

TOWN OF BEAUMONT
Consolidated Financial Statements

For the year ended December 31, 2017

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For the year ended December 31, 2017

	Contents
Management Report	1
Independent Auditor's Report	2-3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus	5
Consolidated Statement of Change in Net Assets (Debt)	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8-22
Schedule I - Schedule of Tangible Capital Assets	23
Schedule II - Schedule of Changes in Accumulated Surplus	24
Schedule III - Schedule of Property and Other Taxes	25
Schedule IV - Schedule of Government Transfers	26
Schedule V - Consolidated Schedule of Expenses by Object	27

Town of Beaumont 2017 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

To the Mayor and Council of the Town of Beaumont

We have audited the accompanying consolidated financial statements of Town of Beaumont which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations and accumulated surplus, changes in net assets (debt), and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Town of Beaumont as at December 31, 2017, and the results of its operations and accumulated surplus, changes in net financial assets (debt), and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 of the consolidated financial statements, which indicates that the comparative information presented as at and for the year-ended December 31, 2016 has been restated.

Edmonton, Canada

April 24, 2018

A handwritten signature in black ink that reads "Grant Thornton LLP".

Chartered Professional Accountant

Town of Beaumont
Consolidated Statement of Financial Position

December 31	2017	2016 (Restated) (Note 2)
Financial Assets		
Cash and Cash Equivalents (Note 3)	\$ 37,219,059	\$ 32,612,374
Receivables (Note 4)	3,644,028	3,310,292
Other Financial Assets	154,706	217,561
	41,017,793	36,140,227
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	5,036,920	4,348,900
Security Deposits	3,145,357	3,221,960
Deferred Revenue (Note 6)	6,399,871	7,888,108
Long-term Debt (Notes 7 and 8)	16,016,205	12,541,958
	30,598,353	28,000,926
Net Financial Assets	10,419,440	8,139,301
Non-Financial Assets		
Tangible Capital Assets (Schedule I)	285,905,147	274,513,350
Inventory for Consumption	136,590	173,794
	286,041,737	274,687,144
Accumulated Surplus (Note 9, Schedule II)	\$296,461,177	\$282,826,445
Contingencies (Note 12)		

Town of Beaumont
Consolidated Statement of Operations and Accumulated Surplus

	2017	2017	2016
	Budget	Actual	(Restated) (Note 2)
For the Year Ended December 31	Budget	Actual	Actual
Revenue			
Taxation-net (Schedule III)	\$ 17,992,600	\$ 18,093,997	\$ 17,025,950
Sales and User Charges	10,683,100	11,021,550	10,434,667
Government Transfers (Schedule IV)	1,952,300	1,740,636	7,634,657
Interest Income	250,000	514,700	427,854
Penalties and Cost on Taxes	270,000	409,518	350,641
Franchise Fees	1,330,300	1,384,912	1,214,110
Rentals	1,072,200	824,108	733,957
Licenses, Permits and Fines	1,643,600	2,077,397	2,150,151
Developers Contributions	800,000	3,316,064	878,911
Contributions from Other Groups	23,100	29,895	123,185
(Loss) Gain on Disposal of Capital	-	(159,956)	(537,254)
	<u>36,017,200</u>	<u>39,252,821</u>	<u>40,436,829</u>
Expense (Schedule V)			
Legislative	1,047,200	995,114	6,710,123
Administration	2,820,400	2,462,599	1,937,884
Protective Services	5,229,400	4,673,868	4,375,604
Transportation Services	10,988,300	9,910,358	9,485,355
Public Health and Welfare Services	3,238,100	2,960,740	2,953,239
Planning and Development	2,098,700	1,856,439	1,765,274
Recreation and Cultural Services	8,893,400	8,525,965	7,315,270
Library	857,600	816,280	756,157
Waste Management	2,445,000	2,087,699	1,548,170
Water	3,136,400	2,986,752	2,883,396
Wastewater	2,047,400	1,817,169	1,918,356
	<u>42,801,900</u>	<u>39,092,983</u>	<u>41,648,828</u>
Deficiency Revenue over Expenses before Other	(6,784,700)	159,838	(1,211,999)
Other			
Community Transfer of Tangible Capital Asset	-	-	10,380,707
Developer Contributed Tangible Capital Assets	-	6,639,803	6,201,841
Government Transfers for Capital (Schedule IV)	8,011,036	6,835,091	4,194,198
	<u>1,226,336</u>	<u>13,634,732</u>	<u>19,564,747</u>
Excess of Revenue over Expense			
Accumulated Surplus, Beginning of Year,	287,867,475	287,867,475	268,054,769
Prior Period Adjustments (Note 2)	(5,041,030)	(5,041,030)	(4,793,071)
	<u>282,826,445</u>	<u>282,826,445</u>	<u>263,261,698</u>
Accumulated Surplus, Beginning of Year, as restated			
	<u>282,826,445</u>	<u>282,826,445</u>	<u>263,261,698</u>
Accumulated Surplus, End of Year	<u>\$284,052,781</u>	<u>\$296,461,177</u>	<u>\$282,826,445</u>

The accompanying notes are an integral part of these consolidated financial statements.

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

	2017	2017	2016
For the Year Ended December 31	Budget	Actual	(Restated) (Note 2) Actual
Excess of Revenue over Expenditures	\$ 1,226,336	\$ 13,634,732	\$ 19,564,747
Acquisition of Tangible Capital Assets	(14,741,403)	(13,408,182)	(15,998,031)
Contributed Tangible Capital Assets	-	(6,639,803)	(6,201,841)
Proceeds on Disposal of Tangible Capital Assets	-	384,753	389,123
Amortization of Tangible Capital Assets	8,208,200	8,111,479	7,584,191
Loss (Gain) on Disposal of Tangible Capital Assets	-	159,956	537,254
	<u>(6,533,203)</u>	<u>(11,391,797)</u>	<u>(13,689,304)</u>
Acquisition of Prepaid Expenses and Inventory of Supplies	-	37,204	150,512
Net Change in Net Assets (Debt)	(5,306,867)	2,280,139	6,025,955
Net Assets , Beginning of Year	8,139,301	8,139,301	2,113,346
Net Assets , End of Year	<u>\$ 2,832,434</u>	<u>\$ 10,419,440</u>	<u>\$ 8,139,301</u>

Town of Beaumont
Consolidated Statement of Cash Flows

For the Year Ended December 31

2017

2016
(Restated)
(Note 2)

Operating Transactions

Excess of Revenue over Expense	\$ 13,634,732	\$ 19,564,747
Items Not Involving Cash		
Amortization	8,111,479	7,584,191
Loss (Gain) on Disposal of Tangible Capital Assets	159,956	537,254
Contributed Capital Assets	(6,639,803)	(16,582,548)
Changes in Non-cash Assets and Liabilities		
Receivables	(333,736)	606,324
Other Financial Assets	62,855	(71,645)
Inventory for Consumption	37,204	150,512
Accounts Payable and Accrued Liabilities	688,020	(5,729,323)
Security Deposits	(76,603)	(119,065)
Deferred Revenue	(1,488,237)	(4,132,147)
	14,155,867	1,808,300

Capital Activities

Acquisition of Tangible Capital Assets	(13,408,182)	(5,617,324)
Proceeds on Sale of Tangible Capital Assets	384,753	389,123
	(13,023,429)	(5,228,201)

Financing Transactions

Issue of Long-term Debt	4,587,925	-
Repayment of Long-term Debt	(1,113,678)	(1,575,495)
	3,474,247	(1,575,495)

Net Change in Cash and Cash Equivalents

Cash and Cash Equivalents, Beginning of Year

Cash and Cash Equivalents, End of Year

	4,606,685	(4,995,396)
	32,612,374	37,607,770
	\$ 37,219,059	\$ 32,612,374

Town of Beaumont

Notes to the Consolidated Financial Statements

December 31, 2017

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 Consolidated Financial Statements

December 31, 2017

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 Consolidated Financial Statements

December 31, 2017

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 Consolidated Financial Statements

December 31, 2017

2. Prior period adjustment

Prior to 2017, the Town recorded developer contributions, consisting of offsite levies, as revenue in the year the levies were received with unspent amounts being reported as reserves. During 2017, the Town changed its manner in which it accounts for developer contributions as it believes this results in a more appropriate presentation of the transactions. The Town now recognizes developer contributions as revenue in the period which the intended expenditures are incurred. Any amounts received prior to costs being incurred for the specified purposes are now reported as deferred revenue.

The above changes have been applied retroactively and the 2016 comparative figures have been restated as follows:

	December 31, 2016 (as previously stated)	Adjustments due to restatement	December 31, 2016 (as restated)
<u>Consolidated Statement of Financial Position</u>			
Deferred revenue	\$ 2,847,078	\$ 5,041,030	\$ 7,888,108
Accumulated Surplus, end of year	\$ 287,867,475	\$ (5,041,030)	\$ 282,826,445
<u>Consolidated Statement of Operations and Accumulated Surplus</u>			
Interest income	\$ 490,495	\$ (62,641)	\$ 427,854
Developers contributions	\$ 1,064,229	\$ (185,318)	\$ 878,911
Excess of revenues over expenses	\$ 19,812,706	\$ (247,959)	\$ 19,564,747
Accumulated surplus, beginning of year	\$ 268,054,769	\$ (4,793,071)	\$ 263,261,698
Accumulated surplus, end of year	\$ 287,867,475	\$ (5,041,030)	\$ 282,826,445
<u>Consolidated Statement of Change in Net Assets</u>			
Excess of revenues over expenses	\$ 19,812,706	\$ (247,959)	\$ 19,564,747
Net change in net assets (debt)	\$ 6,273,914	\$ (247,959)	\$ 6,025,955
Net assets, beginning of year	\$ 6,906,417	\$ (4,793,071)	\$ 2,113,346
Net assets, end of year	\$ 13,180,331	\$ (5,041,030)	\$ 8,139,301
<u>Consolidated Statement of Cash Flows</u>			
Excess of revenues over expenses	\$ 19,812,706	\$ (247,959)	\$ 19,564,747
Deferred revenue	\$ (4,380,106)	\$ 247,959	\$ (4,132,147)
Net change in cash and cash equivalents	\$ (4,995,396)	\$ -	\$ (4,995,396)

Town of Beaumont
Notes to Consolidated Financial Statements

December 31, 2017

3. Cash and Cash Equivalents

	2017	2016
Cash	\$ 36,314,280	\$ 31,532,047
Cash Equivalents (Temporary Investments)	904,779	905,327
Term Deposit (Letter of Credit)	-	175,000
	\$ 37,219,059	\$ 32,612,374

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

4. Receivables

	2017	2016
Current Taxes	\$ 976,732	\$ 921,473
Arrear Taxes	477,963	305,358
Taxes Receivable	1,454,695	1,226,831
Due from Other Governments	423,397	364,964
Trade Receivables	448,531	491,739
Utilities Receivable	1,317,405	1,226,758
	\$ 3,644,028	\$ 3,310,292

5. Accounts Payable and Accrued Liabilities

	2017	2016
Accrued Interest	\$ 81,031	\$ 66,898
Accrued Wages and Benefits	897,616	668,631
Trade Payables	4,058,273	3,613,371
	\$ 5,036,920	\$ 4,348,900

6. Deferred Revenue

	2017	2016 (Restated) (Note 2)
Deferred Capital Grants	\$ 1,936,314	\$ 1,961,943
Lot Grading	607,290	594,278
Offsite Levies	3,425,552	5,041,030
Recreation Fees	429,965	288,935
Youth Programs	750	1,922
	\$ 6,399,871	\$ 7,888,108

Town of Beaumont
Notes to Consolidated Financial Statements

December 31, 2017

7. Long-term Debt

	2017	2016
<u>Tax Supported</u>		
Town Office	\$ 48,497	\$ 71,122
Land	4,587,925	-
Police Building	2,581,731	2,779,626
Fire Building	-	-
Operations Building	2,157,380	2,286,032
Roads	2,906,491	3,250,896
Storm Drainage	23,899	46,580
Ken Nichol Regional Recreation Centre	595,600	770,894
Library	465,177	528,688
	13,366,700	9,733,838
<u>Utility Supported</u>		
Water Reservoir	2,467,479	2,572,284
Sewage Collection	182,026	235,836
	2,649,505	2,808,120
	\$ 16,016,205	\$ 12,541,958

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

	Principal	Interest
2018	\$ 1,376,327	\$ 539,052
2019	1,355,968	479,200
2020	5,964,305	368,662
2021	896,529	300,565
2022	793,376	233,257
2023 and onwards	5,629,700	1,277,537
	\$ 16,016,205	\$ 3,198,273

Debenture debt is repayable to the Alberta Capital Finance Authority \$15,331,338 (2016 - \$14,108,228) and the Beaumont Credit Union Ltd \$684,867 (2016 - \$684,867) and bears interest at rates ranging from 2.177% to 6.375% per annum, and matures in periods 2016 through 2041. The debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$577,993 (2016 - \$576,797).

Town of Beaumont
Notes to Consolidated Financial Statements

December 31, 2017

8. Debt Limits

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

	2017	2016 (Restated) (Note 2)
Debt Limit		
Total Debt Limit	\$ 58,879,232	\$ 60,655,244
Total Debt	16,016,205	12,541,958
Loan Guarantees - Centré Communautaire Beaumont Community Centre	-	-
Total Debt Limit Remaining	\$ 42,863,027	\$ 48,113,286
Service on Debt		
Debt Servicing Limit	\$ 9,813,205	\$ 10,171,197
Debt Servicing	1,915,379	1,862,454
Total Debt Servicing Remaining	\$ 7,897,826	\$ 8,308,743

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 Consolidated Financial Statements

December 31, 2017

9. 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:

	2017	2016 (Restated) (Note 2)
<u>Reserve Funds</u>		
Tax Allowance	\$ 94,754	\$ 93,262
Equipment Replacement	1,565,838	1,106,062
General Capital Growth	618,569	889,942
Mill Rate Stabilization	4,945,214	3,121,040
Contingency	276,762	270,662
Communication Reserves	40,640	40,000
Election Reserve	120	15,000
Town Office Maintenance	56,348	50,500
Technology Replacement	172,815	209,183
Asset Management System	211,199	250,000
Policing	445,457	438,442
Police Building Maintenance	21,735	16,431
Protective Services Building Maintenance	59,694	55,778
Operation Facility Maintenance	32,480	28,000
Snow Removal	624,375	54,730
Infrastructure Maintenance	2,712,258	671,376
TWP 505 Land Debenture Repayment Fund	1,182,826	-
Sidewalk Replacement	177,597	174,800
Transit Reserve	32,405	270,656
Future Utilities	7,732,212	6,041,661
Youth Centre Building Maintenance	32,877	31,367
Planning Reserves	63,289	157,794
Downtown Redevelopment	250,106	250,106
Aquafit Centre Building Maintenance	57,631	43,826
Fours Seasons Park	64,720	52,500
Municipal Reserve for Parkland	931,950	917,168
Recreation Equipment	30,480	30,000
Ken Nichol Regional Recreation Centre Building Maintenance	159,760	218,000
Library Building Maintenance	153,436	138,540
	22,747,547	15,636,826
<u>Equity in Tangible Capital Assets</u>		
Tangible Capital Assets	367,299,916	347,796,640
Accumulated Amortization	(81,394,769)	(73,283,290)
Long-term Debt	(16,016,205)	(12,541,958)
	269,888,942	261,971,392
<u>Unrestricted Surplus</u>		
Operations	5,471,166	7,190,243
Recoverable Offsite Levies	(2,676,116)	(2,867,547)
Solid Waste	-	188,997
Water	208,136	231,217
Wastewater	821,502	475,317
	3,824,688	5,218,227
	\$ 296,461,177	\$ 282,826,445

Town of Beaumont
Notes to Consolidated Financial Statements

December 31, 2017

10. Cost Sharing Functions

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

	2017 Budget	2017 Actual	2016 Actual
<u>Eligible Costs</u>			
Ken Nichol Regional Recreation Centre	\$ 810,500	\$ 690,140	\$ 331,247
Programs	225,000	180,154	164,856
Athletic Fields and Outdoor Rinks (29.2%)	492,382	523,252	564,717
Parks and Recreation Administration	256,300	173,919	214,597
Ken Nichol Regional Recreation Centre (Expansion)	168,225	167,130	167,195
Library	834,300	616,063	555,300
	<u>\$ 2,786,707</u>	<u>\$ 2,350,658</u>	<u>\$ 1,997,912</u>
Cost Share Percentage	9.55%	9.55%	11.52%
	\$ 266,131	\$ 224,488	\$ 230,159
Aquafit Centre	25,000	25,000	25,000
	<u>\$ 291,131</u>	<u>\$ 249,488</u>	<u>\$ 255,159</u>

11. 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 Administration.
 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.

Legislative

Responsible for Council activities.

Administration

Responsible for administration services, including economic development, communication, safety, human resources, accounting, finance, general administration and record services.

Town of Beaumont
Notes to Consolidated Financial Statements

December 31, 2017

11. Segmented Information (continued)

Protective Services

Responsible for bylaw enforcement, policing, and fire services.

Transportation Services

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

Solid Waste Management

Responsible for curbside garbage and recycling collection

Water

Responsible for water distribution and storage.

Wastewater

Responsible for sewer collection system.

Public Health and Welfare

Responsible for family, youth and childcare services plus cemetery.

Planning and Development Services

Responsible for planning, development services and building inspection services.

Recreation and Cultural Services

Responsible for recreational services, including programming.

Town of Beaumont
Notes to Consolidated Financial Statements

December 31, 2017

11. Segmented Information (continued)

For the year ended December 31	Legislative	Administration	Protective Services	Transportation Services	Public Health and Welfare Services	Planning and Development	Recreation and Cultural Services	Library	Solid Waste Management	Water	Wastewater	2017 Total
Revenue												
Taxation	\$ 17,423,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 670,177	\$ -	\$ -	\$ -	\$ 18,093,997
Sales and User Charges	94,661	4,388	4,916	254,644	1,186,553	487,595	1,392,680	36,409	1,918,698	3,275,680	2,365,326	11,021,550
Government Transfers	-	-	572,127	-	687,229	28,750	279,476	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	-	7,750	43,794	-	23,310	-	747,755	1,499	-	-	-	824,108
Licenses, Permits and Fines	-	-	1,114,634	-	-	945,166	5,389	12,208	-	-	-	2,077,397
Developers Contributions	-	-	-	2,758,814	-	24,165	-	-	-	219,138	313,947	3,316,064
Contributions from Others	-	-	-	-	10,737	-	19,158	-	-	-	-	29,895
(Loss) on Disposal of Capital	-	-	-	(159,956)	-	-	-	-	-	-	-	(159,956)
	17,518,481	2,268,509	1,735,471	2,856,314	1,907,829	1,485,676	2,444,458	893,347	1,918,698	3,544,765	2,679,273	39,252,821
Expenses												
Salaries and Benefits	208,187	2,383,166	1,470,364	1,745,348	2,300,434	1,143,543	3,799,488	489,593	1,003	213,395	38,514	13,793,035
Contract Services	59,930	948,921	2,553,661	683,091	143,589	505,507	951,364	55,749	1,369,182	45,837	69,098	7,385,929
Materials and Goods	104,348	455,986	278,815	678,375	199,813	47,972	1,441,027	176,204	644,114	1,967,127	1,396,311	7,390,092
Utilities	3,142	74,738	86,886	604,083	45,162	9,078	642,233	23,729	-	92,161	1,283	1,582,495
Internal Support	546,500	(1,535,100)	(43,295)	77,800	205,596	132,400	300,899	9,200	73,400	132,200	100,400	-
Community Grants	57,600	-	-	-	26,977	-	106,003	-	-	-	-	190,580
Interest on Long-term Debt	-	56,266	128,696	198,417	-	-	47,546	29,891	-	102,876	14,301	577,993
Amortization	15,407	79,127	195,148	5,919,059	39,309	7,033	1,209,087	31,614	-	418,433	197,262	8,111,479
Other Expenses	-	(505)	3,593	4,185	(140)	10,906	28,318	300	-	14,723	-	61,380
	995,114	2,462,599	4,673,868	9,910,358	2,960,740	1,856,439	8,525,965	816,280	2,087,699	2,986,752	1,817,169	39,092,983
Net Surplus (Deficit)	\$ 16,523,367	\$ (194,090)	\$ (2,938,397)	\$ (7,054,044)	\$ (1,052,911)	\$ (370,763)	\$ (6,081,507)	\$ 77,067	\$ (169,001)	\$ 558,013	\$ 862,104	\$ 159,838

Town of Beaumont
Notes to Consolidated Financial Statements

December 31, 2017

11. Segmented Information - continued

For the year ended December 31	Legislative	Administration	Protective Services	Transportation Services	Public Health and Welfare Services	Planning and Development	Recreation and Culture	Library	Waste Management	Water	Wastewater	2016 (Restated) (Note 2) Total
Revenue												
Taxation	\$16,424,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,965	\$ -	\$ -	\$ -	\$17,025,950
Sales and User Charges	103,160	(66)	-	417,649	1,136,250	146,314	1,496,685	36,490	1,737,168	3,074,556	2,286,461	10,434,667
Government Transfers	5,834,047	9,396	556,964	4,032	769,212	32,250	254,211	174,545	-	-	-	7,634,657
Investment Income	-	427,854	-	-	-	-	-	-	-	-	-	427,854
Penalties and Costs on Taxes	-	297,781	-	-	-	-	-	-	-	52,860	-	350,641
Franchise Fees	-	1,214,110	-	-	-	-	-	-	-	-	-	1,214,110
Rentals	-	12,124	43,794	-	21,714	-	655,629	696	-	-	-	733,957
Licenses, Permits and Fines	-	-	1,343,369	-	-	792,532	1,815	12,435	-	-	-	2,150,151
Developer Contributions	-	-	-	645,108	-	93,952	35,000	-	-	68,251	36,600	878,911
Contributions from Others	-	-	-	-	14,636	-	108,549	-	-	-	-	123,185
(Loss) on Disposal of Capital	-	-	-	-	-	-	(838,548)	-	-	-	301,294	(537,254)
	22,362,192	1,961,199	1,944,127	1,066,789	1,941,812	1,065,048	1,713,341	825,131	1,737,168	3,195,667	2,624,355	40,436,829
Expenses												
Salaries and Benefits	196,985	2,317,276	1,399,218	1,580,993	2,266,255	1,058,017	3,525,667	458,447	638	193,022	50,554	13,047,072
Contracted Services	75,418	483,645	2,356,129	912,210	144,950	528,664	953,274	51,941	1,456,061	44,532	200,074	7,206,898
Materials and Goods	57,534	399,504	261,747	423,967	208,218	42,174	966,944	147,043	23,071	1,887,606	1,352,558	5,770,366
Utilities	6,239	78,201	80,711	547,939	50,316	13,557	566,570	22,536	-	87,162	2,562	1,455,793
Internal Support	534,900	(1,437,500)	(56,800)	32,100	220,300	117,199	273,701	10,700	68,400	137,600	99,400	-
Community Grants	5,839,047	-	-	-	24,457	-	87,257	-	-	-	-	5,950,761
Interest on Long-term Debt	-	4,023	138,182	215,311	-	-	58,107	33,353	-	110,408	17,415	576,799
Amortization	-	88,453	191,284	5,764,250	39,309	7,033	850,465	31,613	-	415,991	195,793	7,584,191
Other Expenses	-	4,282	5,133	8,585	(566)	(1,370)	33,285	524	-	7,075	-	56,948
	6,710,123	1,937,884	4,375,604	9,485,355	2,953,239	1,765,274	7,315,270	756,157	1,548,170	2,883,396	1,918,356	41,648,828
Net Surplus (Deficit)	\$15,652,069	\$ 23,315	\$(2,431,477)	\$(8,418,566)	\$(1,011,427)	\$(700,226)	\$(5,601,929)	\$ 68,974	\$ 188,998	\$ 312,271	\$ 705,999	\$(1,211,999)

Town of Beaumont
Notes to Consolidated Financial Statements

December 31, 2017

12. 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, 2017 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.

13. 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.

14. 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 \$2,484,700.

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 \$415,900.

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 \$113,209.

Town of Beaumont
Notes to Consolidated Financial Statements

December 31, 2017

15. 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in **2017** were \$1,032,303 (2016 - \$992,069). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in **2017** were \$949,579 (2016 - \$912,935).

At December 31, 2016, the LAPP disclosed an actuarial deficiency of approximately \$637.357 million (2015 - \$923.416 million). The actuarial deficiency at December 31, 2017 was not available at the time the financial statements were finalized.

16. 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:

	2017		2016	
	Benefits & Salary (1)	Allowances	Benefits & Salary (1)	Allowances
<u>Mayor & Council</u>				
Mayor Camille Berube	\$ 40,025	\$ 9,781	\$ 47,408	\$ 10,000
Mayor John Stewart	11,163	4,035	-	-
Councillor Louise White-Gibbs	19,213	3,568	22,404	1,798
Councillor Samuel Munckhof-Swain	5,019	4,116	-	-
Councillor Bill Daneluik	5,019	3,691	-	-
Councillor Martin Stout	5,019	4,388	-	-
Councillor Bill McNamara	20,013	4,513	22,404	1,780
Councillor Sabrina Leung-Powers	2,231	2,405	-	-
Councillor Kerri Bauer	19,913	1,335	23,904	2,802
Councillor Kathy Barnhart	25,632	5,320	24,104	4,961
Councillor Bruce LeCren	19,213	5,571	24,104	6,564
Councillor Perry Hendriks	23,251	2,406	21,404	-
	\$ 195,711	\$ 51,129	\$ 185,732	\$ 27,905

(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 Consolidated Financial Statements

December 31, 2017

17. Salary and Benefits Disclosure (continued)

<u>Chief Administrative Officer</u>	<u>2017</u>	<u>2016</u>
Salary	\$ 222,844	\$ 206,772
Pension	\$ 25,552	\$ 27,839
General Benefits Package	\$ 1,818	\$ 3,142
Car Allowance	\$ 5,899	\$ 7,196

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

18. Contaminated Sites Liability

On January 1, 2015, the Town adopted PS3260 Liability for Contaminated Sites. The liability as at December 31, 2017 was \$- (2016 - \$-).

19. Approval of Financial Statements

Council and Management have approved these financial statements on April 27, 2018.

20. Budget Amounts

The budget figures presented in these consolidated financial statements are based on the 2017 Budget adopted by Council on May 9, 2017 and have been adjusted for the restatement to opening accumulated surplus as disclosed in Note 2.

21. Comparative Figures

The 2016 comparative figures have been reclassified to conform to financial statement presentation adopted for the current year.

Town of Beaumont
Schedule I - Schedule of Tangible Capital Assets

December 31, 2017

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 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
2016										
	<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	\$ 89,428,941	\$ 11,279,473	\$ 36,450,603	\$ 5,834,509	\$117,658,810	\$ 25,821,445	\$286,473,781	\$ 25,276,786	\$ 14,772,578	\$326,523,145
Additions	3,277,607	2,114,708	10,740,314	306,008	3,508,324	1,959,589	21,906,550	183,173	110,149	22,199,872
Disposals	(838,548)	-	-	-	-	-	(838,548)	-	(87,829)	(926,377)
Cost, End of 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
Accumulated Amortization, Beginning of Year	-	3,608,467	10,687,518	2,468,983	35,917,324	4,902,835	57,585,127	5,214,525	2,899,448	65,699,100
Amortization	-	478,625	730,218	330,896	4,979,624	454,224	6,973,587	414,811	195,793	7,584,191
Disposals	-	-	-	-	-	-	-	-	-	-
Accumulated Amortization, End 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
Net Carrying Amount, End of Year	\$ 91,868,000	\$ 9,307,089	\$ 35,773,181	\$ 3,340,639	\$ 80,270,186	\$ 22,423,975	\$242,983,070	\$ 19,830,623	\$ 11,699,657	\$274,513,350

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	2017	2016 (Restated) (Note 2)
Balance, Beginning of Year	\$ 5,218,227	\$ 15,636,826	\$ 261,971,392	\$ 282,826,445	\$ 263,261,695
Excess of Revenue over Expenses	13,634,732	-	-	13,634,732	19,564,747
Unrestricted Funds Designated for Future Use	(8,280,782)	8,280,782	-	-	-
Restricted Funds Used for Operations	433,603	(433,603)	-	-	-
Restricted Funds Used for Tangible Capital Assets	-	(736,458)	736,458	-	-
Current Year Funds Used for Tangible Capital Assets	(6,838,068)	-	6,838,068	-	-
Contributed Tangible Capital Assets	(6,639,803)	-	6,639,803	-	-
Disposal of Tangible Capital Assets	544,709	-	(544,709)	-	-
Annual Amortization Expense	8,111,479	-	(8,111,479)	-	-
Long-term Debt Repaid	(1,113,678)	-	1,113,678	-	-
Restricted Funds Designated for Future Use	(1,245,731)	-	1,245,731	-	-
	(1,393,539)	7,110,721	7,917,550	13,634,732	19,564,747
	\$ 3,824,688	\$ 22,747,547	\$ 269,888,942	\$ 296,461,177	\$ 282,826,442

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

For the Year Ended December 31	2017 Budget	2017 Actual	2016 Actual
Residential Taxes	\$ 23,040,468	\$ 23,184,723	\$ 21,677,027
Commercial Taxes	1,891,191	1,890,058	1,664,787
Farm Taxes	5,630	5,584	632
	<u>24,937,289</u>	<u>25,080,365</u>	<u>23,342,446</u>
Linear Taxes	203,511	205,865	188,322
	<u>25,140,800</u>	<u>25,286,230</u>	<u>23,530,768</u>
Requisition for Other Authorities			
Alberta School Foundation Fund	6,419,600	6,465,934	5,846,220
Separate School Board	681,700	679,411	613,617
Leduc Foundation	46,900	46,888	44,981
	<u>7,148,200</u>	<u>7,192,233</u>	<u>6,504,818</u>
	<u>\$ 17,992,600</u>	<u>\$ 18,093,997</u>	<u>\$ 17,025,950</u>

Town of Beaumont
Schedule IV - Schedule of Government Transfers

For the Year Ended December 31	2017 Budget	2017 Actual	2016 Actual
Transfers for Operating			
Provincial Government	\$ 1,277,800	\$ 1,324,614	\$ 7,200,623
Federal Government	153,000	11,636	4,032
County of Leduc	521,500	404,386	428,202
Other Government Organizations	-	-	1,800
	<u>1,952,300</u>	<u>1,740,636</u>	<u>7,634,657</u>
Transfers for Capital			
Provincial Government	5,121,429	4,579,145	4,194,198
Federal Government	2,889,607	2,255,946	-
	<u>8,011,036</u>	<u>6,835,091</u>	<u>4,194,198</u>
	<u>\$ 9,963,336</u>	<u>\$ 8,575,727</u>	<u>\$ 11,828,855</u>

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

For the Year Ended December 31	2017 Budget	2017 Actual	2016 Actual
Consolidated Expenses by Object			
Salaries, Wages and Benefits	\$ 14,478,600	\$ 13,793,035	\$ 13,047,072
Contracted and General Services	10,009,700	7,385,929	7,206,898
Materials and Goods	7,644,600	7,390,092	5,770,366
Utilities	1,624,900	1,582,495	1,455,793
Community Grants	189,400	190,580	5,950,761
Interest on Long-term Debt	605,100	577,993	576,799
Amortization	8,208,200	8,111,479	7,584,191
Other Expenses	41,400	61,380	56,948
	<u>\$ 42,801,900</u>	<u>\$ 39,092,983</u>	<u>\$ 41,648,828</u>