



BEAUMONT

Consolidated Financial Statements

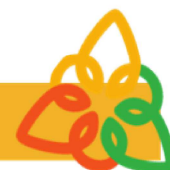
Year ended December 31, 2024

Table of Contents

Year ended December 31, 2024



Management's Responsibility for Financial Reporting	1
Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Debt	6
Consolidated Statement of Cash Flows	7
Schedules to the Consolidated Financial Statements	
Schedule I - Schedule of Changes in Accumulated Surplus	8
Schedule II - Schedule of Tangible Capital Assets	9
Schedule III - Schedule of Property & Other Taxes	10
Schedule IV - Schedule of Government Transfers	11
Schedule V - Schedule of Expenses by Object	12
Schedule VI - Schedule of Segmented Disclosure	13
Notes to the Consolidated Financial Statements	
Note 1 - Basis of Presentation & Significant Accounting Policies	15
Note 2 - Cash	21
Note 3 - Receivables	21
Note 4 - Payables & Accruals	21
Note 5 - Deferred Revenue	22
Note 6 - Long-term Debt	23
Note 7 - Debt Limits	24
Note 8 - Asset Retirement Obligations	24
Note 9 - Accumulated Surplus	25
Note 10 - Equity in Tangible Capital Assets	25
Note 11 - Reserves	26
Note 12 - Salary & Benefits Disclosure	27
Note 13 - Local Authorities Pension Plan	27
Note 14 - APEX Supplementary Pension Plan	28
Note 15 - Franchise Agreement Fees	28
Note 16 - Commitments	28
Note 17 - Contingencies	29
Note 18 - Financial Instruments	29
Note 19 - Segmented Disclosure	30
Note 20 - Comparative Figures	30
Note 21 - Approval of Financial Statements	30



Management's Responsibility for Financial Reporting

Year ended December 31, 2024



The accompanying consolidated financial statements and other information contained in this financial report are the responsibility of the management of the City 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 judgements. 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 City 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 City's assets are appropriately accounted for and adequately safeguarded.

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

The consolidated financial statements have been audited by Doane 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 City. Doane Grant Thornton LLP has full and free access to City Council.

A handwritten signature in black ink, appearing to read "Mike Schwartz".

Mike Schwartz
Chief Administrative Officer

A handwritten signature in blue ink, appearing to read "Jay Bohachyk".

Jay Bohachyk
Director, Finance



Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the City of Beaumont ("the City"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and Schedules I through VI (the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the City of Beaumont as at December 31, 2024, and its 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 Consolidated Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the City'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 City or to cease operations, or has no realistic alternative but to do so.

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

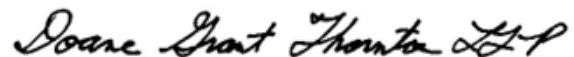
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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



Edmonton, Canada
May 27, 2025

Chartered Professional Accountants

Consolidated Statement of Financial Position

As at December 31, 2024



	2024	2023
Financial Assets		
Cash (Note 2)	\$ 37,439,660	\$ 35,752,266
Receivables (Note 3)	14,194,481	14,146,922
Total Financial Assets	51,634,141	49,899,188
Liabilities		
Payables & Accruals (Note 4)	8,360,757	10,718,541
Deposits	4,965,884	4,495,234
Deferred Revenue (Note 5)	21,894,337	16,656,773
Long-term Debt (Notes 6 & 7)	36,216,749	38,516,023
Asset Retirement Obligations (Note 8)	937,114	1,095,855
Total Liabilities	72,374,841	71,482,426
Net debt	(20,740,700)	(21,583,238)
Non-financial Assets		
Tangible Capital Assets (Schedule II)	395,677,451	398,108,596
Inventory for Consumption	221,857	212,960
Prepaid expenses	552,197	733,795
Total Non-financial Assets	396,451,505	399,055,351
Accumulated surplus (Schedule I, Note 9)	\$ 375,710,805	\$ 377,472,113

Commitments (Note 16)

Contingencies (Note 17)



Consolidated Statement of Operations

Year ended December 31, 2024



	Budget	2024	2023
Revenue			
Net Municipal Taxes (Schedule III)	\$ 28,322,100	\$ 28,459,952	\$ 25,456,828
Sales & User Charges	18,231,700	19,715,019	16,996,692
Franchise Fees (Note 15)	3,990,100	4,357,209	3,784,137
Government Transfers - Operating (Schedule IV)	3,341,700	2,348,266	2,858,888
Licenses, Permits, & Fines	1,843,800	2,642,899	2,453,972
Rentals	1,991,300	1,885,568	1,857,978
Investment Income	2,100,000	1,897,888	1,668,700
Penalties & Cost on Taxes	590,000	627,303	596,096
Contributions from Other Groups - Operating	705,900	104,207	109,947
Total Revenue	61,116,600	62,038,311	55,783,238
Expenses			
Council	618,800	598,359	537,385
CAO Office	1,925,100	1,902,279	1,751,878
Corporate Transactions	12,442,700	12,841,493	12,473,640
Communications	1,084,200	851,568	747,883
Corporate Analytics & Technology	3,047,300	2,973,027	2,627,989
Finance	2,612,100	1,908,456	1,393,556
Legal & Legislative	941,400	887,251	905,361
People Services	1,633,300	1,600,996	1,500,163
Community & Social Development	3,064,100	2,871,557	3,094,885
Economic Development	843,100	759,646	703,183
Infrastructure	10,298,600	10,398,618	9,873,199
Planning & Development	2,540,500	3,345,924	2,767,759
Protective Services	5,780,800	6,176,290	6,429,546
Recreation	6,012,000	6,484,022	5,977,596
Library	1,365,900	1,166,811	980,555
Utilities	10,247,500	10,155,337	9,283,420
Total Expenses	64,457,400	64,921,634	61,047,998
Deficiency of Revenue Before Capital & Other	(3,340,800)	(2,883,323)	(5,264,760)
Capital & Other			
Government Transfers - Capital (Schedule IV)	10,097,000	283,837	1,903,634
Contributions from Other Groups - Capital	-	-	7,500
Developer Contribution & Levies	-	64,811	142,389
Developer Contributions	-	871,295	381,264
Loss on Disposal of Tangible Capital Assets	-	(97,928)	(134,765)
(Deficiency) Excess of Revenue over Expenses	6,756,200	(1,761,308)	(2,964,738)
Accumulated surplus, Beginning of Year	377,472,113	377,472,113	380,436,851
Accumulated surplus, End of Year	\$ 384,228,313	\$ 375,710,805	\$ 377,472,113



Consolidated Statement of Changes in Net Debt

Year ended December 31, 2024



	Budget	2024	2023
(Deficiency) Excess of Revenue over Expenses	\$ 6,756,200	\$ (1,761,308)	\$ (2,964,738)
Acquisition of Tangible Capital Assets	(13,775,000)	(12,509,723)	(8,941,000)
Proceeds on Disposal of Tangible Capital Assets	-	2,996,795	106,239
Amortization of Tangible Capital Assets	9,950,100	11,684,539	11,474,393
Loss on Disposal of Tangible Capital Assets	-	97,928	134,765
Asset Retirement Obligation Revision in Estimate	-	161,606	(1,095,855)
Total Capital Activities	(3,824,900)	2,431,145	1,678,543
Net Acquisition of Inventory for Consumption	-	(8,897)	(89,740)
Net Use (Acquisition) of Prepaids	-	181,598	(329,915)
Net Inventory & Prepaids	-	172,701	(419,655)
Change in Net Debt	2,931,300	842,538	(1,705,850)
Net Debt, Beginning of Year	(21,583,238)	(21,583,238)	(19,877,388)
Net Debt, End of Year	\$ (18,651,938)	\$ (20,740,700)	\$ (21,583,238)



Consolidated Statement of Cash Flows

Year ended December 31, 2024



	2024	2023
Cash Provided by (Used in) Operating Transactions:		
Deficiency of Revenue over Expenses	\$ (1,761,308)	\$ (2,964,738)
Items not involving Cash		
Amortization of Tangible Capital Assets	11,684,539	11,474,393
Loss on Disposal of Tangible Capital Assets	97,928	134,765
Accretion of Asset Retirement Obligation	2,865	-
Changes in Non-cash Assets & Liabilities		
Receivables	(47,559)	(428,669)
Payables & Accruals	(2,357,784)	1,420,931
Deposits	470,650	(61,457)
Deferred Revenue	5,237,564	866,362
Inventory for Consumption	(8,897)	(89,740)
Prepays	181,598	(329,915)
Total Operating Transactions	13,499,596	10,021,932
Capital Activities		
Acquisition of Tangible Capital Assets	(12,509,723)	(8,940,999)
Proceeds on Sale of Tangible Capital Assets	2,996,795	106,239
Total Capital Activities	(9,512,928)	(8,834,760)
Financing Transactions		
Repayment of Long-term Debt	(2,299,274)	(2,317,052)
Total Financing Transactions	(2,299,274)	(2,317,052)
Increase (Decrease) in Cash	1,687,394	(1,129,880)
Cash, Beginning of Year	35,752,266	36,882,146
Cash, End of Year	\$ 37,439,660	\$ 35,752,266

The increase to asset retirement obligations in the year of \$nil (2023 - \$1,095,855) has been excluded from the Consolidated Statement of Cash Flows as it did not require the use of cash.



Schedule I - Schedule of Changes in Accumulated Surplus

Year ended December 31, 2024



	Unrestricted (Deficit) Surplus	Restricted Surplus (Reserves)	Equity in Tangible Capital Assets	2024	2023
Balance, Beginning of Year	\$ (658,976)	\$ 18,826,074	\$ 359,305,015	\$ 377,472,113	\$ 380,436,851
(Deficiency) Excess of Revenue over Expenses	(1,761,308)	-	-	(1,761,308)	(2,964,738)
Unrestricted Funds Designated for Future Use	(5,646,724)	5,646,724	-	-	-
Unrestricted Funds Used for Tangible Capital Assets	(6,048,667)	-	6,048,667	-	-
Restricted Funds Used for Operations	112,960	(112,960)	-	-	-
Restricted Funds Used for Tangible Capital Assets	-	(6,081,307)	6,081,307	-	-
Current Year Funds Used for Tangible Capital Assets	(379,744)	-	379,744	-	-
Current Year Disposal of Tangible Capital Assets	3,094,722	-	(3,094,722)	-	-
Amortization	11,684,535	-	(11,684,535)	-	-
Asset Retirement Accretion	2,865	-	(2,865)	-	-
Long-term debt Repaid	(2,299,274)	-	2,299,274	-	-
Net Change in Accumulated Surplus	(1,240,635)	(547,543)	26,870	(1,761,308)	(2,964,738)
Balance, End of Year	\$ (1,899,611)	\$ 18,278,531	\$ 359,331,885	\$ 375,710,805	\$ 377,472,113



Schedule II - Schedule of Tangible Capital Assets

Year ended December 31, 2024



	Land	Land Improvements	Buildings	Machinery & Equipment	Vehicles	Engineered Structures	Construction in Progress	2024	2023
Cost									
Balance, Beginning of Year	\$164,509,297	\$ 28,928,545	\$ 88,868,327	\$ 10,844,359	\$ 7,064,774	\$235,223,333	\$ 1,670,417	\$ 537,109,052	\$ 527,802,152
Additions	6,705,921	1,557,941	1,640,874	991,753	72,192	365,442	1,175,600	12,509,723	8,940,999
Disposals	(3,000,000)	-	-	(211,941)	(245,717)	-	-	(3,457,658)	(729,954)
Revision of ARO Estimate (Note 8)	-	-	(161,606)	-	-	-	-	(161,606)	1,095,855
Transfers	-	380,437	28,960	-	-	207,738	(617,135)	-	-
Balance, End of Year	168,215,218	30,866,923	90,376,554	11,624,171	6,891,249	235,796,513	2,228,882	545,999,510	537,109,052
Accumulated Amortization									
Balance, Beginning of Year	-	9,142,040	20,881,810	4,462,070	2,087,987	102,426,549	-	139,000,456	128,015,013
Amortization	-	1,115,553	2,014,135	785,322	417,374	7,352,155	-	11,684,539	11,474,393
Disposals	-	-	-	(153,458)	(209,478)	-	-	(362,936)	(488,950)
Balance, End of Year	-	10,257,593	22,895,945	5,093,934	2,295,883	109,778,704	-	150,322,059	139,000,456
Net Book Value, End of Year	\$168,215,218	\$ 20,609,330	\$ 67,480,609	\$ 6,530,237	\$ 4,595,366	\$126,017,809	\$ 2,228,882	\$ 395,677,451	\$ 398,108,596



Schedule III - Schedule of Property & Other Taxes

Year ended December 31, 2024



	Budget	2024	2023
Property Taxes			
Residential	\$ 34,750,400	\$ 34,846,175	\$ 31,225,200
Commercial	3,185,000	3,191,642	2,994,521
Linear	306,700	304,115	279,762
Agricultural	6,500	6,429	6,362
Total Property Taxes	38,248,600	38,348,361	34,505,845
Requisition Taxes			
Alberta School Foundation Fund	9,342,700	9,388,951	8,489,649
Separate School Board	398,500	398,498	384,976
Leduc Regional Housing Foundation	183,500	99,168	172,764
Designated Industrial Property	1,800	1,792	1,628
Total Requisition Taxes	9,926,500	9,888,409	9,049,017
Net Municipal Taxes	\$ 28,322,100	\$ 28,459,952	\$ 25,456,828



Schedule IV - Schedule of Government Transfers

Year ended December 31, 2024



	Budget	2024	2023
Government Transfers - Operating			
Provincial Government	\$ 1,529,100	\$ 1,796,289	\$ 1,800,083
Other Local Governments	1,783,300	456,163	863,093
Federal Government	29,300	95,814	195,712
Total Government Transfers - Operating	3,341,700	2,348,266	2,858,888
Government Transfers - Capital			
Federal Government	7,425,000	-	-
Provincial Government	2,672,000	185,636	1,903,634
Other Local Governments	-	98,201	-
Total Government Transfers - Capital	10,097,000	283,837	1,903,634
Total Government Transfers	\$ 13,438,700	\$ 2,632,103	\$ 4,762,522



Schedule V - Schedule of Expenses by Object

Year ended December 31, 2024



	Budget	2024	2023
Personnel	\$ 24,752,400	\$ 25,926,442	\$ 23,252,880
Contracted & General Services	14,896,600	13,489,996	14,302,389
Materials & Supplies	8,597,900	9,424,630	7,791,309
Utility & Network Expenses	2,881,100	2,597,613	2,440,689
Grants	1,805,200	423,064	463,803
Interest on Long-term Debt	1,103,900	1,098,264	1,173,939
Amortization (Schedule II)	9,950,100	11,684,537	11,474,393
Other Expenses	147,800	277,090	148,596
Total Expenses	\$ 64,135,000	\$ 64,921,636	\$ 61,047,998

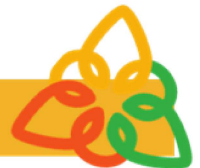


Schedule VI - Schedule of Segmented Disclosure

Year ended December 31, 2024



	General Government	Community & Social Development	Economic Development	Infrastructure	Planning & Development	Protective Services	Recreation	Library	Utilities	2024
Revenue										
Net Municipal Taxes	\$ 28,459,952	-	-	-	-	-	-	-	-	\$ 28,459,952
Sales & User Charges	196,467	1,429,083	52,097	902,948	674,403	55,973	2,150,577	17,073	14,236,398	19,715,019
Franchise Fees	4,357,209	-	-	-	-	-	-	-	-	4,357,209
Government Transfers	298,834	865,013	-	120,100	90,814	507,320	333,350	132,835	-	2,348,266
Licenses, Permits & Fines	-	-	126,135	83,403	1,907,964	522,459	-	2,938	-	2,642,899
Rental	37,683	2,328	-	62,861	-	381	1,781,927	388	-	1,885,568
Penalties & Costs on Taxes	526,735	-	-	-	-	-	-	-	100,568	627,303
Investment Income	1,897,888	-	-	-	-	-	-	-	-	1,897,888
Contributions From Others	-	2,170	-	40,000	-	300	48,105	13,632	-	104,207
Total Revenue	35,774,768	2,298,594	178,232	1,209,312	2,673,181	1,086,433	4,313,959	166,866	14,336,966	62,038,311
Expenses										
Personnel	7,708,819	2,484,092	639,907	3,944,971	2,459,514	2,238,264	4,897,530	824,244	729,097	25,926,438
Contracted & General Services	3,314,353	268,986	116,891	2,292,513	792,059	3,749,693	799,547	173,527	1,982,427	13,489,996
Materials & Supplies	131,377	55,168	349	1,884,353	15,613	188,157	469,880	132,675	6,547,058	9,424,630
Utility & Network Expenses	178,429	-	-	2,276,731	-	175	110	27,334	114,834	2,597,613
Grants	96,034	62,100	-	-	-	-	264,930	-	-	423,064
Interest on Long-term Debt	1,057,563	-	-	-	-	-	-	-	40,701	1,098,264
Amortization	10,970,908	-	-	-	-	-	-	9,032	704,599	11,684,539
Other Expenses	105,946	1,211	2,500	52	78,737	-	52,024	-	36,620	277,090
Total Expenses	23,563,429	2,871,557	759,647	10,398,620	3,345,923	6,176,289	6,484,021	1,166,812	10,155,336	64,921,634
Net Surplus (Deficit)	\$ 12,211,339	(572,963)	(581,415)	(9,189,308)	(672,742)	(5,089,856)	(2,170,062)	(999,946)	4,181,630	\$ (2,883,323)



Schedule VI - Schedule of Segmented Disclosure

Year ended December 31, 2024



	General Government	Community & Social Development	Economic Development	Infrastructure	Planning & Development	Protective Services	Recreation	Library	Utilities	2023
Revenue										
Net Municipal Taxes	\$ 25,456,828	-	-	-	-	-	-	-	-	\$ 25,456,828
Sales & User Charges	868,057	1,301,123	-	458,432	438,293	166,634	2,128,488	16,397	11,619,268	16,996,692
Franchise Fees	3,784,137	-	-	-	-	-	-	-	-	3,784,137
Government Transfers	740,688	866,149	-	128,500	180,612	478,304	325,100	139,535	-	2,858,888
Licenses, Permits & Fines	-	-	129,878	73,338	1,489,285	758,194	-	3,277	-	2,453,972
Rental	1,969	2,724	9,546	72,244	-	-	1,770,776	719	-	1,857,978
Penalties & Costs on Taxes	517,094	-	-	-	-	-	-	-	79,002	596,096
Investment Income	1,668,700	-	-	-	-	-	-	-	-	1,668,700
Contributions From Others	-	37,393	-	33,000	-	405	34,267	4,882	-	109,947
Total Revenue	33,037,473	2,207,389	139,424	765,514	2,108,190	1,403,537	4,258,631	164,810	11,698,270	55,783,238
Expenses										
Personnel	6,630,018	2,685,332	582,040	3,600,148	2,035,171	1,944,064	4,455,686	690,273	630,148	23,252,880
Contracted & General Services	2,987,697	264,623	115,348	2,744,433	644,806	4,295,621	766,291	152,797	2,330,773	14,302,389
Materials & Supplies	97,191	61,176	2,761	1,481,361	34,839	187,520	417,169	98,221	5,411,071	7,791,309
Utility & Network Expenses	244,011	-	(87)	2,047,128	-	131	-	28,546	120,960	2,440,689
Grants	88,495	83,754	-	-	-	-	291,554	-	-	463,803
Interest on Long-term Debt	1,127,696	-	-	-	-	-	-	-	46,243	1,173,939
Amortization	10,719,945	-	-	-	-	-	-	10,461	743,987	11,474,393
Other Expenses	42,802	-	3,121	129	52,943	2,210	46,896	257	238	148,596
Total Expenses	21,937,855	3,094,885	703,183	9,873,199	2,767,759	6,429,546	5,977,596	980,555	9,283,420	61,047,998
Net Surplus (Deficit)	\$ 11,099,618	(887,496)	(563,759)	(9,107,685)	(659,569)	(5,026,009)	(1,718,965)	(815,745)	2,414,850	\$ (5,264,760)



Notes to the Consolidated Financial Statements

Year ended December 31, 2024



1. Basis of Presentation & Significant Accounting Policies

Management's Responsibility for the Consolidated Financial Statements

The City of Beaumont (City) 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 the CPA Canada Public Sector Accounting Standards ('PSAS') and accounting policies consistent with local government. Significant aspects of the accounting policies adopted by the City are as follows:

Reporting Entity

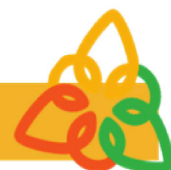
The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in net debt and accumulated surplus, and change in financial position of the reporting entity. This entity is comprised of the municipal operations that are owned or controlled by the City, which includes the Bibliothèque de Beaumont Library.

Basis of Accounting

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

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.



Notes to the Consolidated Financial Statements

Year ended December 31, 2024



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 consolidated 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.

Significant areas requiring the use of management estimates relate to the potential impairment of assets, rate for amortization, and asset retirement obligations. There is measurement uncertainty related to asset retirement obligations as it involves estimates in determining settlement amounts, discount rates, and timing of settlement. Changes in any of these estimates and assumptions may result in changes to the obligation.

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.

Revenue Recognition

i. 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 Regional Housing 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 are a flow through and are therefore excluded from municipal revenue.

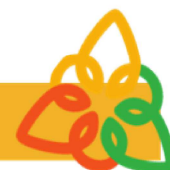
ii. Prepaid Local Improvement Charges

Property tax revenue is based on market value assessments determined in accordance with the Municipal Government Act. Property tax 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.

iii. Utility Revenue

The City recognizes the provision of utility services as assets and revenue when they meet the definition of an asset and in the period the utility services are provided to the customer.



Notes to the Consolidated Financial Statements

Year ended December 31, 2024



Revenue Recognition (continued)

iv. 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.

v. Other Revenue

Revenue from transactions with performance obligations, including sales and user charges, franchise fees, licenses, permits and rentals is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor.

Revenue from transactions with no performance obligations, including fines and penalties, is recognized when the City has the authority to claim or retain an inflow of economic resources resulting from a past transaction or event giving rise to an asset.

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. As at December 31, 2024 the City has not recognized a contaminated sites liability.

Asset Retirement Obligations

Asset retirement obligations ("ARO") represent the legal obligations associated with the retirement of tangible capital asset. A liability for an asset retirement obligation is recognized when all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is measured at the City's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is also expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof). For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement obligations are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and is adjusted for:

- changes as a result of the passage of time with corresponding accretion expense; and
- any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate.



Notes to the Consolidated Financial Statements

Year ended December 31, 2024



Asset Retirement Obligations (continued)

Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows, or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

The asset retirement obligations are amortized on the same basis as the corresponding tangible capital asset.

A recovery related to asset retirement obligation is recognized when the recovery can be appropriately measured, reasonably estimated, and it is expected that future economic benefits will be obtained.

Non-financial 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.

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 - 30 years
Buildings	20 - 50 years
Engineered Structures	
Roads	20 - 30 years
Storm Sewers	50 - 75 years
Water Systems	35 - 75 years
Wastewater Systems	35 - 75 years
Machinery & Equipment	5 - 20 years
Vehicles	10 - 25 years

Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

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

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. Inventory for Consumption

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

v. Prepaids

Prepaid expenses include pre-payments on goods and services which will be utilized in the following fiscal year.



Notes to the Consolidated Financial Statements

Year ended December 31, 2024



Reserves

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 City.

Equity in Tangible 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 City.

Financial Instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the Consolidated Statement of Remeasurement Gains and Losses. Once realized, remeasurement gains and losses are transferred to the Consolidated Statement of Operations. Changes in fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the Consolidated Statement of Operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the Consolidated Statement of Financial Position when, and only when, they are discharged, cancelled, or expired.

Changes in Accounting Policies

Effective January 1, 2024, the City adopted PS 3160 Public Private Partnerships (P3), PS 3400 Revenue and PSG-8 Purchased Intangibles prospectively. As a result, prior year comparatives are not restated for revenue, purchased intangibles, or P3 contracts.

i. Adoption of PS 3400 Revenue

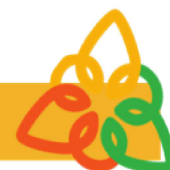
This standard establishes standards on how to account for and report on revenue specifically it differentiates between revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). The adoption of this standard did not have any significant impact on the City's consolidated financial statements.

ii. PSG-8 Purchased Intangibles

The standard provides guidance on the recognition, accounting, and classification of purchase intangible assets. The adoption of this standard did not have any impact on the City's consolidated financial statements.

iii. Adoption of PS 3160 Public Private Partnerships

Public private partnerships provide guidance on how to account for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The adoption of this standard did not have any impact on the City's consolidated financial statements.



Notes to the Consolidated Financial Statements

Year ended December 31, 2024



Future Accounting Changes

The following summarizes upcoming changes to Canadian Public Sector Accounting Standards. Management is in the process of assessing the impact, if any, on the financial statements.

i. Conceptual Framework of Financial Reporting in the Public Sector

The Revised Conceptual Framework will replace the existing conceptual framework, which consists of Section PS 1000 Financial Statement Concepts, and section PS 1100 Financial Statement Objectives and is effective for years beginning on or after April 1, 2026, with early adoption permitted. The conceptual framework is to be applied prospectively.

ii. PS 1202 Financial Statement Presentation

Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. Key changes will include a new "Statement of Net Financial Assets or Liabilities", restructuring and updated classification for assets and liabilities on the Statement of Financial Position, and restructuring of the Statement of Cash Flows. This standard is applicable for fiscal years beginning on or after April 1, 2026 and will be adopted at the same time as the Conceptual Framework.



Notes to the Consolidated Financial Statements

Year ended December 31, 2024



2. Cash

	2024	2023
Cash	\$ 37,439,660	\$ 35,752,266
Total Cash	\$ 37,439,660	\$ 35,752,266

3. Receivables

	2024	2023
Taxes Receivable		
Current Taxes	\$ 1,461,096	\$ 1,276,474
Arrears Taxes	325,283	398,580
Total Taxes Receivable	1,786,379	1,675,054
Receivable from Other Governments	8,263,072	6,730,102
Loans Receivable	-	2,221,384
Trade Receivables	4,145,030	3,520,382
Total Receivables	\$ 14,194,481	\$ 14,146,922

4. Payables & Accruals

	2024	2023
Trade Payables	\$ 7,362,224	\$ 9,280,525
Accrued Wages & Benefits	929,903	1,363,750
Accrued Interest	68,630	74,266
Total Payables & Accruals	\$ 8,360,757	\$ 10,718,541



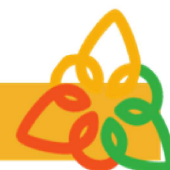
Notes to the Consolidated Financial Statements

Year ended December 31, 2024



5. Deferred Revenue

	2023	Received & Receivable	Recognized	2024
Deferred Government Transfers - Capital				
Municipal Sustainability Initiative - Capital	\$ 1,867,711	\$ -	\$ (185,636)	\$ 1,682,075
Local Government Fiscal Framework - Capital	-	2,377,384	-	2,377,384
Canada Community Building Fund	7,656,540	1,313,536	-	8,970,076
Other Deferred Government Transfers - Capital	956,962	122,642	(98,201)	981,403
Total Deferred Government Transfers - Capital	10,481,213	3,813,562	(283,837)	14,010,938
Offsite Levies				
Wastewater	978,836	559,076	(55,095)	1,482,817
Arterial Roads	3,556,097	1,173,722	(9,716)	4,720,103
Total Offsite Levies	4,534,933	1,732,798	(64,811)	6,202,920
Deferred Government Transfers - Operating				
Municipal Sustainability Initiative - Operating	-	278,834	(278,834)	-
Police Services Grant	117,326	645,540	(609,758)	153,108
Other Deferred Government Transfers - Operating	434,417	1,747,394	(1,744,894)	436,917
Total Deferred Government Transfers - Operating	551,743	2,671,768	(2,633,486)	590,025
Prepaid Permits, Licenses, & Fees	1,088,884	2,468,095	(2,466,525)	1,090,454
Total Deferred Revenue	\$ 16,656,773	\$ 10,686,223	\$ (5,448,659)	\$ 21,894,337



Notes to the Consolidated Financial Statements

Year ended December 31, 2024



6. Long-term Debt

	2024	2023
Tax Supported Debt	\$ 35,299,228	\$ 37,459,447
Utility Supported Debt	917,521	1,056,576
Total Long-term Debt	\$ 36,216,749	\$ 38,516,023

Principal and interest repayments are as follows:

	Principal	Interest	Total
2025	\$ 2,372,629	\$ 1,030,544	\$ 3,403,173
2026	2,448,498	954,676	3,403,174
2027	2,526,972	876,202	3,403,174
2028	2,277,334	798,890	3,076,224
2029	2,345,491	730,732	3,076,223
Thereafter	24,245,825	3,916,108	28,161,933
Totals	\$ 36,216,749	\$ 8,307,152	\$ 44,523,901

Debenture debt is repayable to the Government of Alberta Treasury Board & Finance and bears interest at rates ranging from 2.26% to 4.73% (2023 - 2.26% to 4.73%) per annum, maturing in periods 2027 through 2041. The average annual interest rate is 2.95% (2023 - 2.97%). The debenture debt is issued on the credit and security of the City at large.

Interest on long-term debt amounted to \$1,098,264 (2023 - \$1,173,939). The City's total cash payments for interest in 2024 were \$1,103,900 (2023 - \$1,179,912).

The City has a revolving demand facility with the Toronto-Dominion Bank ("TD") to a maximum of \$10,000,000 which has not been drawn upon as of December 31, 2024 (2023 - not drawn). The facility is secured by business insurance with TD as First Loss Payee and is available by way of:

- Prime Rate Based Loans bearing interest at prime rate less 0.75% per annum;
- Bankers Acceptances bearing interest at 0.50% per annum;
- United States Base Rate Loans (in USD) bearing interest at United States Base Rate less 0.50% per annum; or
- Stand-by Letters of Guarantee bearing interest as set out in the letter of credit indemnity agreement applicable to the issued letter of guarantee.

Under the facility agreement the City is required to maintain compliance with the debt limits described in Note 7 pursuant to Alberta Regulation 255/2000.



Notes to the Consolidated Financial Statements

Year ended December 31, 2024



7. Debt Limits

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

Debt Limit	2024	2023
Total Debt Limit	\$ 93,057,467	\$ 83,674,857
Total Debt	36,216,749	38,516,023
Amount of Debt Limit Unused	\$ 56,840,718	\$ 45,158,834

Debt Servicing Limit	2024	2023
Debt Servicing Limit	\$ 15,509,578	\$ 13,945,810
Debt Servicing	3,403,173	3,403,173
Amount of Debt Servicing Limit Unused	\$ 12,106,405	\$ 10,542,636

The debt limit is calculated at 1.5 times the revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities 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 consolidated financial statements must be interpreted as a whole.

8. Asset Retirement Obligations

	2024	2023
Balance, Beginning of Year	\$ 1,095,855	\$ -
Accretion Expense	2,865	-
Revision in Estimate	(161,606)	1,095,855
Balance, End of Year	\$ 937,114	\$ 1,095,855

The City has asset retirement obligations related to removing various hazardous materials including asbestos, lead, mercury, and polychlorinated biphenyls (PCBs) from various buildings owned by the City. Regulations require the City to handle and dispose of these materials in a prescribed manner when they are disturbed, such as when the building undergoes renovations or is demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the City to remove the materials when asset retirement activities occur.

The extent of the liability is limited to costs directly attributable to the removal and disposal of the listed hazardous materials from various buildings under the City's ownership in accordance with the legislation establishing the liability. The City estimated the nature and extent of hazardous materials in its buildings based on professional judgement and the findings of a third-party consultant who conducted an independent review of the buildings discounted to the present value using a discount rate of 2.97% and an inflation rate of 2.17%.



Notes to the Consolidated Financial Statements

Year ended December 31, 2024



9. Accumulated Surplus

	2024	2023
Unrestricted (Deficit) Surplus		
Municipal Operations - Current Year	\$ (1,703,808)	\$ 275,109
Utility Operations - Current Year	396,396	159,028
Library - Current Year	793	74,331
Developer Deficit	(592,990)	(1,167,444)
Total Unrestricted Surplus (Deficit)	(1,899,609)	(658,976)
Reserves (Note 11)	18,278,531	18,826,074
Equity in Tangible Capital Assets (Note 10)	359,331,885	359,305,015
Total Accumulated Surplus	\$ 375,710,807	\$ 377,472,113

10. Equity in Tangible Capital Assets

	2024	2023
Tangible Capital Assets (Schedule II)	\$ 395,677,451	\$ 398,108,596
Long-term Debt (Note 6)	(36,216,749)	(38,516,023)
Asset Retirement Obligations (Note 8)	(937,114)	(1,095,855)
Debenture Proceeds Unspent to Date	808,297	808,297
Equity in Tangible Capital Assets	\$ 359,331,885	\$ 359,305,015



Notes to the Consolidated Financial Statements

Year ended December 31, 2024



11. Reserves

	2023	Additions	Draws	2024
Municipal Operating				
Financial Stabilization	\$ 1,002,059	\$ 311,717	\$ (7,500)	\$ 1,306,276
Planning	131,180	2,456	-	133,636
Total Municipal Operating	1,133,239	314,173	(7,500)	1,439,912
Capital				
Fleet & Equipment Replacement	1,470,332	928,904	(752,461)	1,646,775
Parks, Playground & Playfield	494,787	149,182	(148,596)	495,373
Facility Renewal	2,930,311	996,975	(1,791,873)	2,135,413
Transportation Renewal	2,322,363	848,390	(274,823)	2,895,930
Technology Replacement	317,833	146,007	(133,917)	329,923
Municipal Land Reserve	1,745,683	-	(1,745,683)	-
Economic Development	166,870	-	(166,870)	-
Cemetery	71,156	9,912	-	81,068
Traffic Safety	353,787	236,623	(230,000)	360,410
Pay-as-you-go	36,459	-	-	36,459
Total Capital	9,909,581	3,315,993	(5,244,223)	7,981,351
Utility				
Utility Reserve	7,577,847	1,932,228	(912,084)	8,597,991
Total Utility	7,577,847	1,932,228	(912,084)	8,597,991
Library				
Library Operating	60,886	39,112	(30,460)	69,538
Library Capital	144,521	45,218	-	189,739
Total Library	205,407	84,330	(30,460)	259,277
Total Reserves	\$ 18,826,074	\$ 5,646,724	\$ (6,194,267)	\$ 18,278,531



Notes to the Consolidated Financial Statements

Year ended December 31, 2024



12. Salary & Benefits Disclosure

Disclosure of salaries and benefits for municipal officials, the chief administrative officer, and designated officers as required by Alberta provincial regulation 313/2000 is as follows:

	2024 Salary	2024 Benefits	2023 Salary	2023 Benefits
Elected Officials				
Mayor Bill Daneluik	\$ 116,365	\$ 31,038	\$ 105,821	\$ 20,780
Councillor Ashley Miller	-	-	30,179	800
Councillor Catherine McCook	44,561	5,283	42,463	5,698
Councillor Kathy Barnhart	42,829	4,522	42,605	2,107
Councillor Nathan Netelenbos	44,316	4,209	5,657	308
Councillor Philip Penrod	42,829	6,347	5,657	384
Councillor Rene Tessier	-	-	22,098	616
Councillor Samuel Munckhof-Swain	42,829	4,216	41,978	2,082
Councillor Steven vanNieuwkerk	42,829	3,716	44,013	2,779
Total Elected Officials	\$ 376,558	\$ 59,331	\$ 340,471	\$ 35,554
Administration				
Chief Administrative Officer	\$ 278,171	\$ 32,573	\$ 269,633	\$ 32,559
Designated Officers	518,347	56,932	561,330	64,010

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration paid by the City of Beaumont. Designated officers are designated by City bylaw 969-20 and include the Deputy Chief Administrative Officer, Chief Financial Officer, and City Clerk.

13. Local Authorities Pension Plan

Employees of the City 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 City is required to make current service contributions to the LAPP of 8.45% (2023 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (2023 - 12.23%) on pensionable earnings above this amount. Total current service contributions by the City to the LAPP in 2024 were \$1,531,316 (2023 - \$1,438,160). Total current service contributions by the employees of the City to the LAPP in 2024 were \$1,364,722 (2023 - \$1,284,513).

At December 31, 2023, the LAPP disclosed an actuarial surplus of approximately \$15.06 billion (2022 - \$12.67 billion). The actuarial surplus at December 31, 2024 was not available at the time the financial statements were finalized.



Notes to the Consolidated Financial Statements

Year ended December 31, 2024



14. APEX Supplementary Pension Plan

The APEX supplementary pension plan provides supplementary pension benefits to a prescribed class of employees (approximately 3 beneficiaries at year-end) (2023 - approximately 2 beneficiaries). The plan supplements the Local Authorities Pension Plan.

The prescribed class of employees and the City make contributions. The City is required to make current service contributions of 2.55% (2023 - 2.96%) of pensionable earnings up to the year's maximum defined benefit limit under the plan. Total current service contributions by the City in 2023 were \$14,515 (2023 - \$15,570). Total current service contributions by the employees of the City to the plan in 2024 were \$11,867 (2023 - \$12,729).

15. Franchise Agreement Fees

Disclosure of revenue received from the granting of rights over the City's properties for the purpose of providing a utility service as required by Alberta provincial regulation 313/2000 is as follows:

	2024	2023
Apex Utilities Inc.	\$ 2,471,604	\$ 2,116,024
FortisAlberta Inc.	1,885,605	1,668,113
Total Franchise Fees	\$ 4,357,209	\$ 3,784,137

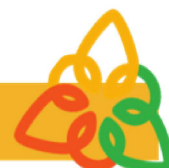
16. Commitments

The City 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 \$8,667,499.

In addition, the City has a lease commitment with Xerox for photocopying equipment. The lease provides for annual payments of \$14,452 and expires in August 2027. The total lease commitment over the remaining life of the contract amounts to \$38,539.

The City also has a lease commitment with Pitney Bowes for a mail machine. The lease provides for annual payments of \$1,627 and expires December 2029. The total lease commitment over the remaining life of the contract amounts to \$8,136.

The City has a premises lease that is used as additional office space. The lease provides for annual base rent ranging from \$118,304 to \$177,456 per year plus operating costs and property taxes. The lease expires in November 2030 and the total commitment over the remaining life of the agreement amounts to \$916,856 plus applicable operating costs and property taxes.



Notes to the Consolidated Financial Statements

Year ended December 31, 2024



17. Contingencies

The City is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of the membership, the City 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.

In the normal conduct of operations, there are other pending claims by and against the City. 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 City's financial position or results of operations.

18. Financial Instruments

The City's financial instruments and their measurement basis is as follows:

- Cash & Cash Equivalents - Cost
- Receivables - Lower of Cost or Net Recoverable Value
- Payables & Accruals - Cost
- Long-Term Debt - Cost

The maximum exposure to credit risk for the financial assets would be the carrying values as shown on the Consolidated Statement of Financial Position.

Credit Risk

Credit risk is the risk of financial loss to the City if a debtor fails to discharge their obligation (ie. pay the receivables owing to the City). The City is exposed to this risk arising from its cash & cash equivalents and receivables.

The City's receivables are primarily due from government, corporations, and individuals. Credit risk is mitigated by the highly diversified nature of debtors and other customers. The City measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the City's historical experience regarding collections. In the current and prior years, all of the impairment allowance relates to the other receivables. There were no changes in exposure to credit risk during the year.

Liquidity Risk

Liquidity risk is the risk that the City will not be able to meet all cash outflow obligations as they come due. The City mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and monitoring activities. The City also maintains an operating line of credit (Note 6) to ensure funds are available to meet financial obligations if required. There have been no significant changes from the previous year in the exposure to risk or policies, procedures, and methods used to measure the risk.

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in the fair value of future cash flows of financial instruments because of changes in market interest rates. The City is exposed to interest rate risk on its fixed and floating interest rate financial instruments. As at December 31, 2023, the Company had \$nil (2022 - \$nil) outstanding on its floating interest rate debt.



Notes to the Consolidated Financial Statements

Year ended December 31, 2024



19. Segmented Disclosure

The Schedule of Segmented Disclosure - Schedule VI has been prepared in accordance with Public Sector Accounting Standard Section PS 2700 *Segment Disclosures*. The segmented disclosures are intended to enable users to better understand the government report entity as well as the major revenue and expense activities of the City. The revenues and expenses 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:

Taxation

Allocated to 'General Government'

Sale of Service

Allocated to segment based on service provided, however if it is not specific it is allocated to 'General Government'

Grants and Other Contributions

Allocated to segment based on the intended purposes, however if it is not specific it is allocated to 'General Government'

Investment Income

Allocated to 'General Government'

The accounting policies used in these segments are consistent with those followed in the preparation of the Consolidated Financial Statements as disclosed in Note 1.

20. Comparative Figures

The 2023 comparative figures have been reclassified to conform to financial statement presentation adopted for the current year.

21. Approval of Financial Statements

Council and Management approved these financial statements on May XX, 2025.

