



**Town of Beaumont**

**Financial Statements**

**For the Year Ended December 31<sup>st</sup>, 2010**



# Town of Beaumont

## Financial Statements

### For the Year Ended December 31<sup>st</sup>, 2010

#### 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

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Financial Statements  
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## 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 quarterly financial reports.

The consolidated financial statements have been audited by Doyle & Company, Chartered Accountants, the external auditors, in accordance with Canadian generally accepted 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 12, 2011

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

\* Operates as a Professional Corporation

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## 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, 2010 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 generally accepted auditing 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.

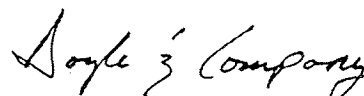
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta  
April 12, 2011



Chartered Accountants

**TOWN OF BEAUMONT  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2010**

	<u>2010</u>	<u>2009</u>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents (Note 2)	8,432,354	1,150,328
Investments (Note 4)	10,262,022	11,428,476
Receivables (Note 3)		
Taxes	931,336	840,534
Trade and Other	5,486,987	7,002,728
Other Financial Assets	140,857	150,185
	<u>25,253,556</u>	<u>20,572,251</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	2,737,247	3,204,215
Other Liabilities	9,279,874	6,548,506
Long-term Debt (Note 6)	18,732,100	14,910,095
	<u>30,749,221</u>	<u>24,662,816</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>(5,495,665)</u>	<u>\$ (4,090,565)</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory for Consumption (Note 1f (iv))	95,594	128,500
Tangible Capital Assets (Note 5)	141,733,592	129,576,773
	<u>141,829,186</u>	<u>129,705,273</u>
<b>ACCUMULATED SURPLUS (Note 8)</b>	<u>136,333,521</u>	<u>125,614,708</u>

**TOWN OF BEAUMONT  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>BUDGET</u>	<u>2010</u>	<u>2009</u>
	\$	\$	\$
<b>REVENUES</b>			
Net taxes (Schedule 3)	9,451,300	9,513,769	8,849,984
Library taxes	424,600	427,727	441,933
Sales and user charges	6,896,700	7,200,396	6,566,026
Government transfers (Schedule 4)	1,588,100	1,603,800	1,754,336
Investment income	361,600	488,031	599,058
Penalties and costs on taxes	192,600	327,839	263,730
Franchise and concession contracts	609,300	650,185	596,220
Rentals	705,300	689,489	681,434
Licenses, permits and fines	800,600	1,168,297	942,614
Developers contributions	-	1,038,944	1,144,298
Contributions from other groups	236,000	128,609	54,136
Gain (Loss) on disposal of capital	-	(30,860)	-
	<u>21,266,100</u>	<u>23,206,226</u>	<u>21,893,769</u>
<b>EXPENSES</b>			
Legislative	435,800	402,799	368,393
Administration	1,657,200	1,461,314	1,434,768
Protective services	2,762,200	2,769,950	2,817,208
Transportation, roads and streets	5,311,100	4,520,488	4,108,909
Water supply and distribution	1,897,300	1,931,303	1,563,876
Sewer	1,451,000	1,243,766	1,444,463
Waste management	954,300	929,315	806,657
Public health and welfare	3,076,400	2,832,478	2,635,316
Planning and development	1,164,300	1,311,490	1,187,033
Recreation and parks	4,647,800	4,758,479	3,136,254
Library	586,900	575,866	593,613
	<u>23,944,300</u>	<u>22,737,248</u>	<u>20,096,490</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	(2,678,200)	468,978	1,797,279
<b>OTHER</b>			
Contributed assets	-	8,908,257	3,368,146
Government transfers for capital (Schedule 4)	21,999,100	1,341,578	6,454,335
	<u>21,999,100</u>	<u>10,249,835</u>	<u>9,822,481</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	19,320,900	10,718,813	11,619,760
<b>ACCUMMULATED SURPLUS, BEGINNING OF YEAR</b>	125,614,708	125,614,708	113,994,948
<b>ACCUMMULATED SURPLUS, END OF YEAR</b>	<u>144,935,608</u>	<u>136,333,521</u>	<u>125,614,708</u>

**TOWN OF BEAUMONT  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>BUDGET</u>	<u>2010</u>	<u>2009</u>
	\$	\$	\$
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<u>19,320,900</u>	<u>10,718,813</u>	<u>11,619,760</u>
Aquisition of tangible capital assets	(28,028,900)	<b>(6,671,214)</b>	(16,470,336)
Contributed tangible capital assets	-	<b>(8,908,257)</b>	(3,368,147)
Proceeds from disposal of tangible capital assets	-	<b>4,500</b>	-
Amortization of tangible capital assets	<b>3,802,700</b>	<b>3,387,292</b>	2,939,309
(Gain) loss on sale of tangible capital assets	-	<b>30,860</b>	-
	<u>(24,226,200)</u>	<u>(12,156,819)</u>	<u>(16,899,174)</u>
Change in supplies inventories	<u>-</u>	<u>32,906</u>	<u>(61,559)</u>
<b>(INCREASE) DECREASE IN NET FINANCIAL ASSETS (DEBT)</b>	<b>(4,905,300)</b>	<b>(1,405,100)</b>	(5,340,973)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	(4,090,565)	<b>(4,090,565)</b>	1,250,408
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<u><b>(8,995,865)</b></u>	<u><b>(5,495,665)</b></u>	<u>(4,090,565)</u>



**TOWN OF BEAUMONT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>2010</u> \$	<u>2009</u> \$
<b>Cash flows from operating activities</b>		
Cash received from residents, customers & funding agencies	36,759,342	24,198,781
Cash paid to suppliers and employees	(18,646,922)	(14,861,765)
Interest received	490,499	600,790
Interest on long term debt	(765,241)	(531,584)
Amortization of tangible capital assets	-	-
	<u>17,837,678</u>	<u>9,406,222</u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(15,579,471)	(19,838,483)
Decrease in temporary investments	1,166,454	850,958
	<u>(14,413,017)</u>	<u>(18,987,525)</u>
<b>Cash flows from financing activities</b>		
Repayment of long term debt	(828,597)	(788,293)
New debentures	4,650,602	5,646,498
Loss of disposal of assets	30,860	-
Proceeds from disposal	4,500	-
	<u>3,857,365</u>	<u>4,858,205</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>7,282,026</b>	<b>(4,723,098)</b>
<b>Opening cash and cash equivalents</b>	<u>1,150,328</u>	<u>5,873,426</u>
<b>Closing cash and cash equivalents</b>	<u><u>8,432,354</u></u>	<u><u>1,150,328</u></u>

**TOWN OF BEAUMONT  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
Schedule 1**

	<b>LAND</b>	<b>LAND IMPROVEMENTS</b>	<b>BUILDINGS</b>	<b>ENGINEERED STRUCTURES</b>	<b>MACHINERY &amp; EQUIPMENT</b>	<b>VEHICLES</b>	<b>2010</b>
	\$	\$	\$	\$	\$	\$	\$
<b>COST:</b>							
BALANCE, BEGINNING OF YEAR	36,466,522	6,172,943	32,314,321	93,414,453	2,188,640	1,429,167	<b>171,986,046</b>
Acquisition of tangible capital assets	4,434,118	1,198,179	299,927	9,580,564	52,943	13,740	<b>15,579,471</b>
Construction-in-progress							-
Disposal of tangible capital assets	(2,342)	-	-	(211,793)	-	-	<b>(214,135)</b>
Write down of tangible capital assets							-
<b>BALANCE, END OF YEAR</b>	<b>40,898,298</b>	<b>7,371,123</b>	<b>32,614,247</b>	<b>102,783,225</b>	<b>2,241,583</b>	<b>1,442,907</b>	<b>187,351,382</b>
<b>ACCUMULATED AMORTIATION:</b>							
BALANCE, BEGINNING OF YEAR	-	(2,098,107)	(6,598,623)	(32,347,774)	(976,345)	(388,424)	<b>(42,409,273)</b>
Annual amortization	-	(267,510)	(650,132)	(2,230,075)	(148,952)	(90,623)	<b>(3,387,292)</b>
Accumulate amortization on disposals		-	-	178,775	-		<b>178,775</b>
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>(2,365,616)</b>	<b>(7,248,755)</b>	<b>(34,399,074)</b>	<b>(1,125,297)</b>	<b>(479,047)</b>	<b>(45,617,790)</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>40,898,298</b>	<b>5,005,506</b>	<b>25,365,492</b>	<b>68,384,150</b>	<b>1,116,286</b>	<b>963,859</b>	<b>141,733,592</b>

**TOWN OF BEAUMONT**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**Schedule 2**

	<b>UNRESTRICTED SURPLUS</b>	<b>RESTRICTED SURPLUS</b>	<b>EQUITY IN TANGIBLE CAPITAL ASSETS</b>	<b>2010 \$</b>	<b>2009 \$</b>
BALANCE, BEGINNING OF YEAR	638,451	9,571,341	115,404,916	125,614,708	113,994,948
Excess (deficiency) of revenues over expenses	10,718,813			10,718,813	11,619,760
Unrestricted funds designated for future use	(2,595,633)	2,595,633		-	
Restricted funds used for operations	164,647	(164,647)		-	
Restricted funds used for tangible capital assets		(1,279,014)	1,279,014	-	
Current year funds used for tangible capital asse	(216,968)		216,968	-	
Contributed tangible capital assets	(8,908,257)		8,908,257	-	
Disposal of tangible capital assets	35,360		(35,360)	-	
Annual amortization expense	3,387,292		(3,387,292)	-	
Long term debt repaid	(828,597)		828,597	-	
Other Adjustments				-	
Change in accumulated surplus	1,756,657	1,151,972	7,810,184	10,718,813	11,619,760
<b>BALANCE, END OF YEAR</b>	<b>2,395,108</b>	<b>10,723,313</b>	<b>123,215,100</b>	<b>136,333,521</b>	<b>125,614,708</b>

**TOWN OF BEAUMONT  
SCHEDULE OF PROPERTY AND OTHER TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**Schedule 3**

	<u>BUDGET</u>	<u>2010</u>	<u>2009</u>
	\$	\$	\$
<b>LEVIES FOR REVENUE</b>			
Residential taxes	12,489,900	<b>12,591,058</b>	11,649,990
Commercial taxes	872,200	<b>880,044</b>	748,491
Farmland taxes	1,300	<b>1,290</b>	1,232
<b>Real property taxes</b>	<u>13,363,400</u>	<u><b>13,472,392</b></u>	<u>12,399,713</u>
Power, pipe, cable T.V. and other taxes	128,600	<b>129,364</b>	129,847
<b>Total taxes</b>	<u>13,492,000</u>	<u><b>13,601,757</b></u>	<u>12,529,560</u>
Local Improvements	900	<b>889</b>	1,587
<b>Total taxes and local improvements</b>	<u>13,492,900</u>	<u><b>13,602,645</b></u>	<u>12,531,147</u>
<b>REQUISITIONS FOR OTHER AUTHORITIES</b>			
Alberta School Foundation Fund	3,573,000	<b>3,616,829</b>	3,194,445
Leduc Foundation	44,000	<b>44,320</b>	44,785
Library taxes	424,600	<b>427,727</b>	441,933
Allowance for uncollectible taxes	-	-	-
<b>Requisition transfers</b>	<u>4,041,600</u>	<u><b>4,088,876</b></u>	<u>3,681,163</u>
<b>Net Taxes</b>	<u>9,451,300</u>	<u><b>9,513,769</b></u>	<u>8,849,984</u>

**TOWN OF BEAUMONT  
SCHEDULE OF GOVERNMENT TRANSFERS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
Schedule 4**

	<u>Budget</u>	<u>2010</u>	<u>2009</u>
	\$	\$	\$
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	1,326,400	<b>1,313,049</b>	1,482,928
Federal Government	9,800	<b>49,169</b>	34,415
Other Local Governments	251,900	<b>241,582</b>	236,993
	<u>1,588,100</u>	<u><b>1,603,800</b></u>	<u>1,754,336</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	18,784,300	<b>784,816</b>	6,404,387
Federal Government	3,214,800	<b>326,529</b>	49,948
Other Local Governments	-	<b>230,233</b>	-
	<u>21,999,100</u>	<u><b>1,341,578</b></u>	<u>6,454,335</u>
	<u><u>23,587,200</u></u>	<u><u><b>2,945,378</b></u></u>	<u><u>8,208,671</u></u>

**TOWN OF BEAUMONT**  
**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**Schedule 5**

	<u>Budget</u>	<u>2010</u>	<u>2009</u>
	\$	\$	\$
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	8,348,100	<b>8,622,821</b>	6,966,363
Contracted and general services	5,485,800	<b>4,944,883</b>	5,057,399
Materials, goods and utilities	4,001,100	<b>3,634,861</b>	3,178,764
Purchases from other governments	901,900	<b>805,186</b>	809,100
Transfers to local boards and other organizations	506,200	<b>504,377</b>	514,448
Interest on long-term debt	891,100	<b>811,159</b>	561,022
Amortization of tangible capital assets	3,802,700	<b>3,387,292</b>	2,939,309
Other expenditures	7,400	<b>26,669</b>	70,084
	<u>23,944,300</u>	<u><b>22,737,248</b></u>	<u>20,096,490</u>

# **Town of Beaumont**

## **Notes to Financial Statements**

### **December 31, 2010**

#### **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.

**Town of Beaumont**  
**Notes to Financial Statements**  
**December 31, 2010**

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.

**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**



**Town of Beaumont**  
**Notes to Financial Statements**  
**December 31, 2010**

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.

**2. Cash and Cash Equivalents**

	<u>2010</u>	<u>2009</u>
Cash	\$8,432,354	\$ 472,799
Temporary Investments	-	677,529
	<u>\$8,432,354</u>	<u>\$ 1,150,328</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>2010</u>	<u>2009</u>
Current Taxes	\$ 640,107	\$ 697,998
Arrears Taxes	291,229	142,536
	931,336	840,534
Due from other Governments	4,116,411	5,600,246
Other Receivables	1,370,576	1,402,482
	<u>5,486,987</u>	<u>7,002,728</u>
	<u>\$ 6,418,323</u>	<u>\$ 7,843,262</u>

**4. Investments**

	<u>2010</u>	<u>2009</u>
Term Deposits	<u>\$ 10,262,022</u>	<u>\$ 11,428,476</u>

Short term notes and deposits have effective interest rates of 1.25% to 5.50% (2009 - 4.25% to 5.50%) and mature in less than one year.

**5. Tangible Capital Assets**

Tangible Capital assets are comprised of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 40,898,298	\$ 36,466,522
Land Improvements	5,005,506	4,074,867
Buildings	25,365,462	25,715,667
Engineering Structures	68,384,150	61,066,679
Machinery & Equipment	1,116,286	1,212,295

**Town of Beaumont**  
**Notes to Financial Statements**  
**December 31, 2010**

Vehicles	963,859	1,040,743
	\$ 141,733,592	\$ 129,576,773

**6. Long Term Debt Obligations**

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

	<b>Principal</b>	<b>Interest</b>
2011	\$ 1,397,809	\$ 867,282
2012	1,317,114	797,470
2013	1,330,543	736,139
2014	1,321,211	674,187
2015	1,327,918	613,031
Balance to Maturity	12,037,505	3,720,037
	\$ 18,732,100	\$ 7,408,146

Debenture debt is repayable to the Alberta Capital Finance Authority (\$14,547,100) and the Beaumont Credit Union Ltd (\$4,185,000) and bears interest at rates ranging from 3.282% to 10.375% per annum, and matures in periods 2011 through 2040.

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

Interest on long-term debt amounted to \$ 884,386 (2009 - \$531,583).

**7. Debt Limits**

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

**I. Debt Limit**

	<b>2010</b>	<b>2009</b>
Total debt limit	\$35,154,687	\$32,840,654
Total debt	18,732,100	14,910,095
Total debt limit remaining	\$ 16,422,587	\$ 17,930,559

**II. Service on Debt**

	<b>2010</b>	<b>2009</b>
Debt servicing limit	\$ 5,859,115	\$ 5,473,442
Debt servicing	2,265,092	1,792,229
Total debt servicing remaining	\$ 3,594,023	\$ 3,681,213

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

**Town of Beaumont**  
**Notes to Financial Statements**  
**December 31, 2010**

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:

**a) Reserve Funds**

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

	<u>2010</u>	<u>2009</u>
Town Office Maintenance	\$ 43,175	\$ 38,175
Youth Centre Building Maintenance	25,367	24,367
KNRRC Building Maintenance	101,052	82,052
Library Building Maintenance	96,774	57,804
Police Building Maintenance	5,000	-
Protective Services Building Maintenance	37,778	34,778
Operations Facility Maintenance	4,000	-
Technology Replacement	94,134	84,134
Equipment Replacement	495,178	350,518
Four Seasons	149,969	170,969
Roads Off-Site	2,001,440	1,388,706
Sewer Off-Site	101,081	-
Infrastructure Maintenance	1,388,515	1,319,816
Downtown Redevelopment	97,799	104,214
Sidewalk Replacement	166,200	138,300
General Capital Growth	2,052,388	2,571,179
Aquafit Centre Building Maintenance	13,000	-
Marketing	25,000	25,000
Policing	71,090	101,091
Snow Removal	446,700	209,700
Minor Capital	18,824	18,824
Contingency	261,368	121,999
Mill Rate Stabilization	1,879,125	1,879,125
Future Utilities	890,024	548,692
Annexation - Range Road 243	23,116	34,416
Emergency Services	93,261	93,262
Playgrounds - Equipment	141,955	174,220
	<u>\$10,723,313</u>	<u>\$9,571,341</u>

**b) Equity in Tangible Capital Assets**

**Town of Beaumont**  
**Notes to Financial Statements**  
**December 31, 2010**

	<u>2010</u>	<u>2009</u>
Tangible Capital Assets	\$ 187,351,382	\$ 171,986,046
Accumulated Amortization	(45,617,790)	(42,409,273)
Long Term Debt	(14,547,100)	(11,853,597)
Recoverable Off-Site Levies	(3,971,392)	(2,318,259)
	<u>\$ 123,215,100</u>	<u>\$ 115,404,917</u>

**c) Unrestricted Surplus**

	<u>2010</u>	<u>2009</u>
Unrestricted Surplus (Deficit)		
General	\$ 2,042,896	\$ 345,514
Water	(9,438)	(109,370)
Sewer	108,684	141,886
Garbage	252,966	260,420
	<u>\$ 2,395,108</u>	<u>\$ 638,450</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 \$427,727 (\$441,933 - 2009) for the Library. The total grant for 2010 was \$489,522 (\$502,900 - 2009).

Accounting and technology charges of \$14,443 (\$11,126 - 2009) are for services provided by the Town of Beaumont.

Building lease and maintenance charges of \$114,894 (\$157,920 - 2009) 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, 2009 by the Authority is \$1,003,309 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.

# **Town of Beaumont**

## **Notes to Financial Statements**

### **December 31, 2010**

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. Liability and quantum are undeterminable at this time.

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 \$2,000,000.

#### **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, 2012. 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 \$949,200.

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 \$6,372 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 \$78,334.

#### **12. Budget Figures**

The 2010 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 200,000 people, and 418 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 2010, the Town was required to make current service contributions to the LAPP of 9.06% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan, and 12.53% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.06% of pensionable salary up to

**Town of Beaumont**  
**Notes to Financial Statements**  
**December 31, 2010**

the year's maximum pensionable salary, and 11.53% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2010 were \$504,339 (\$431,013 - 2009). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2010 were \$452,706 (\$383,520 - 2009).

At December 31, 2009, the LAPP disclosed an actuarial deficiency of approximately \$3,999 million. The actuarial deficiency at December 31, 2010 was not available at the time we finalized the financial statements.

**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:

<b><u>Mayor &amp; Council</u></b>	<b><u>2010</u></b>		<b><u>2009</u></b>	
	<b><u>Salary <sup>(1)</sup></u></b>	<b><u>Allowances</u></b>	<b><u>Salary <sup>(1)</sup></u></b>	<b><u>Allowances</u></b>
Mayor Camille Bérubé	\$ 31,385	\$ 8,055	\$ 29,930	\$ 7,656
Councillor Keith Gylander	11,569	704	14,669	1,330
Councillor Louise White-Gibbs	16,751	4,361	15,928	4,546
Councillor Jay Archibald	15,813	934	15,299	3,416
Councillor Jacqueline Biollo	16,958	3,474	15,046	5,455
Councillor Larry Goodhope	15,564	2,002	15,346	3,480
Councillor Bill McNamara	3,603	1,209	0	0
Councillor John Stewart	3,603	95	0	0
Councillor Bruce LeCren	12,932	1,552	15,928	4,907

(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.

<b><u>Chief Administrative Officer</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Salary	\$ 147,456	\$ 136,125
Pension	15,764	14,136
General Benefits Package	5,915	5,736
Car Allowance	6,114	6,114

**15. Approval of Financial Statements**

Council and Management have approved these financial statements.