



Town of Beaumont

Financial Statements

For the Year Ended December 31st, 2011



Town of Beaumont

Financial Statements

For the Year Ended December 31st, 2011

Contents

	<u>Page</u>
Management Report	1
Auditors Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Change in Net Financial Assets (Debt)	5
Consolidated Statement of Cash Flows	6
Schedule of Tangible Capital Assets	7
Schedule of Changes in Accumulated Surplus	8
Schedule of Property and Other Taxes	9
Schedule of Government Transfers	10
Statement of Consolidated Expenditures by Object	11
Notes to Financial Statements	12 - 19

MANAGEMENT'S 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.

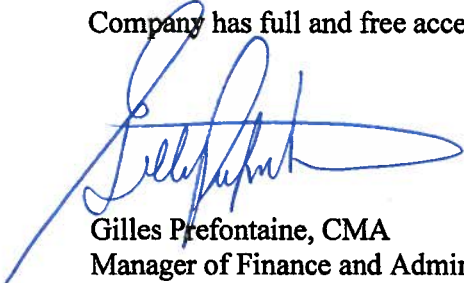
These consolidated financial statements have been prepared by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented 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 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 Doyle & Company, Chartered Accountants, the external auditors, in accordance with Canadian auditing standards on behalf of the Council, residents and ratepayers of the Town. Doyle & Company has full and free access to Town Council.



Gilles Prefontaine, CMA
Manager of Finance and Administration
Town of Beaumont
April 24, 2012

DOYLE & COMPANY
CHARTERED ACCOUNTANTS

Allan J. Grykuliak, C.A.*
Scott T. Mockford, C.A.*

* Operates as a Professional Corporation

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INDEPENDENT AUDITORS' REPORT

To the Members of Council

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the **Town of Beaumont**, which comprise the statement of financial position as at December 31, 2011 and the statements of operations, change in net financial assets and the statement of 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 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 audit standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

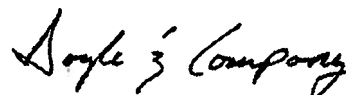
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Beaumont at December 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
April 24, 2012



Chartered Accountants

**TOWN OF BEAUMONT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011**

	<u>2011</u>	<u>2010</u>
	\$	\$
FINANCIAL ASSETS		
Cash and Cash Equivalents (Note 2)	18,506,709	8,432,354
Investments (Note 4)	10,433,608	10,262,022
Receivables (Note 3)		
Taxes	793,361	931,336
Trade and Other	4,561,384	5,486,987
Other Financial Assets	133,582	140,857
	<u>34,428,644</u>	<u>25,253,556</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	3,937,130	2,737,247
Other Liabilities	14,590,562	9,279,874
Long-term Debt (Note 6)	20,363,791	18,732,100
	<u>38,881,483</u>	<u>30,749,221</u>
NET FINANCIAL ASSETS (DEBT)	<u>(4,452,839)</u>	<u>\$ (5,495,665)</u>
NON-FINANCIAL ASSETS		
Inventory for Consumption (Note 1f (iv))	127,484	95,594
Tangible Capital Assets (Note 5)	173,678,972	141,733,592
	<u>173,806,456</u>	<u>141,829,186</u>
ACCUMULATED SURPLUS (Note 8)	<u>169,353,617</u>	<u>136,333,521</u>

**TOWN OF BEAUMONT
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>BUDGET</u>	<u>2011</u>	<u>2010</u>
	\$	\$	\$
REVENUES			
Net taxes (Schedule 3)	10,256,900	10,331,439	9,513,769
Library taxes	459,100	460,474	427,727
Sales and user charges	6,956,700	7,088,462	7,200,396
Government transfers (Schedule 4)	1,394,500	1,368,256	1,603,800
Investment income	398,800	623,575	488,031
Penalties and costs on taxes	325,000	288,694	327,839
Franchise and concession contracts	655,200	724,367	650,185
Rentals	743,900	628,613	689,489
Licenses, permits and fines	1,150,300	1,408,193	1,168,287
Developers contributions	152,600	3,349,030	1,038,944
Contributions from other groups	36,200	123,721	128,609
Gain (Loss) on disposal of capital	-	(48,922)	(30,860)
	<u>22,527,200</u>	<u>26,323,902</u>	<u>23,206,226</u>
EXPENSES			
Legislative	471,600	453,193	402,799
Administration	1,747,000	1,437,253	1,461,314
Protective services	2,957,500	2,989,082	2,769,950
Transportation, roads and streets	5,955,300	5,016,483	4,520,488
Water supply and distribution	2,308,700	2,113,219	1,931,303
Sewer	1,500,400	1,400,620	1,243,766
Waste management	993,100	1,088,666	929,315
Public health and welfare	2,423,900	2,358,522	2,832,478
Planning and development	882,800	1,025,438	1,311,490
Recreation and parks	5,420,600	5,611,375	4,758,479
Library	619,300	611,036	575,866
	<u>25,280,200</u>	<u>24,101,886</u>	<u>22,737,248</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(2,753,000)	2,222,016	468,978
OTHER			
Contributed assets	-	18,779,754	8,908,257
Government transfers for capital (Schedule 4)	5,279,700	12,018,326	1,341,578
	<u>5,279,700</u>	<u>30,798,080</u>	<u>10,249,835</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	2,526,700	33,020,096	10,718,813
ACCUMULATED SURPLUS, BEGINNING OF YEAR	136,333,521	136,333,521	125,614,708
ACCUMULATED SURPLUS, END OF YEAR	<u>138,860,221</u>	<u>169,353,617</u>	<u>136,333,521</u>

**TOWN OF BEAUMONT
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>BUDGET</u>	<u>2011</u>	<u>2010</u>
	\$	\$	\$
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	<u>2,526,700</u>	<u>33,020,096</u>	<u>10,718,813</u>
Aquisition of tangible capital assets	(10,621,800)	(16,889,779)	(6,671,214)
Contributed tangible capital assets	-	(18,779,754)	(8,908,257)
Proceeds from disposal of tangible capital assets	-	8,000	4,500
Amortization of tangible capital assets	3,827,200	3,667,231	3,387,292
(Gain) loss on sale of tangible capital assets	-	48,922	30,860
	<u>(6,794,600)</u>	<u>(31,945,380)</u>	<u>(12,156,819)</u>
Change in supplies inventories	-	(31,890)	32,906
(INCREASE) DECREASE IN NET FINANCIAL ASSETS (DEBT)	(4,267,900)	1,042,826	(1,405,100)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	(5,495,665)	(5,495,665)	(4,090,565)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u>(9,763,565)</u>	<u>(4,452,839)</u>	<u>(5,495,665)</u>

**TOWN OF BEAUMONT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>2011</u> \$	<u>2010</u> \$
Cash flows from operating activities		
Cash received from residents, customers & funding agencies	41,801,737	27,851,085
Cash paid to suppliers and employees	(16,124,550)	(18,646,922)
Interest received	848,588	490,499
Interest on long term debt	(866,668)	(765,241)
Amortization of tangible capital assets	-	-
	<u>25,457,108</u>	<u>8,929,421</u>
Cash flows from investing activities		
Purchase of capital assets	(16,889,779)	(6,671,214)
(Increase) Decrease in temporary investments	(171,586)	1,168,454
	<u>(17,061,365)</u>	<u>(5,504,760)</u>
Cash flows from financing activities		
Repayment of long term debt	(1,051,309)	(828,597)
New debentures	2,673,000	4,650,602
Loss of disposal of assets	48,922	30,860
Proceeds from disposal	8,000	4,500
	<u>1,678,613</u>	<u>3,857,365</u>
Net (decrease)/increase in cash and cash equivalents	10,074,355	7,282,028
Opening cash and cash equivalents	<u>8,432,354</u>	<u>1,150,328</u>
Closing cash and cash equivalents	<u><u>18,506,709</u></u>	<u><u>8,432,354</u></u>

TOWN OF BEAUMONT
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 1

	LAND \$	LAND IMPROVEMENTS \$	BUILDINGS \$	ENGINEERED STRUCTURES \$	MACHINERY & EQUIPMENT \$	VEHICLES \$	2011 \$
COST:							
BALANCE, BEGINNING OF YEAR	40,886,298	7,371,123	32,614,247	102,783,225	2,241,583	1,442,907	187,361,382
Acquisition of tangible capital assets	8,155,582	276,416	68,690	15,609,287	620,280	53,707	24,783,963
Construction-in-progress	435,863		1,255,707	9,118,599	75,402		10,885,570
Disposal of tangible capital assets		(14,281)		(3,646,088)	(26,324)	(33,138)	(3,719,841)
Write down of tangible capital assets							-
BALANCE, END OF YEAR	<u>49,489,743</u>	<u>7,633,257</u>	<u>33,938,644</u>	<u>123,865,012</u>	<u>2,910,942</u>	<u>1,463,476</u>	<u>219,301,074</u>
ACCUMULATED AMORTIZATION:							
BALANCE, BEGINNING OF YEAR	-	(2,365,616)	(7,248,755)	(34,399,074)	(1,125,297)	(478,047)	(46,617,790)
Annual amortization	-	(316,223)	(656,131)	(2,477,833)	(127,440)	(89,604)	(3,667,231)
Accumulated amortization on disposals		10,516		3,606,197	26,324	19,863	3,682,919
BALANCE, END OF YEAR	<u>-</u>	<u>(2,671,323)</u>	<u>(7,904,869)</u>	<u>(33,270,710)</u>	<u>(1,226,414)</u>	<u>(546,788)</u>	<u>(45,622,101)</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>49,489,743</u>	<u>4,961,933</u>	<u>26,033,758</u>	<u>90,594,302</u>	<u>1,684,528</u>	<u>914,708</u>	<u>173,678,972</u>

TOWN OF BEAUMONT
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2011

Schedule 2

	UNRESTRICTED SURPLUS	RESTRICTED SURPLUS	EQUITY IN TANGIBLE CAPITAL ASSETS	2011 \$	2010 \$
BALANCE, BEGINNING OF YEAR	2,395,108	10,723,313	123,215,100	136,333,521	125,614,708
Excess (deficiency) of revenues over expenses	33,020,096			33,020,096	10,718,813
Unrestricted funds designated for future use	(5,429,850)	5,429,850			
Restricted funds used for operations	259,448	(259,448)			
Restricted funds used for tangible capital assets		(2,572,625)	2,572,625		
Current year funds used for tangible capital assets	(11,617,069)		11,617,069		
Contributed tangible capital assets	(18,779,754)		18,779,754		
Disposal of tangible capital assets	48,922		(48,922)		
Annual amortization expense	3,667,231		(3,667,231)		
Long term debt repaid	(937,343)		937,343		
Other Adjustments					
Change in accumulated surplus	<u>231,681</u>	<u>2,597,777</u>	<u>30,190,638</u>	<u>33,020,096</u>	<u>10,718,813</u>
BALANCE, END OF YEAR	<u>2,626,789</u>	<u>13,321,090</u>	<u>153,405,738</u>	<u>169,353,617</u>	<u>136,333,521</u>

**TOWN OF BEAUMONT
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Schedule 3

	<u>BUDGET</u> \$	<u>2011</u> \$	<u>2010</u> \$
LEVIES FOR REVENUE			
Residential taxes	14,046,200	13,804,500	12,591,058
Commercial taxes	691,200	923,935	880,044
Farmland taxes	800	1,224	1,290
	<u>14,738,200</u>	<u>14,729,659</u>	<u>13,472,392</u>
Power, pipe, cable T.V. and other taxes	91,500	129,522	129,364
	<u>14,829,700</u>	<u>14,859,181</u>	<u>13,601,757</u>
Local Improvements	-	-	889
	<u>14,829,700</u>	<u>14,859,181</u>	<u>13,602,645</u>
REQUISITIONS FOR OTHER AUTHORITIES			
Alberta School Foundation Fund	3,631,900	3,660,737	3,616,829
Separate School board	386,000	364,117	-
Leduc Foundation	42,300	42,415	44,320
Library taxes	459,100	460,474	427,727
Allowance for uncollectible taxes	53,500	-	-
	<u>4,572,800</u>	<u>4,527,742</u>	<u>4,088,876</u>
Net Taxes	<u>10,256,900</u>	<u>10,331,439</u>	<u>9,513,769</u>

**TOWN OF BEAUMONT
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2011
Schedule 4**

	<u>Budget</u>	<u>2011</u>	<u>2010</u>
	\$	\$	\$
TRANSFERS FOR OPERATING			
Provincial Government	1,138,400	1,111,535	1,313,049
Federal Government	7,200	20,445	49,169
Other Local Governments	248,900	236,276	241,582
	<u>1,394,500</u>	<u>1,368,256</u>	<u>1,603,800</u>
TRANSFERS FOR CAPITAL			
Provincial Government	5,279,700	11,095,467	784,816
Federal Government	-	691,985	326,529
Other Local Governments	-	230,873	230,233
	<u>5,279,700</u>	<u>12,018,326</u>	<u>1,341,578</u>
	<u>6,674,200</u>	<u>13,386,581</u>	<u>2,945,378</u>

TOWN OF BEAUMONT
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2011
Schedule 5

	<u>Budget</u>	<u>2011</u>	<u>2010</u>
	\$	\$	\$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	9,332,900	8,968,270	8,622,821
Contracted and general services	3,735,000	3,786,376	3,808,363
Materials, goods and utilities	4,647,700	4,006,840	3,692,578
Utilities	1,259,900	1,165,981	1,078,803
Purchases from other governments	1,018,500	957,276	805,186
Community Grants	543,800	670,584	504,377
Interest on long-term debt	905,600	845,228	811,159
Amortization of tangible capital assets	3,827,200	3,667,231	3,387,292
Other Expenses	9,600	34,101	26,669
	<u>25,280,200</u>	<u>24,101,886</u>	<u>22,737,248</u>

Town of Beaumont

Notes to Financial Statements

December 31, 2011

1. Significant Accounting Policies

The Town of Beaumont is a municipality incorporated under the laws of the Province of Alberta. These financial statements are the representations of management, prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances, and change in financial position of the reporting entity. This entity is comprised of the municipal operations.

The schedule of taxes levied also includes requisitions for education, health, social, and other external organizations that are not part of the municipal reporting entity.

b) 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.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Investments

Temporary investments consist of term deposits that have maturity dates, which are more than 90 days from the year end, and are recorded at the lower of cost and market value.

e) 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.

Town of Beaumont
Notes to Financial Statements
December 31, 2011

f) 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 of the tangible capital assets, is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Land Improvements	15-30
Buildings	20-50
Engineered Structures	
Water System	35-75
Wastewater System	35-75
Other engineered structures	20-75
Machinery & Equipment	5-20
Vehicles	10-25

No depreciation is taken in the first year of acquisition and a full year of depreciation 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 also are recorded as 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. Inventories

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

g) 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 municipality.

h) 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 municipality.

Town of Beaumont
Notes to Financial Statements
December 31, 2011

2. Cash and Cash Equivalents

	<u>2011</u>	<u>2010</u>
Cash	\$ 18,506,709	\$ 8,432,354
	<u>\$ 18,506,709</u>	<u>\$ 8,432,354</u>

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

3. Taxes and Accounts Receivable

Taxes and accounts receivable are comprised of the following:

	<u>2011</u>	<u>2010</u>
Current Taxes	\$ 524,146	\$ 640,107
Arrears Taxes	269,215	291,229
	<u>793,361</u>	<u>931,336</u>
Due from other Governments	2,942,128	4,116,411
Other Receivables	1,619,256	1,370,576
	<u>4,561,384</u>	<u>5,486,987</u>
	<u>\$ 5,354,745</u>	<u>\$ 6,418,323</u>

4. Investments

	<u>2011</u>	<u>2010</u>
Term Deposits	\$ 10,433,608	\$ 10,262,022

Short term notes and deposits have effective interest rates of 0.75% to 5.50% (2010 – 1.25% to 5.50%) and mature in less than one year.

5. Tangible Capital Assets

Tangible Capital assets are comprised of the following:

	<u>2011</u>	<u>2010</u>
Land	\$ 49,489,743	\$ 40,898,298
Land Improvements	4,961,933	5,005,506
Buildings	26,033,758	25,365,492
Engineering Structures	90,594,302	68,384,150
Machinery & Equipment	1,684,528	1,116,286
Vehicles	914,708	963,859
	<u>\$ 173,678,972</u>	<u>\$ 141,733,592</u>

Town of Beaumont
Notes to Financial Statements
December 31, 2011

6. Long Term Debt Obligations

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

	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,992,596	\$ 868,613
2013	1,541,335	799,679
2014	1,536,257	731,472
2015	1,547,335	663,945
2016	1,526,369	596,148
Balance to Maturity	<u>12,209,899</u>	<u>3,566,663</u>
	<u>\$ 20,353,791</u>	<u>\$ 7,226,520</u>

Debenture debt is repayable to the Alberta Capital Finance Authority (\$16,282,757) and the Beaumont Credit Union Ltd (\$4,071,034) and bears interest at rates ranging from 2.3062% to 10.375% per annum, and matures in periods 2012 through 2041.

Debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$ 845,228 (2010 - \$811,159).

7. Debt Limits

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

I. Debt Limit

	<u>2011</u>	<u>2010</u>
Total debt limit	\$39,485,700	\$35,154,687
Total debt	<u>20,353,791</u>	<u>18,732,100</u>
Total debt limit remaining	<u>\$ 19,131,909</u>	<u>\$ 16,422,587</u>

II. Service on Debt

	<u>2011</u>	<u>2010</u>
Debt servicing limit	\$ 6,580,950	\$ 5,859,115
Debt servicing	<u>2,861,208</u>	<u>2,265,092</u>
Total debt servicing remaining	<u>\$ 3,719,742</u>	<u>\$ 3,594,023</u>

The debt limit is calculated at 1.5 times 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.

8. Accumulated Surplus

Accumulated surplus consists of reserves, equity in tangible capital assets, and unrestricted surpluses as follows:

Town of Beaumont
Notes to Financial Statements
December 31, 2011

a) Reserve Funds

Reserve funds are funds committed and set aside for future expenditures. The balance is comprised of the following specific reserves:

	<u>2011</u>	<u>2010</u>
Town Office Maintenance	\$ 48,175	\$ 43,175
Youth Centre Building Maintenance	26,367	25,367
KNRRC Building Maintenance	123,000	101,052
Library Building Maintenance	128,540	96,774
Police Building Maintenance	10,000	5,000
Protective Services Building Maintenance	40,778	37,778
Operations Facility Maintenance	8,000	4,000
Technology Replacement	(19,556)	94,134
Equipment Replacement	350,177	495,178
Four Seasons	139,354	149,969
Roads Off-Site	3,068,751	2,001,440
Sewer Off-Site	438,781	101,081
Infrastructure Maintenance	1,847,916	1,388,515
Downtown Redevelopment	225,106	97,799
Sidewalk Replacement	174,800	166,200
General Capital Growth	2,175,359	2,052,388
Aquafit Centre Building Maintenance	26,000	13,000
Marketing	25,000	25,000
Policing	41,091	71,090
Snow Removal	260,300	446,700
Minor Capital	5,508	18,824
Contingency	334,020	261,368
Mill Rate Stabilization	2,109,425	1,879,125
Future Utilities	1,341,282	890,024
Annexation – Range Road 243	11,816	23,116
Emergency Services	93,261	93,261
Playgrounds – Equipment	137,839	141,955
Childcare	150,000	-
	<u>\$13,321,090</u>	<u>\$10,723,313</u>

b) Equity in Tangible Capital Assets

	<u>2011</u>	<u>2010</u>
Tangible Capital Assets	\$ 219,301,074	\$ 187,351,382
Accumulated Amortization	(45,622,101)	(45,617,790)
Long Term Debt	(16,282,757)	(14,547,100)
Recoverable Off-Site Levies	(3,990,478)	(3,971,392)
	<u>\$ 153,405,738</u>	<u>\$ 123,215,100</u>

Town of Beaumont
Notes to Financial Statements
December 31, 2011

c) Unrestricted Surplus

Unrestricted Surplus (Deficit)	<u>2011</u>	<u>2010</u>
General	\$ 2,304,278	\$ 2,042,896
Water	19,621	(9,438)
Sewer	167,123	108,684
Garbage	135,767	252,966
	<u>\$ 2,626,789</u>	<u>\$ 2,395,108</u>

9. Bibliothèque de Beaumont Library

The Town of Beaumont makes an annual grant to the Bibliothèque de Beaumont Library to finance its operations. The grant is funded in large part by a specific requisition of taxes in the amount of \$460,474 (\$427,727 - 2010) for the Library. The total grant for 2011 was \$517,446 (\$489,522 - 2010).

Accounting and technology charges of \$11,500 (\$14,443 - 2010) are for services provided by the Town of Beaumont.

Building lease and maintenance charges of \$125,823 (\$114,894 - 2010) were paid to the Town of Beaumont under the terms of its lease with the Town.

9. Contingencies

The Town of Beaumont 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, 2010 by the Authority is \$1,240,388 (\$1,003,309 in 2009) 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, 2011 was not available at the time we finalized the financial statements.

An Originating Notice was served on the Town in 2008, alleging that the Town's Off-Site Levy Bylaw does not apply to certain undeveloped lands within the Town. Although no damages have been claimed under the Originating Notice, an affidavit was filed asking for an order to make the said lands exempt under the Town's Off-Site Levy Bylaw. In December 2011, the Court of Appeals provided a ruling that supports the Originating Notice which, for the most part, reverses an earlier decision by the Court of Queen's Bench.

Potential loss of future levy offsite levy revenues and additional costs of roads related to the Offsite Levy Bylaw amounts to an estimated \$7,427,900.

Town of Beaumont

Notes to Financial Statements

December 31, 2011

A remediation plan for an old nuisance ground located on property owned by the Town has been requested by Alberta Environment based on a recently completed study. The Town is working with the province to formulate a remediation plan. The costs have estimated in an order of magnitude of \$2,500,000.

10. 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.

11. 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. Future annual costs under the terms of the Agreement are estimated to be \$996,500.

In addition, the Town has lease and rental commitments with Xerox and Toshiba Finance for photocopying and office equipment. The six lease and rental contracts provide for quarterly payments of \$6,732 and expire in January 2012, June 2012, November 2012, December 2012, January 2013 and May 2014. The total lease commitment over the remaining life of the contracts amounts to \$51,407.

12. Budget Figures

The 2011 Budget figures that appear in the financial statements have not been audited.

13. 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 Alberta Public Sector Pension Plans Act. The LAPP serves about 206,249 people, and 421 employers. The LAPP is financed by employer and employee contributions, and by investment earnings of the LAPP Fund.

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

For 2011, the Town was required to make current service contributions to the LAPP of 9.49% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan, and 13.13% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.49% of pensionable salary up to the year's maximum pensionable salary, and 12.13% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2011 were \$539,678 (\$504,339 - 2010). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2011 were \$487,154 (\$452,706 - 2010).

At December 31, 2010, the LAPP disclosed an actuarial deficiency of approximately \$4.635 billion. The actuarial deficiency at December 31, 2011 was not available at the time we finalized the financial statements.

Town of Beaumont
Notes to Financial Statements
December 31, 2011

14. 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:

<u>Mayor & Council</u>	<u>2011</u>		<u>2010</u>	
	<u>Benefits & Salary ⁽¹⁾</u>	<u>Allowances</u>	<u>Benefits & Salary ⁽¹⁾</u>	<u>Allowances</u>
Mayor Camille Bérubé	\$ 30,186	\$ 8,795	\$ 31,385	\$ 8,055
Councillor Keith Gylander	-	-	11,569	704
Councillor Louise White-Gibbs	16,394	7,288	16,751	4,361
Councillor Jay Archibald	14,794	1,535	15,813	934
Councillor Jacqueline Biollo	14,894	5,560	16,958	3,474
Councillor Larry Goodhope	15,394	4,375	15,564	2,002
Councillor Bill McNamara	15,794	6,298	3,603	1,209
Councillor John Stewart	14,894	1,512	3,603	95
Councillor Bruce LeCren	-	-	12,932	1,552

(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.

<u>Chief Administrative Officer</u>	<u>2011</u>	<u>2010</u>
Salary	\$ 158,092	\$ 147,456
Pension	16,900	15,764
General Benefits Package	6,931	5,915
Car Allowance	6,463	6,114

15. Approval of Financial Statements

Council and Management have approved these financial statements.

cmm/cz
 File: 0140-A01
 2011 Financial Statements Notes