

**Beaver County
Consolidated Financial Statements**

December 31, 2021

Management's Responsibility

To the Reeve and Councillors of Beaver County:

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

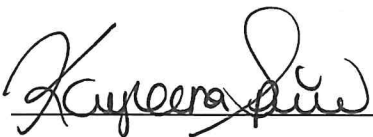
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate 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 20, 2022

A handwritten signature in black ink, appearing to read "K. Kurokawa", written over a horizontal line.

Chief Administrative Officer

To the Reeve and Councillors of Beaver County:

Report on the Audit of the Consolidated Financial Statements

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, 2021, 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 consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2021, 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 consolidated 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.

Report on Other Legal and Regulatory Requirements

Debt Limit Regulation

In accordance with Alberta regulation 255/2000, we confirm that the County is in compliance with the Debt Limit Regulation. A detailed account of the County's debt limit can be found in Note 12.

Supplementary Accounting Principles and Standards Regulation

In accordance with Alberta regulation 313/2000, we confirm that the County is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 14.

Leduc, Alberta

April 20, 2022

MNP LLP

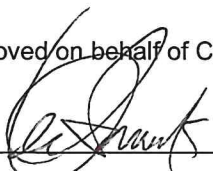
Chartered Professional Accountants

Beaver County
Consolidated Statement of Financial Position
As at December 31, 2021

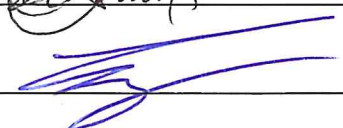
	2021	2020
Financial assets		
Cash and equivalents	32,955,339	29,845,293
Property taxes receivable (Note 2)	1,284,815	1,667,258
Trade and other accounts receivable (Note 3)	701,998	662,101
Due from Beaver Foundation (Note 4)	2,733,956	2,874,182
Investment in Claystone Waste Limited Partnership (Note 16)	1,606,364	1,483,238
	39,282,472	36,532,072
Liabilities		
Accounts payable and accrued liabilities (Note 7)	3,812,828	2,422,763
Reclamation liability (Note 8)	588,874	2,077,783
Deposit liabilities	400	400
Deferred revenue (Note 9)	1,558,642	570,714
Long-term debt (Note 10)	2,733,956	2,874,182
	8,694,700	7,945,842
Net financial assets	30,587,772	28,586,230
Non-financial assets		
Tangible capital assets (Schedule II)	44,880,451	44,876,675
Inventory for consumption (Note 11)	3,594,043	2,249,328
Land inventory (Note 5)	2,736,227	2,616,595
Prepaid expenses	188,655	189,380
	51,399,376	49,931,978
Accumulated surplus (Schedule I)	81,987,148	78,518,208

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, 2021

	2021 Budget (Note 21)	2021	2020
Revenue			
Net municipal property taxes <i>(Schedule III)</i>	13,789,695	13,775,008	13,663,978
Subsidiary operations - Claystone Waste Limited Partnership <i>(Note 16)</i>	-	1,515,633	1,482,493
User fees and sales of goods	857,050	944,143	1,026,825
Government transfers <i>(Schedule IV)</i>	749,119	718,933	1,082,343
Interest income	200,000	382,503	482,225
Other	412,585	172,222	133,710
Penalties and costs on taxes	100,000	123,502	200,548
Grants	1,277,566	98,961	1,105,417
Rental	36,340	48,754	101,392
Fines	50,000	30,524	31,795
Gain on sale of tangible capital assets	-	-	6,751
	17,472,355	17,810,183	19,317,477
Expenses			
Public works	8,421,936	7,664,749	7,404,039
Amortization	-	3,326,295	3,296,511
Administration	4,835,903	3,322,350	2,773,615
Protective services	1,353,269	1,197,328	986,582
Agricultural services	931,185	762,619	701,263
Parks and recreation	747,574	758,565	518,360
Culture	253,711	247,819	245,115
Legislative	290,527	244,807	250,563
Planning and economic development	263,741	198,148	189,654
Community adult learning	147,338	141,840	135,305
Family and community support	137,626	137,014	136,846
Wastewater and waste management	89,545	60,646	78,480
	17,472,355	18,062,180	16,716,333
Excess (deficiency) of revenue over expenses before other	-	(251,997)	2,601,144
Other			
Government transfers for capital <i>(Schedule IV)</i>	3,461,105	2,916,401	2,391,206
Recovery of reclamation expense <i>(Note 8)</i>	-	800,000	-
Other capital contributions	-	4,536	4,536
	3,461,105	3,720,937	2,395,742
Excess of revenue over expenses	3,461,105	3,468,940	4,996,886
Accumulated surplus, beginning of year	78,518,208	78,518,208	73,521,322
Accumulated surplus, end of year	81,979,313	81,987,148	78,518,208

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, 2021

	2021 Budget (Note 21)	2021	2020
Excess of revenue over expenses	3,461,105	3,468,940	4,996,886
Acquisition of tangible capital assets	(5,323,126)	(3,994,753)	(3,874,408)
Proceeds on disposal of tangible capital assets	664,900	200,461	392,610
Amortization of tangible capital assets	-	3,326,294	3,296,511
Loss (gain) on sale of tangible capital assets	-	464,222	(6,751)
Increase in land inventory	-	(119,632)	(79,311)
Decrease (increase) in prepaid expenses	-	725	(27,469)
Acquisition of inventory for consumption	-	(1,344,715)	(910,899)
Increase (decrease) in net financial assets	(1,197,121)	2,001,542	3,787,169
Net financial assets, beginning of year	28,586,230	28,586,230	24,799,061
Net financial assets, end of year	27,389,109	30,587,772	28,586,230

The accompanying notes are an integral part of these financial statements

Beaver County
Consolidated Statement of Cash Flows
For the year ended December 31, 2021

	2021	2020
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	3,468,940	4,996,886
Non-cash items:		
Amortization of tangible capital assets	3,326,294	3,296,511
Loss (gain) on disposal of tangible capital assets	464,222	(6,751)
Subsidiary operations - Claystone Waste Limited Partnership	(1,515,633)	(1,482,493)
Net change in non-cash operating working capital balances:		
Increase in deferred revenue	987,928	237,811
Decrease (increase) in prepaid expenses	725	(27,469)
Increase in accounts payable and accrued liabilities	1,274,423	736,260
Decrease (increase) in trade and other accounts receivable	(39,797)	150,410
Decrease in property taxes receivable	382,443	200,609
Decrease in reclamation liability	(1,488,909)	-
Acquisition of inventory for consumption	(1,344,715)	(910,899)
	5,515,921	7,190,875
Capital		
Proceeds on disposal of tangible capital assets <i>(Schedule II)</i>	35,461	42,610
Acquisition of tangible capital assets <i>(Schedule II)</i>	(3,714,211)	(3,597,855)
	(3,678,750)	(3,555,245)
Investing		
Decrease in due from Beaver Foundation	140,226	134,428
Distribution from Claystone Waste Limited Partnership <i>(Note 16)</i>	1,392,507	-
Increase in land for resale	(119,632)	(79,311)
	1,413,101	55,117
Financing		
Repayment of long-term debt	(140,226)	(134,428)
Increase in cash and equivalents	3,110,046	3,556,319
Cash and equivalents, beginning of year	29,845,293	26,288,974
Cash and equivalents, end of year	32,955,339	29,845,293

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, 2021

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus (Note 20)</i>	<i>Equity in Tangible Capital Assets (Note 13)</i>	2021	2020
Balance, beginning of year	5,108,070	28,533,463	44,876,675	78,518,208	73,521,322
Excess of revenue over expenses	3,468,940	-	-	3,468,940	4,996,886
Unrestricted funds designated for future use	(6,953,818)	6,953,818	-	-	-
Restricted funds for operations	3,062,683	(3,062,683)	-	-	-
Restricted funds used for tangible capital assets	-	(534,078)	534,078	-	-
Current year funds used for tangible capital assets	(3,460,675)	-	3,460,675	-	-
Disposal of tangible capital assets	664,683	-	(664,683)	-	-
Annual amortization expense	3,326,294	-	(3,326,294)	-	-
Change in accumulated surplus	108,107	3,357,057	3,776	3,468,940	4,996,886
Balance, end of year	5,216,177	31,890,520	44,880,451	81,987,148	78,518,208

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, 2021

	<i>Land</i>	<i>Land Improvements</i>	<i>Buildings</i>	<i>Engineered Structures</i>	<i>Machinery & Equipment</i>	<i>Vehicles</i>	<i>2021</i>	<i>2020</i>
Cost:								
Balance, beginning of year	697,763	478,028	5,660,956	93,150,405	10,952,641	3,387,782	114,327,575	111,394,216
Acquisition of tangible capital assets	-	-	-	2,506,983	845,381	642,389	3,994,753	3,874,408
Disposal of tangible capital assets	-	-	-	(750,473)	(431,469)	(156,134)	(1,338,076)	(941,049)
Balance, end of year	697,763	478,028	5,660,956	94,906,915	11,366,553	3,874,037	116,984,252	114,327,575
Accumulated amortization:								
Balance, beginning of year	-	317,990	1,697,752	60,408,706	4,821,220	2,205,232	69,450,900	66,709,579
Annual amortization	-	25,798	112,806	2,083,954	868,399	235,337	3,326,294	3,296,511
Accumulated amortization on disposals	-	-	-	(279,849)	(246,673)	(146,871)	(673,393)	(555,190)
Balance, end of year	-	343,788	1,810,558	62,212,811	5,442,946	2,293,698	72,103,801	69,450,900
Net book value	697,763	134,240	3,850,398	32,694,104	5,923,607	1,580,339	44,880,451	44,876,675
2020 net book value	697,763	160,038	3,963,204	32,741,699	6,131,421	1,182,550	44,876,675	

During the year, tangible capital assets were acquired at an aggregate cost of \$3,994,753 (2020 - \$3,874,408) of which \$165,000 (2020 - \$350,000) was a non-cash trade-in and transfer of equipment, \$115,542 (2020 - \$nil) in accounts payable and accrued liabilities and the remaining \$3,714,211 (2020 - \$3,597,855) was acquired by cash. Proceeds on disposal of tangible capital assets is made up of \$35,461 (2020 - \$42,610) of cash and \$165,000 (2020 - \$350,000) 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, 2021

	2021 Budget	2021	2020
Taxation			
Real property taxes	9,450,475	9,435,018	9,103,034
Designated industrial property	8,132,482	8,132,714	8,251,289
Special assessments	5,303	5,303	5,303
	17,588,260	17,573,035	17,359,626
Requisitions			
Alberta School Foundation Fund	3,488,332	3,488,333	3,388,655
Beaver Foundation Management Agency	280,628	280,938	278,195
Designated industrial property	29,605	28,756	28,798
	3,798,565	3,798,027	3,695,648
Net municipal property taxes	13,789,695	13,775,008	13,663,978

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, 2021

	2021 Budget	2021	2020
Operating			
Provincial	749,119	718,933	1,078,668
Federal	-	-	3,675
	749,119	718,933	1,082,343
Capital			
Provincial	2,911,105	2,366,401	1,966,206
Federal	550,000	550,000	425,000
	3,461,105	2,916,401	2,391,206
Total government transfers	4,210,224	3,635,334	3,473,549

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, 2021

	2021 Budget	2021	2020
Salaries, wages and benefits	5,089,479	5,039,077	4,740,041
Contracted and general services	6,203,504	4,992,468	4,963,008
Amortization	-	3,326,295	3,296,511
Grants to other governments and organizations	2,238,752	2,042,402	1,970,833
Materials, goods and utilities	1,684,701	1,634,191	1,457,397
Loss on sale of tangible capital assets	-	464,222	-
Provision for allowances	1,975,000	422,304	142,871
Interest on long-term debt	134,419	121,193	126,991
Bank charges and short-term interest	146,500	20,028	18,681
	17,472,355	18,062,180	16,716,333

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, 2021

	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
Revenue											
Net municipal property taxes	13,775,008	-	-	-	-	-	-	-	-	-	13,775,008
Government transfers	-	301,587	2,996,027	-	-	197,457	140,263	-	-	-	3,635,334
Subsidiary operations - Claystone Waste LP.	-	-	-	-	-	-	-	1,515,633	-	-	1,515,633
User charges and sales of goods	-	26,382	260,228	102,756	38,463	13,775	1,577	-	124,225	376,737	944,143
Recovery of reclamation expense	-	-	800,000	-	-	-	-	-	-	-	800,000
Interest income	-	382,503	-	-	-	-	-	-	-	-	382,503
Other	-	172,222	-	-	-	-	-	-	-	-	172,222
Penalties and costs on taxes	123,502	-	-	-	-	-	-	-	-	-	123,502
Grants	-	94,261	-	-	-	3,500	-	-	-	1,200	98,961
Rental	-	48,754	-	-	-	-	-	-	-	-	48,754
Fines	-	-	-	-	30,524	-	-	-	-	-	30,524
Other capital contributions	-	4,536	-	-	-	-	-	-	-	-	4,536
	13,898,510	1,030,245	4,056,255	102,756	68,987	214,732	141,840	1,515,633	124,225	377,937	21,531,120
Expenses											
Salaries, wages, and benefits	-	1,824,682	2,339,572	28,261	234,458	412,005	104,030	-	96,069	-	5,039,077
Contracted and general services	-	581,721	3,616,551	22,833	231,544	143,269	26,915	-	96,887	272,748	4,992,468
Grants to other governments and organizations	-	496,723	-	-	714,156	45,748	135,776	-	-	649,999	2,042,402
Materials, goods, and utilities	-	115,077	1,244,404	9,552	17,170	161,597	12,133	-	5,192	69,066	1,634,191
Loss on sale of tangible capital assets	-	-	464,222	-	-	-	-	-	-	-	464,222
Provision for allowances	-	422,304	-	-	-	-	-	-	-	-	422,304
Interest on long-term debt	-	121,193	-	-	-	-	-	-	-	-	121,193
Bank charges and short-term interest	-	5,457	-	-	-	-	-	-	-	14,571	20,028
	-	3,567,157	7,664,749	60,646	1,197,328	762,619	278,854	-	198,148	1,006,384	14,735,885
Net revenue, before amortization	13,898,510	(2,536,912)	(3,608,494)	42,110	(1,128,341)	(547,887)	(137,014)	1,515,633	(73,923)	(628,447)	6,795,235
Amortization	-	330,386	2,831,885	46,886	14,434	72,907	-	-	-	29,797	3,326,295
Net revenue	13,898,510	(2,867,298)	(6,440,379)	(4,776)	(1,142,775)	(620,794)	(137,014)	1,515,633	(73,923)	(658,244)	3,468,940

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, 2021

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, 2021.

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, 2021

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

	2021	2020
Current taxes	1,618,116	2,094,190
Arrears taxes	1,091,013	1,169,588
	2,709,129	3,263,778
Less allowance for doubtful accounts	(1,424,314)	(1,596,520)
	1,284,815	1,667,258

3. Trade and other accounts receivable

	2021	2020
Due from governments	495,349	257,300
Trade and other receivables	206,649	404,801
	701,998	662,101

Beaver County
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

4. Due from Beaver Foundation

	<i>2021</i>	<i>2020</i>
Debt charges recoverable	146,275	140,226
Non-current debt charges recoverable	2,587,681	2,733,956
	2,733,956	2,874,182

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, 2021, \$2,733,956 (2020 - \$2,874,182) plus interest at 4.268% is recoverable from the 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>
2022	146,275	115,145	261,420
2023	152,585	108,835	261,420
2024	159,167	102,253	261,420
2025	166,033	95,387	261,420
2026	173,195	88,225	261,420
To maturity	1,936,701	416,079	2,352,780
	2,733,956	925,924	3,659,880

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.

	<i>2021</i>	<i>2020</i>
Equity Industrial Park	2,564,827	2,445,195
Viking Beaver Business Park	171,400	171,400
	2,736,227	2,616,595

6. Bank indebtedness

The County has a revolving line of credit with ATB Financial with a maximum limit of \$590,000 (2020 - \$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, 2021, the prime rate was 2.45% (2020 - 2.45%).

As at December 31, 2021, the County had not drawn any funds (2020 - \$ nil) on the line of credit.

Beaver County
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

7. Accounts payable and accrued liabilities

	<i>2021</i>	<i>2020</i>
Accounts payable and accrued liabilities	2,658,297	1,278,452
Payables to governments	483,586	640,125
Vacation and overtime accruals	370,153	417,186
Holdbacks payable	200,292	-
Retirement allowance	100,500	87,000
	3,812,828	2,422,763

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. An amount of \$588,874 (2020 - \$2,077,783) has been accrued. During the year, the County incurred costs to reclaim the aggregate extraction site and a recovery of reclamation expense in the amount of \$688,909 (2020 - \$nil) and \$800,000 (2020 - \$nil), respectively.

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	338,026	2,881,299	(1,944,898)	1,274,427
Community Adult Learning Program	109,745	138,730	(134,222)	114,253
Safety code inspection permits	69,476	-	(8,823)	60,653
Alberta Community Partnership	33,432	43,000	(29,071)	47,361
Watershed Resiliency and Restoration Program	-	100,000	(53,550)	46,450
MCS Net	20,035	-	(4,537)	15,498
Municipal Stimulus Program	-	701,922	(701,922)	-
Federal Gas Tax Fund	-	550,000	(550,000)	-
Agricultural Service Boards Program	-	143,907	(143,907)	-
Senate Election Grant	-	16,534	(16,534)	-
Federal Conditional Grant	-	9,450	(9,450)	-
	570,714	4,584,842	(3,596,914)	1,558,642

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, 2021

10. Long-term debt

	<i>2021</i>	<i>2020</i>
Self-supported debentures	2,733,956	2,874,182

Payments of interest and principal are due as follows:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022	146,275	115,145	261,420
2023	152,585	108,835	261,420
2024	159,167	102,253	261,420
2025	166,033	95,387	261,420
2026	173,195	88,225	261,420
To maturity	1,936,701	416,079	2,352,780
	2,733,956	925,924	3,659,880

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, 2021, \$2,733,956 (2020 - \$2,874,182) plus interest at 4.268% is recoverable from the 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>2021</i>	<i>2020</i>
Gravel inventory	3,302,708	1,998,964
Shop inventory	291,335	250,364
	3,594,043	2,249,328

Beaver County
Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

12. Debt limits

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the County be disclosed as follows:

	2021	2020
Total debt limit	26,722,079	28,983,020
Total debt	2,733,956	2,874,182
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Amount of debt limit unused	23,988,123	26,108,838
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Service on debt limit	4,453,680	4,830,503
Service on debt	261,420	261,420
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Amount of debt servicing limit unused	4,192,260	4,569,083
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The debt limit is calculated at 1.5 times revenue of the County (as defined in Alberta Regulation 255/2000) 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

	2021	2020
Tangible capital assets (<i>Schedule II</i>)	116,984,252	114,327,575
Accumulated amortization (<i>Schedule II</i>)	(72,103,801)	(69,450,900)
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	44,880,451	44,876,675
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Beaver County
Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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	2021	2020
K. Smook, Reeve - Division 1	40,393	5,898	46,291	44,957
J. Kallal, Former Reeve - Division 2	37,372	4,856	42,228	41,979
L. Williams - Division 2	7,382	1,480	8,862	-
G. Hrabec, Deputy Reeve - Division 3	34,123	9,352	43,475	45,332
B. Bruce, Councilor - Division 4	26,810	7,636	34,446	37,369
D. Pederson, Councilor - Division 5	22,406	4,226	26,632	27,876
R. Beck, Former CAO	510,166	26,410	536,576	213,379
M. Jones, Interim CAO	57,260	1,204	58,464	-

Salary/remuneration includes regular base pay, overtime, lump sum payments, gross honoraria and any other direct cash remuneration. Total salary/remuneration for R. Beck, former CAO, includes severance pay of \$363,820 (2020 - \$nil) and \$43,455 (2020 - \$nil) for vacation accruals unused at the time of retirement.

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 275,863 members and 433 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 2021 were \$311,670 (2020 - \$314,773). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2021 were \$282,326 (2020 - \$285,593).

At December 31, 2020, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial surplus of \$4,961,337,000 (2019 - \$7,913,261,000).

Beaver County
Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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.

	2021	2020
Investment in limited partnership:		
Investment, beginning of year	1,483,238	-
Distribution received	(1,392,507)	-
Capital investment in limited partnership	-	745
Share of net income from partnership operations	1,515,633	1,482,493
Investment, end of year	1,606,364	1,483,238

Beaver County owns 46.56% of the partnership interest of Claystone Waste Limited Partnership.

Summary financial information of Claystone Waste Limited Partnership, accounted for using the modified equity method, for the year ended December 31, 2021, is as follows:

	2021	2020
Financial Position:		
Current assets	29,340,452	29,453,320
Property and equipment	34,526,583	35,887,841
Other assets	10,058,934	8,428,565
	73,925,969	73,769,726
Current liabilities	1,389,185	1,700,537
Non-current liabilities	16,190,484	15,978,311
Total liabilities	17,579,669	17,678,848
Partnership equity	56,346,300	56,090,878
	73,925,969	73,769,726
Results of operations:		
Revenue	21,581,362	8,918,829
Expenses	18,381,311	5,816,393
Gain on disposal of property and equipment	55,171	81,611
Net and comprehensive income	3,255,222	3,184,047
Changes in partnership equity		
Partnership equity - opening	56,090,878	-
Distributions	(2,999,800)	-
Net income for the period	3,255,222	3,184,047
Capital contributions from unit issuances on formation	-	1,601
Contributions on acquisition of landfill net assets and operations	-	52,905,230
Partnership equity - ending	56,346,300	56,090,878

Beaver County
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

16. Subsidiary operations - Claystone Waste Limited Partnership *(continued)*

During the year, Beaver County incurred \$25,006 (2020 - \$7,100) in waste collection and disposal fees payable to Claystone Waste Limited Partnership. During the year, Claystone Waste Limited Partnership incurred \$523,032 (2020 - \$nil) in property taxes and grants payable to Beaver County. All transactions are in the normal course of operations and are recorded at the exchange value based on normal commercial rates.

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 crushing and reclamation, equipment purchase, computer software and other general operating agreements. The commitments over the next five years are as follows:

2022	2,170,053
2024	2,452,774
2025	2,503,954
2026	30,000
2027	30,000

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

The Limited Partnership has entered into a commitment to purchase equipment for cash consideration of \$875,000 of which no amount was paid or payable at December 31, 2021.

Beaver County
Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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 are contingencies 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, 2021. 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.

The Limited Partnership contracted a vendor to construct certain property and equipment. The vendor is claiming an additional \$412,096 is payable which is disputed by the Limited Partnership. It is the opinion of management that the success of the Limited Partnership is not determinable in this dispute. Nothing has been recorded in respect of the disputed amount.

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>2020</i>	<i>Increases</i>	<i>Decreases</i>	<i>2021</i>
Contingency	15,424,863	310,542	-	15,735,405
Public works	7,815,679	4,707,009	(2,749,733)	9,772,955
Administration	2,534,011	1,738,127	(550,150)	3,721,988
Planning and economic development	1,109,139	14,761	(120,596)	1,003,304
Water and sewer system	623,458	80,146	-	703,604
Parks and recreation	433,530	64,237	(55,828)	441,939
Agriculture	385,741	38,996	(120,454)	304,283
Legislated	207,042	-	-	207,042
	28,533,463	6,953,818	(3,596,761)	31,890,520

Beaver County
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

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:

	Budget 2021
Approved budgeted operating surplus	-
Property tax revenue used for capital	(84,344)
Operating draw from reserve	(4,660,801)
Operating transfer to reserve	4,745,145
<hr/>	
Excess of revenue over expenses before other <i>(Statement of Operations)</i>	-
<hr/>	
Approved budgeted capital surplus	-
Capital reserve transfer	1,281,465
Property tax revenue, budgeted for in operating	(84,344)
<hr/>	
Capital surplus	1,197,121
<hr/>	
Decrease in net financial assets <i>(Statement of Change in Net Financial Assets)</i>	(1,197,121)
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22. Significant event

On March 11, 2020, the World Health Organization declared 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.