

TOWN OF BEAUMONT
Consolidated Financial Statements

For the year ended December 31, 2018

TOWN OF BEAUMONT
Consolidated Financial Statements

For the year ended December 31, 2018

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**Town of Beaumont
2018 Financial Statements
Management Report**

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of the Town of Beaumont.

These consolidated financial statements have been prepared by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that the Town's assets are appropriately accounted for and adequately safeguarded.

The elected Council of the Town of Beaumont are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council meets annually with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Grant Thornton LLP, Chartered Professional Accountants, the external auditors, in accordance with Canadian auditing standards on behalf of the Council, residents and ratepayers of the Town. Grant Thornton LLP has full and free access to Town Council.



Chief Administrative Officer
Town of Beaumont



General Manager, Corporate Services

Independent Auditor's Report

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To the Mayor and Members of Council of the Town of Beaumont

Opinion

We have audited the financial statements of the Town of Beaumont (the "Town"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Town of Beaumont as at December 31, 2018, and the results of operations, its changes in its net debt, 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 Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Town'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 Town'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 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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

Edmonton, Canada

April 23, 2019



Chartered Professional Accountants

Town of Beaumont
Consolidated Statement of Financial Position

December 31	2018	2017
Financial assets		
Cash and cash equivalents (Note 2)	\$ 48,465,448	\$ 37,219,059
Receivables (Note 3)	4,034,670	3,644,028
Other financial assets	219,745	154,706
	52,719,863	41,017,793
Liabilities		
Accounts payable and accrued liabilities (Note 4)	5,400,756	5,036,920
Security deposits	3,097,854	3,145,357
Deferred revenue (Note 5)	14,008,664	6,399,871
Long-term debt (Notes 6 and 7)	16,413,300	16,016,205
	38,920,574	30,598,353
Net financial assets	13,799,289	10,419,440
Non-financial assets		
Tangible capital assets (Schedule I)	332,356,139	285,905,147
Inventory for consumption	110,269	136,590
	332,466,408	286,041,737
Accumulated surplus (Note 8, Schedule II)	\$346,265,697	\$296,461,177
Contingencies (Note 11)		

Town of Beaumont
Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenue			
Taxation-net (Schedule III)	\$ 19,279,600	\$ 19,256,846	\$ 18,093,997
Sales and user charges	10,716,900	11,175,252	10,989,000
Government transfers (Schedule IV)	2,126,200	2,085,137	1,740,636
Interest income	496,400	829,481	514,700
Penalties and cost on taxes	290,000	474,908	409,518
Franchise fees	1,501,000	1,505,047	1,384,912
Rentals	965,800	883,375	824,108
Licenses, permits and fines	1,827,100	1,949,960	2,109,947
Developers contributions	-	1,188,438	3,316,064
Contributions from other groups	35,600	84,177	29,895
Loss on disposal of capital	-	-	(159,956)
	<u>37,238,600</u>	<u>39,432,621</u>	<u>39,252,821</u>
Expenses (Schedule V)			
Council	452,300	519,943	439,947
CAO office	1,643,700	1,781,165	1,577,198
Corporate services	2,527,700	2,357,142	2,288,750
Community and protective services			
Protective services	5,708,000	5,209,017	4,717,163
Family services	3,096,000	2,841,718	2,755,144
Recreation and parks	8,948,900	8,509,973	8,225,066
Integrated growth and infrastructure			
Transportation, roads and streets	10,510,800	10,349,178	9,804,421
Utilities	6,379,900	6,824,344	6,585,620
Planning and development	2,645,800	2,395,164	1,724,039
Economic development	431,800	362,030	140,418
Environmental services	128,900	101,940	28,138
Library	885,600	826,625	807,079
	<u>43,359,400</u>	<u>42,078,239</u>	<u>39,092,983</u>
(Deficiency) excess of revenue before other	(6,120,800)	(2,645,618)	159,838
Other			
Developer contributed tangible capital assets	-	50,281,670	6,639,803
Government transfers for capital (Schedule IV)	4,108,229	2,168,468	6,835,091
	<u>(2,012,571)</u>	<u>49,804,520</u>	<u>13,634,732</u>
Excess of revenue over expenses			
Accumulated surplus, beginning of year	<u>296,461,177</u>	<u>296,461,177</u>	<u>282,826,445</u>
Accumulated surplus, end of year	<u>\$294,448,606</u>	<u>\$346,265,697</u>	<u>\$296,461,177</u>

Town of Beaumont
Consolidated Statement of Change in Net Assets (Debt)

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Excess of revenue over expenditures	\$ (2,012,571)	\$ 49,804,520	\$ 13,634,732
Acquisition of tangible capital assets	(34,237,129)	(4,776,922)	(13,408,182)
Contributed tangible capital assets	-	(50,281,670)	(6,639,803)
Proceeds on disposal of tangible capital assets	-	-	384,753
Amortization of tangible capital assets	8,248,000	8,607,600	8,111,479
Loss on disposal of tangible capital assets	-	-	159,956
	(25,989,129)	(46,450,992)	(11,391,797)
Acquisition of prepaid expenses and inventory of supplies	-	26,321	37,204
Net change in net assets (debt)	(28,001,700)	3,379,849	2,280,139
Net assets, beginning of year	10,419,440	10,419,440	8,139,301
Net assets, end of year	\$(17,582,260)	\$ 13,799,289	\$ 10,419,440

Town of Beaumont
Consolidated Statement of Cash Flows

For the year ended December 31	2018	2017
Operating transactions		
Excess of revenue over expense	\$ 49,804,520	\$ 13,634,732
Items not involving cash		
Amortization	8,607,600	8,111,479
Loss on disposal of tangible capital asset	-	159,956
Contributed capital assets	(50,281,670)	(6,639,803)
Changes in non-cash assets and liabilities		
Receivables	(390,642)	(333,736)
Other financial assets	(65,039)	62,855
Inventory for consumption	26,321	37,204
Accounts payable and accrued liabilities	363,836	688,020
Security deposits	(47,503)	(76,603)
Deferred revenue	7,608,793	(1,488,237)
	<u>15,626,216</u>	<u>14,155,867</u>
Capital activities		
Acquisition of tangible capital assets	(4,776,922)	(13,408,182)
Proceeds on sale of tangible capital assets	-	384,753
	<u>(4,776,922)</u>	<u>(13,023,429)</u>
Financing transactions		
Issue of long-term debt	1,625,864	4,587,925
Repayment of long-term debt	(1,228,769)	(1,113,678)
	<u>397,095</u>	<u>3,474,247</u>
Net change in cash and cash equivalents	11,246,389	4,606,685
Cash and cash equivalents, beginning of year	37,219,059	32,612,374
Cash and cash equivalents, end of year	\$ 48,465,448	\$ 37,219,059

Town of Beaumont

Notes to the Consolidated Financial Statements

December 31, 2018

1. Significant Accounting Policies

Management's Responsibility for the Consolidated Financial Statements

The Town of Beaumont (Town) is a municipality incorporated under the laws of the Province of Alberta and operates under the provisions of the *Municipal Government Act*. These financial statements are the representation of management, prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

Reporting Entity

The Town is a municipality incorporated under the laws of the Province of Alberta and operates under the provisions of the *Municipal Government Act*.

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in fund balances, and change in financial position of the reporting entity. This entity is comprised of the municipal operations that are owned or controlled by the Town, which includes the Bibliotheque de Beaumont Library.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from these estimates.

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax 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.

Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. The schedule of taxes levied also includes requisitions for the Leduc Foundation, and for both Black Gold and St. Thomas Aquinas School Districts. As they are not part of the municipal reporting entity these requisitions have been netted out of the tax revenue as they operate as a flow through and are therefore excluded from municipal revenue.

Town of Beaumont

Notes to the Consolidated Financial Statements

December 31, 2018

Prepaid Local Improvement Charges

Property tax revenue is based on *market value assessments determined in accordance with the Municipal Government Act*. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as revenue when received.

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. Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and the amount recognized is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

Non-Financial Assets (Physical Assets)

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

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, is amortized on a straight-line basis over the estimated useful life as follows:

Land Improvements	15 to 30 years
Buildings	20 to 50 years
Engineered Structures	
Water System	35 to 75 years
Wastewater System	35 to 75 years
Other	20 to 75 years
Machinery & Equipment	5 to 20 years
Vehicles	10 to 25 years

No amortization is taken in the first year of acquisition and a full year of amortization is calculated in the year of disposal.

ii Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt, and are recorded as contributed revenue.

Town of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2018

Non-Financial Assets (Physical Assets) - (continued)

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

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

Reserves for Future Expenditures

Reserves are established at the discretion of the Council to set aside funds for future operating and capital expenditures. The reserve funds are reflected as a component of the accumulated surplus of the Town.

Equity in Capital Assets

Equity in capital assets represents the net investment in total capital assets after deducting the portion financed by third parties. The equity in capital assets is reflected as a component of the accumulated surplus of the Town.

Town of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2018

2. Cash and Cash Equivalents

	2018	2017
Cash	\$ 47,560,217	\$ 36,314,280
Cash equivalents (temporary investments)	905,231	904,779
	\$ 48,465,448	\$ 37,219,059

Temporary investments are short-term deposits with original maturities of three months or less.

3. Receivables

	2018	2017
Current taxes	\$ 1,014,795	\$ 976,732
Arrear taxes	492,265	477,963
	1,507,060	1,454,695
Taxes receivable	607,083	423,397
Due from other governments	663,631	448,531
Trade receivables	1,256,896	1,317,405
Utilities receivable	\$ 4,034,670	\$ 3,644,028

4. Accounts Payable and Accrued Liabilities

	2018	2017
Accrued interest	\$ 81,031	\$ 81,031
Accrued wages and benefits	790,963	897,616
Trade payables	4,528,762	4,058,273
	\$ 5,400,756	\$ 5,036,920

5. Deferred Revenue

	2018	2017
Deferred capital grants	\$ 6,514,589	\$ 1,936,314
Development	472,021	-
Lot Grading	657,305	607,290
Offsite Levies	5,917,375	3,425,552
Recreation Fees	445,724	429,965
Youth Programs	1,650	750
	\$ 14,008,664	\$ 6,399,871

Town of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2018

6. Long-term Debt

	2018	2017
<u>Tax supported</u>		
Town office	\$ 24,806	\$ 48,497
Land	4,587,925	4,587,925
Police building	2,374,372	2,581,731
Beaumont Sports and Recreation Centre	1,625,864	-
Operations building	2,023,323	2,157,380
Roads	2,567,271	2,906,491
Storm drainage	-	23,899
Ken Nichol Regional Recreation Centre	409,166	595,600
Library	398,029	465,177
	14,010,756	13,366,700
 <u>Utility supported</u>		
Water reservoir	2,277,624	2,467,479
Sewage collection	124,920	182,026
	2,402,544	2,649,505
	\$ 16,413,300	\$ 16,016,205

Principal and interest payments on long-term debt in the next five years are as follows:

	Principal	Interest
2019	\$ 1,329,057	\$ 490,004
2020	5,937,395	396,892
2021	1,097,908	300,566
2022	793,376	266,127
2023	705,378	233,257
2024 and onwards	6,550,186	1,044,280
	\$ 16,413,300	\$ 2,731,126

Debenture debt is repayable to the Alberta Capital Finance Authority \$15,809,165 (2017 - \$15,331,338) and the Beaumont Credit Union Ltd \$604,135 (2017 - \$684,867) and bears interest at rates ranging from 2.177% to 6.375% per annum, and matures in periods 2019 through 2041. The debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$547,080 (2017 - \$577,993).

Town of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2018

7. Debt Limits

The Town's debt limit as per the Municipal Government Act is as follows:

	2018	2017
Debt limit		
Total debt limit	\$ 59,148,932	\$ 58,879,232
Total debt	14,787,436	16,016,205
	\$ 44,361,496	\$ 42,863,027
Service on debt		
Debt servicing limit	\$ 9,858,155	\$ 9,813,205
Debt servicing	1,819,061	1,915,379
	\$ 8,039,094	\$ 7,897,826

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

Town of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2018

8. Accumulated Surplus

Accumulated surplus consists of reserves, which are funds committed and set aside for future expenditures, equity in tangible capital assets, and unrestricted surpluses as follows:

	<u>2018</u>	<u>2017</u>
<u>Reserve funds</u>		
Tax allowance	\$ 70,412	\$ 94,754
Equipment replacement	2,026,101	1,565,838
General capital growth	331,853	618,569
Mill rate stabilization	4,569,005	4,945,214
Contingency	282,091	276,762
Communication reserves	50,634	40,640
Election reserve	8,211	120
Town office maintenance	62,643	56,348
Technology replacement	232,225	172,815
Asset management system	215,848	211,199
Policing	455,263	445,457
Police building maintenance	27,268	21,735
Protective services building maintenance	64,041	59,694
Operation facility maintenance	37,239	32,480
Snow removal	924,470	624,375
Infrastructure maintenance	4,448,313	2,712,258
TWP 505 land debenture repayment fund	2,204,124	1,182,826
Sidewalk replacement	181,507	177,597
Transit reserve	124,109	32,405
Future utilities	8,928,938	7,732,212
Youth centre building maintenance	34,612	32,877
Planning reserves	130,398	63,289
Downtown redevelopment	255,612	250,106
Aquafit centre building maintenance	72,043	57,631
Fours Seasons Park	76,760	64,720
Municipal reserve for parkland	925,680	931,950
Recreation equipment	31,151	30,480
Ken Nichol Regional Recreation Centre building maintenance	182,486	159,760
Library building maintenance	196,723	153,436
	<u>27,149,760</u>	<u>22,747,547</u>
<u>Equity in tangible capital assets</u>		
Tangible capital assets	422,358,508	367,299,916
Accumulated amortization	(90,002,369)	(81,394,769)
Long-term debt	<u>(16,413,300)</u>	<u>(16,016,205)</u>
	<u>315,942,839</u>	<u>269,888,942</u>
<u>Unrestricted Surplus</u>		
Operations	5,090,720	5,471,166
Recoverable offsite levies	(2,382,875)	(2,676,116)
Solid Waste	231,699	-
Water	-	208,136
Wastewater	233,554	821,502
	<u>3,173,098</u>	<u>3,824,688</u>
	<u>\$ 346,265,697</u>	<u>\$ 296,461,177</u>

Town of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2018

9. Cost Sharing Functions

The County of Leduc cost shares specific costs for certain recreation and culture services with other municipalities.

	2018 Budget	2018 Actual	2017 Actual
<u>Eligible Costs</u>			
Ken Nichol Regional Recreation Centre	\$ 500,000	\$ 493,742	\$ 690,140
Programs	392,400	347,956	180,154
Athletic Fields and Outdoor Rinks (31.44%)	643,891	616,304	523,252
Parks and Recreation Administration	410,400	391,073	173,919
Ken Nichol Regional Recreation Centre (Expansion)	168,225	167,114	167,130
Library	665,800	627,086	616,063
	<u>\$ 2,780,716</u>	<u>\$ 2,643,275</u>	<u>\$ 2,350,658</u>
Cost Share Percentage	9.26%	9.26%	9.55%
	\$ 257,494	\$ 244,767	\$ 224,488
Beaumont Sports and Recreation Centre	25,000	25,000	25,000
	<u>\$ 282,494</u>	<u>\$ 269,767</u>	<u>\$ 249,488</u>

10. Segmented Information

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The revenues and expenses and equity in government business enterprises and government business partnerships that are directly attributable to a particular segment are allocated to that segment. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

The Town of Beaumont is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Taxation: Allocated to CAO office.
 Sale of Service: Allocated to segment based on service and to general government if not specific.
 Grants: Allocated to segment based on service provided and to general government if not specific.
 Interest: Allocated to water, wastewater and general government.

Council

Responsible for Council activities.

CAO office

Responsible for general administration services, including communication, safety, human resources.

Town of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2018

10. Segmented Information (continued)

Corporate services

Responsible for internal corporate service to the organization including accounting, finance, geographic information systems, information technology, and record services

Protective services

Responsible for bylaw enforcement, policing, and fire services.

Transportation, roads and streets

Responsible for maintaining the roads, bridges, storm drainage systems, sidewalks and extended shoulders for pedestrian and bike travel.

Utilities

Responsible for water distribution and storage, the sewer collection system, and curbside garbage and recycling collection

Family services

Responsible for family, youth and childcare services plus cemetery.

Planning and development

Responsible for planning, development services and building inspection services.

Recreation and parks

Responsible for recreational services, including programming.

Economic development

Responsible for business attraction, retention, and expansion.

Environmental services

Responsible for environmental outreach and education, including water conservation education, outreach, and saving incentives, and waste reduction incentives.

Town of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2018

10. Segmented Information (continued)

For the year ended December 31	Council	CAO office	Corporate services	Protective services	Family services	Recreation and parks	Transportation, roads and streets	Utilities	Planning and development	Economic development	Environmental services	Library	2018 Total
Revenue													
Taxation	\$ -	\$ 18,569,714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 687,132	\$ 19,256,846
Sales and user charges	40,632	56,967	7,366	18,497	1,193,976	1,440,789	349,690	7,653,088	356,593	3,492	1,805	52,357	11,175,252
Government transfers	-	-	49,500	653,574	714,900	286,142	-	-	206,000	-	1,632	173,389	2,085,137
Investment income	-	829,481	-	-	-	-	-	-	-	-	-	-	829,481
Penalties and costs on taxes	-	414,082	-	-	-	-	-	60,826	-	-	-	-	474,908
Franchise fees	-	1,505,047	-	-	-	-	-	-	-	-	-	-	1,505,047
Rentals	-	4,500	-	43,794	15,636	785,589	-	-	-	32,081	-	1,775	883,375
Licenses, permits and fines	-	-	-	1,077,186	-	9,479	27,775	-	822,010	-	-	13,510	1,949,960
Developers contributions	-	-	-	-	-	-	740,344	450,401	(2,307)	-	-	-	1,188,438
Contributions from others	-	(1,313)	-	500	10,886	74,104	-	-	-	-	-	-	84,177
Loss on disposal of capital	-	-	-	-	-	-	-	-	-	-	-	-	-
	40,632	21,378,478	56,866	1,793,551	1,935,398	2,596,103	1,117,809	8,164,315	1,382,296	35,573	3,437	928,163	39,432,621
Expenses													
Salaries and benefits	253,635	965,857	1,515,382	1,664,352	2,352,269	4,065,557	1,711,199	386,658	1,262,739	230,432	78,872	531,705	15,018,657
Contract services	188,072	321,656	557,716	2,741,075	149,661	1,226,868	1,039,206	1,383,920	1,064,264	101,564	14,990	94,879	8,883,871
Materials and goods	27,441	260,293	250,645	374,100	224,156	1,058,096	463,869	4,216,160	52,231	23,740	8,078	115,933	7,074,742
Utilities	1,305	60,433	20,619	89,193	51,712	661,363	663,945	100,471	12,147	2,297	-	25,900	1,689,385
Community grants	42,750	-	-	-	25,172	127,221	-	-	-	-	-	-	195,143
Interest on long-term debt	-	70,538	-	119,523	-	36,384	182,456	111,885	-	-	-	26,294	547,080
Amortization	6,740	75,547	12,244	216,921	39,309	1,304,078	6,288,503	625,611	7,033	-	-	31,614	8,607,600
Other expenses	-	26,841	536	3,853	(561)	30,406	-	(361)	(3,250)	3,997	-	300	61,761
	519,943	1,781,165	2,357,142	5,209,017	2,841,718	8,509,973	10,349,178	6,824,344	2,395,164	362,030	101,940	826,625	42,078,239
Internal support													
	1,340,126	(1,234,315)	(2,346,033)	(43,428)	327,874	784,147	179,132	571,249	302,221	60,915	28,085	30,027	-
	1,860,069	546,850	11,109	5,165,589	3,169,592	9,294,120	10,528,310	7,395,593	2,697,385	422,945	130,025	856,652	42,078,239
Net surplus (deficit)	\$ (1,819,437)	\$ 20,831,628	\$ 45,757	\$ (3,372,038)	\$ (1,234,194)	\$ (6,698,017)	\$ (9,410,501)	\$ 768,722	\$ (1,315,089)	\$ (387,372)	\$ (126,588)	\$ 71,511	\$ (2,645,618)

Town of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2018

10. Segmented Information - continued

For the year ended December 31	Council	CAO office	Corporate services	Protective services	Family services	Recreation and parks	Transportation, roads, and streets	Utilities	Planning and development	Economic development	Environmental services	Library	2017 Total
Revenue													
Taxation	\$ -	\$17,423,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 670,177	\$18,093,997
Sales and user charges	2,040	77,530	4,388	4,916	1,186,553	1,392,680	222,094	7,559,703	487,595	15,092	-	36,409	10,989,000
Government transfers	-	-	-	572,127	687,229	279,476	-	-	28,750	-	-	173,054	1,740,636
Investment income	-	511,888	-	-	-	-	2,812	-	-	-	-	-	514,700
Penalties and costs on taxes	-	359,571	-	-	-	-	-	49,947	-	-	-	-	409,518
Franchise fees	-	1,384,912	-	-	-	-	-	-	-	-	-	-	1,384,912
Rentals	-	3,750	-	43,794	23,310	747,755	-	-	-	4,000	-	1,499	824,108
Licenses, permits and fines	-	-	-	1,114,634	-	5,389	32,550	-	945,166	-	-	12,208	2,109,947
Developer contributions	-	-	-	-	-	-	2,758,814	533,085	24,165	-	-	-	3,316,064
Contributions from others	-	-	-	-	10,737	19,158	-	-	-	-	-	-	29,895
Loss on disposal of capital	-	-	-	-	-	-	(159,956)	-	-	-	-	-	(159,956)
	<u>2,040</u>	<u>19,761,471</u>	<u>4,388</u>	<u>1,735,471</u>	<u>1,907,829</u>	<u>2,444,458</u>	<u>2,856,314</u>	<u>8,142,735</u>	<u>1,485,676</u>	<u>19,092</u>	<u>-</u>	<u>893,347</u>	<u>39,252,821</u>
Expenses													
Salaries and benefits	208,187	722,162	1,552,855	1,470,364	2,300,434	3,799,363	1,737,086	252,912	1,143,543	108,149	8,262	489,593	13,792,910
Contracted services	59,930	467,916	469,148	2,553,661	143,589	951,364	679,550	1,484,117	505,507	11,856	3,542	55,749	7,385,929
Materials and goods	104,348	199,139	237,631	278,815	199,813	1,441,152	662,041	4,007,552	47,972	19,216	16,334	176,204	7,390,217
Utilities	3,142	56,670	16,871	86,886	45,162	642,233	604,083	93,444	9,078	1,197	-	23,729	1,582,495
Community grants	57,600	-	-	-	26,977	106,003	-	-	-	-	-	-	190,580
Interest on long-term debt	-	56,266	-	128,696	-	47,546	198,417	117,177	-	-	-	29,891	577,993
Amortization	6,740	75,550	12,245	195,148	39,309	1,209,087	5,919,059	615,695	7,033	-	-	31,613	8,111,479
Other expenses	-	(505)	-	3,593	(140)	28,318	4,185	14,723	10,906	-	-	300	61,380
	<u>439,947</u>	<u>1,577,198</u>	<u>2,288,750</u>	<u>4,717,163</u>	<u>2,755,144</u>	<u>8,225,066</u>	<u>9,804,421</u>	<u>6,585,620</u>	<u>1,724,039</u>	<u>140,418</u>	<u>28,138</u>	<u>807,079</u>	<u>39,092,983</u>
Internal support	546,500	(404,601)	(1,138,699)	(43,295)	205,596	300,899	72,000	306,000	132,400	8,200	5,800	9,200	-
	<u>986,447</u>	<u>1,172,597</u>	<u>1,150,051</u>	<u>4,673,868</u>	<u>2,960,740</u>	<u>8,525,965</u>	<u>9,876,421</u>	<u>6,891,620</u>	<u>1,856,439</u>	<u>148,618</u>	<u>33,938</u>	<u>816,279</u>	<u>39,092,983</u>
Net surplus (deficit)	\$ (984,407)	\$18,588,874	\$ (1,145,663)	\$ (2,938,397)	\$ (1,052,911)	\$ (6,081,507)	\$ (7,020,107)	\$ 1,251,115	\$ (370,763)	\$ (129,526)	\$ (33,938)	\$ 77,068	\$ 159,838

Town of Beaumont

Notes to the Consolidated Financial Statements

December 31, 2018

11. Contingencies

The Town is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Town is a member of the Leduc & District Regional Waste Management Authority. Because of the Authority's legal status as an organization, its members are potentially liable if the Authority is unable to meet its obligations. The Alberta Environmental Protection and Enhancement Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. The liability recorded at December 31, 2012 by the Authority is \$1,927,418 (2011 - \$1,598,308) and represents the Authority's estimate of the present value of the closure and post-closure costs. Closure will involve covering the site with topsoil, vegetation, and the installation of groundwater monitoring wells. Post-closure care activities are expected to occur for twenty-five years, and will involve surface and ground water monitoring, and landfill cover maintenance. The liability for closure and post-closure costs estimated at December 31, 2018 was not available at the time these financial statements were finalized.

The Town has received a formal statement of action filed against the Town for environmental damage resulting from the nuisance grounds that it has forwarded to its insurer. As at the date of the financial statements liability resulting from the claim is undeterminable.

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

12. Financial Instruments

The Town's financial instruments consist of cash and temporary investments, receivables, accounts payable, accrued liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

13. Contractual Commitments

The Town contracts with the Government of Canada for the employment of the Royal Canadian Mounted Police to provide policing services until March 31, 2032. The related agreement may be terminated on March 31 in any year by either party giving notice 24 months prior to the date of the intended termination. Total future annual costs under the terms of the Agreement are estimated to be \$2,654,400.

The Town contracts with the City of Edmonton to provide a commuter transit system from Beaumont to Century Park LRT Station until December 31, 2020. The related agreement may be terminated at any time provided 48 hours notice is given. Total annual costs under the terms of the Agreement are estimated to be \$440,800.

In addition, the Town has a lease commitment with Xerox for photocopying equipment. The lease provides for monthly payments of \$3,330 and expire in July 2020. The total lease commitment over the remaining life of the contract amounts to \$73,253.

Town of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2018

14. Local Authorities Pension Plan

Employees of the town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due. The town 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.

Total current service contributions by the Town to the LAPP in 2018 were \$1,057,350 (2017 - \$1,032,303). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2018 were \$965,869 (2017 - \$949,579).

At December 31, 2017, the LAPP disclosed an actuarial surplus of approximately \$4.835 billion (2016 - \$0.637 billion deficiency). The actuarial surplus at December 31, 2018 was not available at the time the financial statements were finalized.

15. Salary and Benefits Disclosure

Disclosure of salaries and benefits for municipal officers and the Chief Administrative Officer as required by Alberta provincial regulation 313/2000 is as follows:

	2018		2017	
<u>Mayor & Council</u>	<u>Benefits & Salary (1)</u>	<u>Allowances</u>	<u>Benefits & Salary (1)</u>	<u>Allowances</u>
Mayor John Stewart	\$ 67,875	\$ 5,150	\$ 11,163	\$ 4,035
Mayor Camille Berube	-	-	40,025	9,781
Councillor Samuel Munckhof-Swain	29,000	1,513	5,019	4,116
Councillor Bill Daneluik	29,030	5,846	5,019	3,691
Councillor Martin Stout	29,270	5,812	5,019	4,388
Councillor Kathy Barnhart	30,711	5,757	25,632	5,320
Councillor Perry Hendriks	30,557	1,332	23,251	2,406
Councillor Steven vanNieuwkerk	24,984	3,893	-	-
Councillor Bill McNamara	-	-	20,013	4,513
Councillor Sabrina Leung-Powers	-	-	2,231	2,405
Councillor Kerri Bauer	-	-	19,913	1,335
Councillor Louise White-Gibbs	-	-	19,213	3,568
Councillor Bruce LeCren	-	-	19,213	5,571
	\$ 241,427	\$ 29,303	\$ 195,711	\$ 51,129

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration paid by the Town of Beaumont.

Town of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2018

16. Salary and Benefits Disclosure (continued)

<u>Chief Administrative Officer</u>	<u>2018</u>	<u>2017</u>
Salary	\$ 219,429	\$ 222,844
Pension	\$ 24,418	\$ 25,552
General benefits package	\$ 1,709	\$ 1,818
Car allowance	\$ 6,000	\$ 5,899

In 2017, there were two Chief Administrative Officers employed by the Town over the course of the year.

17. Contaminated Sites Liability

On January 1, 2015, the Town adopted PS3260 Liability for Contaminated Sites. The liability as at December 31, 2018 was \$- (2017 - \$-).

18. Approval of Financial Statements

Council and Management have approved these financial statements on April 23, 2019.

19. Budget Amounts

The budget figures presented in these consolidated financial statements are based on the 2018 Budget adopted by Council on April 24, 2018.

20. Comparative Figures

The 2017 comparative figures have been reclassified to conform to financial statement presentation adopted for the current year.

21. Subsequent events

On January 1, 2019, Town of Beaumont officially changed its municipal status to City of Beaumont. Future operations will not be impacted by this change.

Town of Beaumont
Schedule I - Schedule of Tangible Capital Assets

December 31, 2018

2018

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery & Equipment and Vehicles</u>	<u>Roads</u>	<u>Storm Sewers</u>	<u>Total Operating Assets</u>	<u>Water Systems</u>	<u>Wastewater</u>	<u>Totals</u>
Cost, beginning of year	\$ 100,947,109	\$ 13,864,801	\$ 48,597,395	\$ 9,004,982	\$ 124,647,484	\$ 29,239,602	\$ 326,301,373	\$ 25,704,819	\$ 15,293,724	\$ 367,299,916
Additions	41,922,973	622,467	1,908,655	547,177	5,954,827	2,086,481	53,042,580	1,194,973	821,039	55,058,592
Disposals	-	-	-	-	-	-	-	-	-	-
Cost, end of year	142,870,082	14,487,268	50,506,050	9,552,159	130,602,311	31,326,083	379,343,953	26,899,792	16,114,763	422,358,508
Accumulated amortization, beginning of year	-	4,703,298	12,361,732	3,150,042	46,002,641	5,837,964	72,055,677	6,046,589	3,292,503	81,394,769
Amortization	-	629,430	998,008	573,604	5,280,075	502,052	7,983,169	420,518	203,913	8,607,600
Disposals	-	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	-	5,332,728	13,359,740	3,723,646	51,282,716	6,340,016	80,038,846	6,467,107	3,496,416	90,002,369
Net carrying amount, end of year	\$ 142,870,082	\$ 9,154,540	\$ 37,146,310	\$ 5,828,513	\$ 79,319,595	\$ 24,986,067	\$ 299,305,107	\$ 20,432,685	\$ 12,618,347	\$ 332,356,139

2017

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery & Equipment and Vehicles</u>	<u>Roads</u>	<u>Storm Sewers</u>	<u>Total Operating Assets</u>	<u>Water Systems</u>	<u>Wastewater</u>	<u>Totals</u>
Cost, beginning of the year	\$ 91,868,000	\$ 13,394,181	\$ 47,190,917	\$ 6,140,517	\$ 121,167,134	\$ 27,781,034	\$ 307,541,783	\$ 25,459,959	\$ 14,794,898	\$ 347,796,640
Additions	9,623,818	470,620	1,406,478	2,864,465	3,480,350	1,458,568	19,304,299	244,860	498,826	20,047,985
Disposals	(544,709)	-	-	-	-	-	(544,709)	-	-	(544,709)
Cost, end of year	100,947,109	13,864,801	48,597,395	9,004,982	124,647,484	29,239,602	326,301,373	25,704,819	15,293,724	367,299,916
Accumulated amortization, beginning of year	-	4,087,092	11,417,736	2,799,878	40,896,948	5,357,059	64,558,713	5,629,336	3,095,241	73,283,290
Amortization	-	616,206	943,996	350,164	5,105,693	480,905	7,496,964	417,253	197,262	8,111,479
Disposals	-	-	-	-	-	-	-	-	-	-
Accumulated amortization, End of year	-	4,703,298	12,361,732	3,150,042	46,002,641	5,837,964	72,055,677	6,046,589	3,292,503	81,394,769
Net carrying amount, end of year	\$ 100,947,109	\$ 9,161,503	\$ 36,235,663	\$ 5,854,940	\$ 78,644,843	\$ 23,401,638	\$ 254,245,696	\$ 19,658,230	\$ 12,001,221	\$ 285,905,147

Town of Beaumont
Schedule II - Schedule of Changes in Accumulated Surplus

For the year ended December 31	Unrestricted Surplus	Restricted Surplus	Equity in Capital Assets	2018	2017
Balance, beginning of year	\$ 3,824,688	\$ 22,747,547	\$269,888,942	\$296,461,177	\$282,826,445
Excess of revenue over expenses	49,804,520	-	-	49,804,520	13,634,732
Unrestricted funds designated for future use	(5,842,810)	5,842,810	-	-	-
Restricted funds used for operations	861,013	(861,013)	-	-	-
Restricted funds used for tangible capital assets	-	(579,584)	579,584	-	-
Current year funds used for tangible capital assets	(2,459,309)	-	2,459,309	-	-
Contributed tangible capital assets	(50,281,670)	-	50,281,670	-	-
Annual amortization expense	8,607,600	-	(8,607,600)	-	-
Long-term debt repaid	(1,228,769)	-	1,228,769	-	-
Restricted funds designated for future use	(112,168)	-	112,168	-	-
	(651,593)	4,402,213	46,053,900	49,804,520	13,634,732
	\$ 3,173,095	\$ 27,149,760	\$315,942,842	\$346,265,697	\$296,461,177

Town of Beaumont
Schedule III - Schedule of Property and Other Taxes

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Residential taxes	\$ 24,220,700	\$ 24,278,397	\$ 23,184,723
Commercial taxes	2,128,000	2,114,001	1,890,058
Farm taxes	7,400	6,941	5,584
	<hr/>		
	26,356,100	26,399,339	25,080,365
Linear taxes	207,200	207,319	205,865
	<hr/>		
	26,563,300	26,606,658	25,286,230
	<hr/>		
Requisition for Other Authorities			
Alberta School Foundation Fund	6,537,300	6,606,548	6,465,934
Separate School Board	694,200	690,466	679,411
Leduc Foundation	52,200	52,220	46,888
Designated industrial property requisition	-	578	-
	<hr/>		
	7,283,700	7,349,812	7,192,233
	<hr/>		
	\$ 19,279,600	\$ 19,256,846	\$ 18,093,997

Town of Beaumont
Schedule IV - Schedule of Government Transfers

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Transfers for operating			
Provincial government	\$ 1,171,400	\$ 1,393,495	\$ 1,324,614
Federal government	476,700	235,367	11,636
Leduc County	478,100	456,275	404,386
	<u>2,126,200</u>	<u>2,085,137</u>	<u>1,740,636</u>
Transfers for capital			
Provincial government	4,108,229	2,152,129	4,579,145
Federal government	-	16,339	2,255,946
	<u>4,108,229</u>	<u>2,168,468</u>	<u>6,835,091</u>
	<u>\$ 6,234,429</u>	<u>\$ 4,253,605</u>	<u>\$ 8,575,727</u>

Town of Beaumont
Schedule V - Consolidated Schedule of Expenses by Object

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Consolidated Expenses by Object			
Salaries, wages and benefits	\$ 15,047,400	\$ 15,018,657	\$ 13,792,910
Contracted and general services	10,346,300	8,883,871	7,385,929
Materials and goods	7,135,700	7,074,742	7,390,217
Utilities	1,635,200	1,689,385	1,582,495
Community grants	208,600	195,143	190,580
Interest on long-term debt	698,800	547,080	577,993
Amortization	8,248,000	8,607,600	8,111,479
Other expenses	39,400	61,761	61,380
	\$ 43,359,400	\$ 42,078,239	\$ 39,092,983