for tangible capital assets	(4,557,941)	-	4,557,941	-	-
Disposal of tangible capital assets	343,889	-	(343,889)	-	-
Annual amortization expense	3,142,469	-	(3,142,469)	-	-
Change in accumulated surplus	(694,426)	784,417	1,474,426	1,564,417	3,099,241
Balance, end of year	786,195	26,254,468	43,775,528	70,816,191	69,251,774

Beaver County
Schedule II - Schedule of Tangible Capital Assets
For the year ended December 31, 2018

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2018	2017
Cost:								
Balance, beginning of year	698,323	463,341	5,660,726	84,627,046	10,043,148	2,784,764	104,277,348	101,058,554
Acquisition of tangible capital assets	-	5,407	-	3,543,132	952,689	459,556	4,960,784	3,887,794
Disposal of tangible capital assets	-	-	-	(132,588)	(743,844)	-	(876,432)	(669,000)
Balance, end of year	698,323	468,748	5,660,726	88,037,590	10,251,993	3,244,320	108,361,700	104,277,348
Accumulated amortization:								
Balance, beginning of year	-	241,265	1,363,062	54,616,169	3,990,457	1,765,293	61,976,246	59,333,865
Annual amortization	-	25,489	112,916	1,861,372	933,914	208,778	3,142,469	2,994,264
Accumulated amortization on disposals	-	-	-	(109,408)	(423,135)	-	(532,543)	(351,883)
Balance, end of year	-	266,754	1,475,978	56,368,133	4,501,236	1,974,071	64,586,172	61,976,246
Net book value	698,323	201,994	4,184,748	31,669,457	5,750,757	1,270,249	43,775,528	42,301,102
2017 net book value	698,323	222,076	4,297,664	30,010,877	6,052,691	1,019,471	42,301,102	

During the year, tangible capital assets were acquired at an aggregate cost of \$4,960,784 (2017 - \$3,887,794) of which \$284,000 (2017 - \$310,000) was a non-cash trade-in and transfer of equipment. \$97,984 (2017 - \$nil) in accounts payable and accrued liabilities and the remaining \$4,578,800 (2017 - \$3,577,794) was acquired by cash. Proceeds on disposal of tangible capital assets is made up of \$nil (2017 - \$nil) of cash and \$284,000 (2017 - \$310,000) 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, 2018

	2018 Budget	2018	2017
Taxation			
Real property taxes	8,067,292	8,054,027	10,587,395
Designated industrial property	8,930,792	8,929,861	6,044,764
Special assessments	5,995	5,995	5,303
	17,004,079	16,989,883	16,637,462
Requisitions			
Alberta School Foundation Fund	3,376,830	3,375,506	3,271,224
Beaver Foundation Management Agency	216,729	216,708	175,447
Designated industrial property	14,679	14,697	-
	3,608,238	3,606,911	3,446,671
Net municipal property taxes	13,395,841	13,382,972	13,190,791

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, 2018

	2018 Budget	2018	2017
Operating			
Provincial	843,652	575,054	1,147,588
Federal	-	1,950	5,563
	843,652	577,004	1,153,151
Capital			
Provincial	2,413,964	3,384,211	1,897,566
Federal	300,000	325,685	307,712
	2,713,964	3,709,896	2,205,278
Total government transfers	3,557,616	4,286,900	3,358,429

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, 2018

	2018 Budget	2018	2017
Contracted and general services (Note 21)	5,610,636	6,403,419	3,980,333
Salaries, wages and benefits	5,217,979	4,693,752	4,838,736
Amortization	-	3,142,469	2,994,264
Grants to other governments and organizations	2,283,770	1,918,717	1,555,810
Materials, goods and utilities	2,065,488	1,807,500	1,705,194
Provision for allowances	678,304	760,122	760,534
Interest on long-term debt	-	137,879	142,988
Loss on sale of tangible capital assets	-	59,890	7,118
Bank charges and short-term interest	2,000	5,655	2,101
	15,858,177	18,929,403	15,987,078

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, 2018

	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	13,382,972	-	-	-	-	-	-	-	-	-	13,382,972
Government transfers	-	257,083	3,714,432	-	-	-	132,026	-	-	-	4,286,900
Grants	-	1,097,471	21,129	-	-	-	1,700	-	-	-	1,123,800
Interest income	460,835	137,879	-	-	-	-	-	-	-	-	598,714
User charges and sales of goods	-	16,098	128,265	98,046	4,003	15,600	7,927	-	134,609	163,508	568,056
Penalties and costs on taxes	247,234	-	-	-	-	-	-	-	-	-	247,234
Other	155,033	-	-	-	-	-	-	-	-	-	155,033
Fines	-	-	-	-	84,997	-	-	-	-	-	84,997
Rental	41,578	-	-	-	-	-	-	-	-	-	41,578
Other capital contributions	-	4,536	-	-	-	-	-	-	-	-	4,536
	14,287,652	1,513,067	3,863,826	98,046	89,000	202,459	141,653	-	134,609	163,508	20,493,820
Expenses											
Contracted and general services	-	719,011	5,279,191	21,579	32,854	94,313	34,724	8,407	142,508	70,832	6,403,419
Salaries, wages, and benefits	-	1,575,151	2,222,655	27,278	237,751	440,122	94,175	-	95,155	1,465	4,693,752
Grants to other governments and organizations	-	353,269	-	-	849,358	52,519	128,643	210,881	-	324,047	1,918,717
Materials, goods, and utilities	-	99,445	1,363,951	9,378	26,117	192,496	14,053	80	4,438	97,542	1,807,500
Provision for allowances	-	760,122	-	-	-	-	-	-	-	-	760,122
Interest on long-term debt	-	137,879	-	-	-	-	-	-	-	-	137,879
Loss on sale of tangible capital assets	-	-	59,890	-	-	-	-	-	-	-	59,890
Bank charges and short-term interest	-	3,305	-	-	-	-	-	-	-	2,350	5,655
	-	3,648,182	8,925,687	58,235	1,146,080	779,450	271,595	219,368	242,101	496,236	15,786,934
Net revenue, before amortization	14,287,652	(2,135,115)	(5,061,861)	39,811	(1,057,080)	(576,991)	(129,942)	(219,368)	(107,492)	(332,728)	4,706,886
Amortization	-	331,159	2,642,426	50,239	10,863	79,190	-	-	-	28,592	3,142,469
Net revenue	14,287,652	(2,466,274)	(7,704,287)	(10,428)	(1,067,943)	(656,181)	(129,942)	(219,368)	(107,492)	(361,320)	1,564,417

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, 2018

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.

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.

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 has 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.

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.

Beaver County
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

1. Significant accounting policies *(continued)*

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, 2018.

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.

Beaver County
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

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. 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.

Beaver County
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

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 Consolidated Financial Statements
For the year ended December 31, 2018

2. Property taxes receivable

	<i>2018</i>	<i>2017</i>
Current taxes	349,326	1,045,098
Arrears taxes	362,207	443,879
	711,533	1,488,977
Less allowance for doubtful accounts	(244,718)	(1,050,465)
	466,815	438,512

3. Trade and other accounts receivable

	<i>2018</i>	<i>2017</i>
Due from governments	1,188,946	174,798
Trade and other receivables	63,243	21,969
	1,252,189	196,767

4. Due from Beaver Foundation

	<i>2018</i>	<i>2017</i>
Debt charges recoverable	128,869	123,540
Non-current debt charges recoverable	3,008,610	3,137,479
	3,137,479	3,261,019

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, 2018, \$3,137,479 (2017 - \$3,261,019) 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>
2019	128,869	132,550	261,419
2020	134,428	126,991	261,419
2020	140,226	121,193	261,419
2021	146,275	115,144	261,419
2022	152,585	108,834	261,419
To maturity	2,435,096	701,932	3,137,028
	3,137,479	1,306,644	4,444,123

Beaver County
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

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.

	2018	2017
Equity Industrial Park	2,421,382	2,421,382
Viking Industrial Park	134,036	134,036
	2,555,418	2,555,418

6. Bank indebtedness

The County has a revolving line of credit with ATB Financial 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 20, 2017. As at December 31, 2018, the prime rate was 3.95% (2017 - 3.20%).

As at December 31, 2018 the County had not drawn any funds (2017 - \$ nil) on the line of credit.

7. Accounts payable and accrued liabilities

	2018	2017
Accounts payable and accrued liabilities	860,831	272,669
Vacation and overtime accruals	576,873	521,538
Payables to governments	361,897	425,359
Holdbacks payable	205,246	186,677
	2,004,847	1,406,243

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 2.60%, plus an assumed inflation rate of 2.10%. An amount of \$2,077,783 (2017 - \$632,783) 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. See Note 21.

Beaver County
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

9. Deferred revenue

	<i>Opening</i>	<i>Funding received</i>	<i>Recognized as revenue</i>	<i>Closing</i>
Safety code inspection permits	208,382	136,393	(99,277)	245,498
Alberta Community Partnership	200,000	-	(49,031)	150,969
Community Adult Learning Program	119,603	128,730	(125,984)	122,349
MCS Net	33,643	-	(4,536)	29,107
Municipal Sustainability Initiative - capital	307,067	2,080,277	(2,387,344)	-
Youth Education Grant	11,190	-	(11,190)	-
Miscellaneous	1,240	10,042	(11,282)	-
Federal Gas Tax Fund	-	325,685	(325,685)	-
Municipal Sustainability Initiative - operating	-	203,263	(203,263)	-
	881,125	2,884,390	(3,217,592)	547,923

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.

10. Long-term debt

	<i>2018</i>	<i>2017</i>
Self-supported debentures	3,137,479	3,261,019

Payments of interest and principal are due as follows:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	128,869	132,550	261,419
2020	134,428	126,991	261,419
2020	140,226	121,193	261,419
2021	146,275	115,144	261,419
2022	152,585	108,834	261,419
To maturity	2,435,096	701,932	3,137,028
	3,137,479	1,306,644	4,444,123

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at 4.268% per annum and matures in 2035. Debenture debt is issued on the credit and security of the County at large.

Beaver County
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

11. Inventory for consumption

	2018	2017
Gravel inventory	1,245,287	2,600,791
Shop inventory	218,005	212,238
	1,463,292	2,813,029

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:

	2018	2017
Total debt limit	25,175,886	25,321,562
Total debt	3,137,479	3,261,019
Amount of debt limit unused	22,038,407	22,060,543
Service on debt limit	4,195,981	4,220,260
Service on debt	261,419	261,419
Amount of debt servicing limit unused	3,934,562	3,958,841

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

	2018	2017
Tangible capital assets (<i>Schedule II</i>)	108,361,700	104,277,348
Accumulated amortization (<i>Schedule II</i>)	(64,586,172)	(61,976,246)
	43,775,528	42,301,102

Beaver County
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

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	2018	2017
J. Kallal, Reeve	41,001	7,318	48,319	7,362
G. Hrabec, Councilor	35,248	7,405	42,653	7,071
K. Smook, Councilor	38,597	3,634	42,231	47,209
B. Bruce, Deputy Reeve	32,740	8,446	41,186	6,714
D. Pederson, Councilor	24,422	4,147	28,569	4,802
A. Hanson, Former Councilor	-	-	-	40,338
R. Yarham, Former Deputy Reeve	-	-	-	36,584
D. Collison, Former Councilor	-	-	-	26,781
S. Scott, Former Councilor	-	-	-	26,534
 R. Beck, CAO	 179,213	 31,991	 211,204	 207,906

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 259,714 people 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 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2018 were \$338,099 (2017 - \$381,490). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2018 were \$309,849 (2017 - \$352,071).

At December 31, 2017, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial surplus of \$4,835,515,000 (2016 - deficit of \$637,357,000).

Beaver County
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

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 computer software agreements. The commitments over the next three years are as follows:

2019	3,341,418
2020	2,518,488
2021	70,611

18. Contingencies

- a) 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.
- b) 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.

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:

	2017	Increases	Decreases	2018
Contingency	15,475,683	466,930	(340,619)	15,601,994
Public works	5,746,756	3,259,000	(2,669,444)	6,336,312
Administration	2,127,705	70,767	(202,984)	1,995,488
Planning and economic development	1,095,017	14,122	-	1,109,139
Water system	412,553	74,331	-	486,884
Parks and recreation	251,558	105,014	(85,000)	271,572
Agriculture	171,347	92,300	-	263,647
Legislated	189,432	-	-	189,432
	25,470,051	4,082,464	(3,298,047)	26,254,468

Beaver County
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

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:

	Budget 2018
Approved budgeted operating surplus	-
Property tax revenue used for capital	1,209,129
Operating draw from reserve	(3,166,119)
Operating transfer to reserve	3,715,695
<u>Excess of revenue over expenses before other (<i>Statement of Operations</i>)</u>	<u>1,758,705</u>
Approved budgeted capital surplus	-
Capital reserve transfer	1,255,000
Property tax revenue, budgeted for in operating	1,209,129
<u>Capital surplus</u>	<u>2,464,129</u>
<u>Decrease in net financial assets (<i>Statement of Change in Net Financial Assets</i>)</u>	<u>(705,424)</u>

21. Change in estimate

Effective January 1, 2018, the County revised the estimate of the gravel reclamation liability for a gravel pit from \$600,000 to \$2,045,000. The change in estimate is prospectively applied based on new information that became available to the County during the year. The current year effect of the change in estimate increases the gravel reclamation liability and Public Works contracted and general services expense by \$1,445,000.

22. Change in accounting policies

Effective January 1, 2018, the County adopted the recommendations relating to the following Sections, as set out in the CPA Canada Public Sector Accounting Handbook: PS 3210 *Assets*, PS 3320 *Contingent Assets*, PS 3380 *Contractual Rights*, PS 2200 *Related Party Disclosures*, PS 3420 *Inter-Entity Transactions*. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements of adopting the new Sections.