

CITY OF BEAUMONT
Consolidated Financial Statements

For the year ended December 31, 2019

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**City of Beaumont
2019 Financial Statements
Management Report**

The accompanying consolidated financial statements and other information contained in this financial report are the responsibility of the management of the 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.

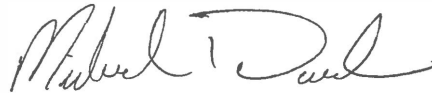
The elected Council of the City of Beaumont are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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 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. Grant Thornton LLP has full and free access to City Council.



Chief Administrative Officer
City of Beaumont



Chief Financial Officer

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, 2019, and the consolidated statements of operations and accumulated surplus, change in net assets and cash flows for the year then ended, and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies.

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, 2019, 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 12, 2020



Chartered Professional Accountants

City of Beaumont
Consolidated Statement of Financial Position

December 31	2019	2018
Financial assets		
Cash and cash equivalents (Note 2)	\$ 44,621,688	\$ 48,465,448
Receivables (Note 3)	9,600,919	4,034,670
	54,222,607	52,500,118
Liabilities		
Payables and accruals (Note 4)	8,342,130	5,400,756
Deposits	1,923,304	3,097,854
Deferred revenue (Note 5)	14,927,405	14,008,664
Long-term debt (Notes 6 and 7)	33,794,261	16,413,300
	58,987,100	38,920,574
Net financial assets (debt)	(4,764,493)	13,579,544
Non-financial assets		
Tangible capital assets (Schedule I)	358,153,136	332,356,139
Inventory for consumption	60,852	110,269
Prepays	204,111	219,745
	358,418,099	332,686,153
Accumulated surplus (Note 8, Schedule II)	\$353,653,606	\$346,265,697
Contingencies (Note 10)		

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

City of Beaumont
Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	2019 Budget	2019 Actual	2018 Actual
Revenue			
Taxation-net (Schedule III)	\$ 20,439,500	\$ 20,400,364	\$ 19,256,846
Sales and user charges	10,916,700	11,148,425	11,175,252
Franchise fees	2,068,900	2,075,745	1,505,047
Government transfers (Schedule IV)	2,819,700	1,999,349	2,085,137
Licenses, permits and fines	1,905,400	1,801,295	1,949,960
Rentals	993,100	1,365,461	883,375
Interest income	791,300	1,123,412	829,481
Penalties and cost on taxes	385,000	498,788	474,908
Developers contributions	369,800	923,186	1,188,438
Contributions from other groups	29,100	55,556	84,177
Gain on disposal of capital	-	30,114	-
	<u>40,718,500</u>	<u>41,421,695</u>	<u>39,432,621</u>
Expenses (Schedule V)			
Council	617,900	601,627	519,943
CAO office	1,301,900	1,621,435	1,409,750
Community services	9,382,400	8,638,782	8,509,973
Economic development and communications	1,619,700	2,039,615	620,822
Family services	3,097,800	2,961,618	2,841,718
Finance	1,642,848	1,580,732	1,402,372
Human resources	656,800	594,978	488,038
Information technology	890,100	569,439	579,356
Infrastructure			
Transportation, roads and streets	11,366,300	10,548,802	10,451,117
Utilities	7,477,100	6,864,428	6,824,344
Planning and development	2,690,300	2,133,446	2,395,164
Protective services	5,853,200	4,904,421	5,209,017
Library	926,000	864,029	826,625
	<u>47,522,348</u>	<u>43,923,352</u>	<u>42,078,239</u>
Deficiency of revenue before other	(6,803,848)	(2,501,657)	(2,645,618)
Other			
Developer contributed tangible capital assets	-	5,729,707	50,281,670
Government transfers for capital (Schedule IV)	5,624,609	4,159,859	2,168,468
	<u>(1,179,239)</u>	<u>7,387,909</u>	<u>49,804,520</u>
Accumulated surplus, beginning of year	<u>346,265,697</u>	<u>346,265,697</u>	<u>296,461,177</u>
Accumulated surplus, end of year	<u>\$345,086,458</u>	<u>\$353,653,606</u>	<u>\$346,265,697</u>

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

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

For the year ended December 31	2019 Budget	2019 Actual	2018 Actual
Excess of revenue over expenditures	\$ (1,179,239)	\$ 7,387,909	\$ 49,804,520
Acquisition of tangible capital assets	(35,419,812)	(28,847,090)	(4,776,922)
Contributed tangible capital assets	-	(5,729,707)	(50,281,670)
Proceeds on disposal of tangible capital assets	-	30,114	-
Amortization of tangible capital assets	8,248,000	8,779,800	8,607,600
Gain on disposal of tangible capital assets	-	(30,114)	-
	<u>(27,171,812)</u>	<u>(25,796,997)</u>	<u>(46,450,992)</u>
Net use of inventory for consumption	-	49,417	26,321
Net use (acquisition) of prepaids	-	15,634	(65,039)
	<u>-</u>	<u>65,051</u>	<u>(38,718)</u>
Net change in net financial assets (debt)	(28,351,051)	(18,344,037)	3,314,810
Net assets , beginning of year	13,579,544	13,579,544	10,264,734
Net assets (debt) , end of year	<u>\$(14,771,507)</u>	<u>\$ (4,764,493)</u>	<u>\$ 13,579,544</u>

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

City of Beaumont
Consolidated Statement of Cash Flows

For the year ended December 31	2019	2018
Operating transactions		
Excess of revenue over expense	\$ 7,387,909	\$ 49,804,520
Items not involving cash		
Amortization	8,779,800	8,607,600
Gain on disposal of tangible capital asset	(30,114)	-
Contributed capital assets	(5,729,707)	(50,281,670)
Changes in non-cash assets and liabilities		
Receivables	(5,566,249)	(390,642)
Prepays	15,634	(65,039)
Inventory for consumption	49,417	26,321
Payables and accruals	2,941,374	363,836
Deposits	(1,174,550)	(47,503)
Deferred revenue	918,741	7,608,793
	<u>7,592,255</u>	<u>15,626,216</u>
Capital activities		
Acquisition of tangible capital assets	(28,847,090)	(4,776,922)
Proceeds on sale of tangible capital assets	30,114	-
	<u>(28,816,976)</u>	<u>(4,776,922)</u>
Financing transactions		
Issue of long-term debt	19,249,136	1,625,864
Repayment of long-term debt	(1,868,175)	(1,228,769)
	<u>17,380,961</u>	<u>397,095</u>
Net change in cash and cash equivalents	(3,843,760)	11,246,389
Cash and cash equivalents, beginning of year	48,465,448	37,219,059
Cash and cash equivalents, end of year	\$ 44,621,688	\$ 48,465,448

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

City of Beaumont

Notes to the Consolidated Financial Statements

December 31, 2019

1. Basis of Presentation and 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 generally accepted accounting principles for local governments as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. 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 fund balances, and change in financial position of the reporting entity. This entity is comprised of the municipal operations that are owned or controlled by the City, which includes the Bibliotheque de Beaumont Library.

Basis of accounting

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

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

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

Use of estimates

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

Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

Tax revenue

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

City of Beaumont

Notes to the Consolidated Financial Statements

December 31, 2019

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.

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Contaminated sites liability

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

Non-financial assets

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

i. Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, is amortized on a straight-line basis over the estimated useful life as follows:

Land Improvements	15 to 30 years
Buildings	20 to 50 years
Engineered Structures	
Roads	20 to 30 years
Storm sewers	50 to 75 years
Water systems	35 to 75 years
Wastewater systems	35 to 75 years
Machinery & Equipment	5 to 20 years
Vehicles	10 to 25 years

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

ii Contributions of tangible capital assets

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

City of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2019

Non-financial assets - (continued)

iii. Leases

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

iv. Inventory for consumption

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

v. Prepays

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

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 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.

Future accounting pronouncements

The following summarizes upcoming changes to PSAS put forward by the Public Sector Accounting Board ("PSAB"). In the coming years, The City will assess the impact and prepare for the adoption of these standards. While the timing of adopting each new standard can vary, certain standards must be adopted concurrently.

i. Financial statement presentation

PS 1201 *Financial statement presentation*, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for the fiscal years beginning on or after April 1, 2021.

ii. Financial instruments

PS 3450 *Financial instruments*, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; all other financial instruments can be measured at cost, amortized cost, or fair value at the election of the government. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2021.

iii. Foreign currency translation

PS 2601 *Foreign currency translation* must be adopted in conjunction with PS 3450. It requires that monetary assets and liabilities be denominated in a foreign currency and non-monetary items included in the fair value category that are denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard is applicable for fiscal years beginning on or after April 1, 2021.

City of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2019

Future accounting pronouncements - (continued)

iv. Portfolio investments

PS 3041 *Portfolio investments* has removed the distinction between temporary and portfolio investments and was amended to conform to *Financial instruments*, PS 3450. Once PS 3450 and PS 3041 are adopted, *Temporary investments* PS 3030 will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2021.

v. Asset retirement obligations

PS 3280 *Asset retirement obligations* defines which activities would be included in a liability for retirement of a tangible capital asset, establishes when to recognize and how to measure a liability for asset retirement, and provides the related financial statement presentation and disclosure requirements. This new standard will effectively replace PS 3270, *Solid waste landfill closure and post-closure liability*. This standard is applicable for fiscal years beginning on or after April 1, 2021.

vi. Revenue

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically in regards to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). This standard is applicable for fiscal years beginning on or after April 1, 2022.

City of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2019

2. Cash and Cash Equivalents

	2019	2018
Cash	\$ 43,716,004	\$ 47,560,217
Cash equivalents (temporary investments)	905,684	905,231
	\$ 44,621,688	\$ 48,465,448

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

3. Receivables

	2019	2018
Current taxes	\$ 1,043,713	\$ 1,014,795
Arrear taxes	493,979	492,265
	1,537,692	1,507,060
Taxes receivable	5,827,001	607,083
Due from other governments	783,137	663,631
Trade receivables	1,453,089	1,256,896
Utilities receivable	\$ 9,600,919	\$ 4,034,670

4. Payables and Accruals

	2019	2018
Trade payables	\$ 7,371,336	\$ 4,528,762
Accrued wages and benefits	889,763	790,963
Accrued interest	81,031	81,031
	\$ 8,342,130	\$ 5,400,756

5. Deferred Revenue

	2019	2018
Deferred capital grants	\$ 7,353,474	\$ 6,514,589
Offsite levies	6,167,266	5,917,375
Lot grading	696,653	657,305
Recreation and youth programs	378,166	447,374
Development	331,846	472,021
	\$ 14,927,405	\$ 14,008,664

City of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2019

6. Long-term Debt

	2019	2018
<u>Tax supported</u>		
Beaumont Sport and Recreation Centre	\$ 20,474,005	\$ 1,625,864
Land	4,587,925	4,587,925
Roads	2,264,871	2,567,271
Police building	2,157,098	2,374,372
Operations building	1,883,626	2,023,323
Library	327,035	398,029
Ken Nichol Regional Recreation Centre	210,884	409,166
City office	-	24,806
	31,905,444	14,010,756
 <u>Utility supported</u>		
Water reservoir	1,824,501	2,277,624
Sewage collection	64,316	124,920
	1,888,817	2,402,544
	\$ 33,794,261	\$ 16,413,300

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

	Principal	Interest
2020	\$ 6,818,376	\$ 924,949
2021	1,735,696	807,182
2022	1,654,545	750,740
2023	1,589,127	695,291
2024	1,550,877	639,751
To maturity	20,445,640	4,191,968
	\$ 33,794,261	\$ 8,009,881

Debenture debt in the amount of \$33,529,627 (2018 - \$15,809,165) is repayable to the Alberta Capital Finance Authority. Debenture debt in the amount of \$264,634 (2018 - \$604,135) is repayable to Beaumont Credit Union Ltd. It bears interest at rates ranging from 1.479% to 6.375% (2018 - 2.177% to 6.375%) per annum, and matures in periods 2020 through 2041. The debenture debt is issued on the credit and security of the City at large.

Interest on long-term debt amounted to \$774,785 (2018 - \$547,081).

City of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2019

7. Debt Limits

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

	2019	2018
Debt limit		
Total debt limit	\$ 62,132,543	\$ 59,148,932
Total debt	33,794,261	14,787,436
	\$ 28,338,282	\$ 44,361,496
Service on debt		
Debt servicing limit	\$ 10,355,424	\$ 9,858,155
Debt servicing	7,743,325	1,819,061
	\$ 2,612,099	\$ 8,039,094

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

City of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2019

8. Accumulated Surplus

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

	<u>2019</u>	<u>2018</u>
<u>Reserve funds</u>		
Future utilities	\$ 8,603,524	\$ 8,928,938
Infrastructure maintenance	4,801,947	4,448,313
Mill rate stabilization	3,469,710	4,569,005
TWP 505 land debenture repayment fund	3,140,583	2,204,124
Equipment replacement	1,257,871	2,026,101
Municipal reserve for parkland	949,285	925,680
Snow removal	948,044	924,470
Policing	466,872	455,263
Technology replacement	293,848	232,225
Contingency	280,538	282,091
Downtown redevelopment	262,130	255,612
Planning reserves	255,253	130,398
Transit reserve	218,421	124,109
Library building maintenance	203,765	196,723
Sidewalk replacement	186,135	181,507
General capital growth	178,986	331,853
Youth centre building maintenance	101,275	-
Fours Seasons Park	89,351	76,760
Beaumont Sport and Recreation Centre building maintenance	87,046	72,043
Ken Nichol Regional Recreation Centre building maintenance	73,724	182,486
Tax allowance	72,208	70,412
City office maintenance	69,304	62,643
Protective services building maintenance	68,521	64,041
Communication reserves	40,416	50,634
Youth centre building maintenance	36,507	34,612
Police building maintenance	33,027	27,268
Recreation equipment	31,945	31,151
Asset management system	27,771	215,848
Election reserve	16,522	8,211
Operation facility maintenance	(17,866)	37,239
	<u>26,246,663</u>	<u>27,149,760</u>
<u>Equity in tangible capital assets</u>		
Tangible capital assets	456,808,931	422,358,508
Accumulated amortization	(98,655,795)	(90,002,369)
Long-term debt	(33,794,261)	(16,413,300)
	<u>324,358,875</u>	<u>315,942,839</u>
<u>Unrestricted Surplus</u>		
Operations	4,510,741	5,090,720
Recoverable offsite levies	(2,316,026)	(2,382,875)
Solid Waste	528,248	231,699
Wastewater	325,105	233,554
	<u>3,048,068</u>	<u>3,173,098</u>
	<u>\$ 353,653,606</u>	<u>\$ 346,265,697</u>

City of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2019

9. Segmented Information

The City of Beaumont is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information.

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

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

City of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2019

9. Segmented Information (continued)

For the year ended December 31	Council	CAO office	Community services	Economic development and communications	Family services	Finance	Human resources	Information technology	Transportation, roads, and streets	Utilities	Planning and development	Protective services	Library	2019 Total
Revenue														
Taxation	\$ -	\$ 19,659,149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 741,215	\$ 20,400,364
Sales and user charges	29,606	54,324	776,943	83,888	1,189,260	95	-	-	584,470	8,117,708	247,043	7,103	57,985	11,148,425
Government transfers	-	57,950	351,685	-	680,921	-	-	-	-	-	80,078	665,147	163,568	1,999,349
Investment income	-	1,123,412	-	-	-	-	-	-	-	-	-	-	-	1,123,412
Penalties & costs on taxes	-	443,502	-	-	-	-	-	-	-	55,286	-	-	-	498,788
Franchise fees	-	2,075,745	-	-	-	-	-	-	-	-	-	-	-	2,075,745
Rentals	-	3,938	1,249,551	63,602	3,320	-	-	-	-	-	-	43,794	1,256	1,365,461
Licenses, permits and fines	-	-	17,252	-	-	-	-	-	28,985	-	675,815	1,066,502	12,741	1,801,295
Developers contributions	-	-	-	-	-	-	-	-	831,555	91,449	182	-	-	923,186
Contributions from others	-	-	46,092	-	9,464	-	-	-	-	-	-	-	-	55,556
Gain on disposal of capital	-	-	12,000	-	-	-	-	-	3,400	-	-	14,714	-	30,114
	29,606	23,418,020	2,453,523	147,490	1,882,965	95	-	-	1,448,410	8,264,443	1,003,118	1,797,260	976,765	41,421,695
Expenses														
Salaries and benefits	386,787	870,870	4,059,150	730,217	2,300,267	1,165,285	495,463	181,416	1,733,765	526,178	1,606,460	1,577,842	560,567	16,194,267
Contract services	144,569	372,648	1,220,028	640,672	294,607	325,647	26,961	226,523	1,045,951	1,482,801	451,164	2,538,142	95,338	8,865,051
Materials and goods	42,933	190,255	802,497	647,554	246,114	67,138	68,249	155,909	481,475	4,007,541	53,704	378,520	128,901	7,270,790
Utilities	5,598	57,990	671,419	12,505	52,737	13,270	3,655	2,564	721,453	101,310	16,413	100,877	25,009	1,784,800
Community grants	15,000	-	183,357	-	28,377	-	-	-	-	-	-	-	-	226,734
Interest on long-term debt	-	68,485	316,650	-	-	-	-	-	165,566	92,810	-	108,974	22,300	774,785
Amortization	6,740	61,029	1,361,080	8,667	39,309	9,217	650	3,027	6,400,380	652,491	5,530	200,066	31,614	8,779,800
Other expenses	-	158	24,601	-	207	175	-	-	212	1,297	175	-	300	27,125
	601,627	1,621,435	8,638,782	2,039,615	2,961,618	1,580,732	594,978	569,439	10,548,802	6,864,428	2,133,446	4,904,421	864,029	43,923,352
Internal support														
	-	-	-	(6,000)	-	(451,000)	(21,800)	(8,500)	(164,100)	634,400	-	-	17,000	-
	601,627	1,621,435	8,638,782	2,033,615	2,961,618	1,129,732	573,178	560,939	10,384,702	7,498,828	2,133,446	4,904,421	881,029	43,923,352
Net surplus (deficit)	\$ (572,021)	\$ 21,796,585	\$ (6,185,259)	\$ (1,886,125)	\$ (1,078,653)	\$(1,129,637)	\$ (573,178)	\$(560,939)	\$ (8,936,292)	\$ 765,615	\$(1,130,328)	\$ (3,107,161)	\$ 95,736	\$ (2,501,657)

City of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2019

9. Segmented Information - continued

For the year ended December 31	Council	CAO office	Community services	Economic development and communications	Family services	Finance	Human resources	Information technology	Transportation, roads, and streets	Utilities	Planning and development	Protective services	Library	2018 Total
Revenue														
Taxation	\$ -	\$ 18,569,714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 687,132	\$ 19,256,846
Sales and user charges	40,632	56,967	1,440,789	3,492	1,193,976	7,366	-	-	351,495	7,653,088	356,593	18,497	52,357	11,175,252
Government transfers	-	-	286,142	-	714,900	49,500	-	-	1,632	-	206,000	653,574	173,389	2,085,137
Investment income	-	829,481	-	-	-	-	-	-	-	-	-	-	-	829,481
Penalties & costs on taxes	-	414,082	-	-	-	-	-	-	-	60,826	-	-	-	474,908
Franchise fees	-	1,505,047	-	-	-	-	-	-	-	-	-	-	-	1,505,047
Rentals	-	4,500	785,589	32,081	15,636	-	-	-	-	-	-	43,794	1,775	883,375
Licenses, permits and fines	-	-	9,479	-	-	-	-	-	27,775	-	822,010	1,077,186	13,510	1,949,960
Developer contributions	-	-	-	-	-	-	-	-	740,344	450,401	(2,307)	-	-	1,188,438
Contributions from others	-	(1,313)	74,104	-	10,886	-	-	-	-	-	-	500	-	84,177
	40,632	21,378,478	2,596,103	35,573	1,935,398	56,866	-	-	1,121,246	8,164,315	1,382,296	1,793,551	928,163	39,432,621
Expenses														
Salaries and benefits	253,635	687,589	4,065,557	412,538	2,352,269	1,041,182	392,815	177,548	1,790,070	386,658	1,262,739	1,664,352	531,705	15,018,657
Contracted services	188,072	249,627	1,226,868	136,615	149,661	274,972	42,978	276,744	1,054,196	1,383,920	1,064,264	2,741,075	94,879	8,883,871
Materials and goods	27,441	254,105	1,058,096	53,358	224,156	66,208	43,036	117,971	471,947	4,216,160	52,231	374,100	115,933	7,074,742
Utilities	1,305	60,021	661,363	5,647	51,712	10,257	3,357	4,067	663,945	100,471	12,147	89,193	25,900	1,689,385
Community grants	42,750	-	127,221	-	25,172	-	-	-	-	-	-	-	-	195,143
Interest on long-term debt	-	70,538	36,384	-	-	-	-	-	182,456	111,885	-	119,523	26,294	547,080
Amortization	6,740	61,029	1,304,078	8,667	39,309	9,217	5,852	3,026	6,288,503	625,611	7,033	216,921	31,614	8,607,600
Other expenses	-	26,841	30,406	3,997	(561)	536	-	-	-	(361)	(3,250)	3,853	300	61,761
	519,943	1,409,750	8,509,973	620,822	2,841,718	1,402,372	488,038	579,356	10,451,117	6,824,344	2,395,164	5,209,017	826,625	42,078,239
Internal support	1,340,126	(876,091)	784,147	(198,209)	327,874	(1,333,223)	(488,086)	(623,824)	207,217	571,249	302,221	(43,428)	30,027	-
	1,860,069	533,659	9,294,120	422,613	3,169,592	69,149	(48)	(44,468)	10,658,334	7,395,593	2,697,385	5,165,589	856,652	42,078,239
Net surplus (deficit)	\$ (1,819,437)	\$ 20,844,819	\$ (6,698,017)	\$ (387,040)	\$ (1,234,194)	\$ (12,283)	\$ 48	\$ 44,468	\$ (9,537,088)	\$ 768,722	\$ (1,315,089)	\$ (3,372,038)	\$ 71,511	\$ (2,645,618)

City of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2019

10. 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.

The City is a member of the Leduc & District Regional Waste Management Authority. Because of the Authority's legal status as an organization, its members are potentially liable if the Authority is unable to meet its obligations. The Alberta Environmental Protection and Enhancement Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. The liability recorded at December 31, 2012 by the Authority is \$1,927,418 (2011 - \$1,598,308) and represents the Authority's estimate of the present value of the closure and post-closure costs. Closure will involve covering the site with topsoil, vegetation, and the installation of groundwater monitoring wells. Post-closure care activities are expected to occur for twenty-five years, and will involve surface and ground water monitoring, and landfill cover maintenance. The liability for closure and post-closure costs estimated at December 31, 2019 was not available at the time these financial statements were finalized.

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.

11. Financial Instruments

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

12. Contractual 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 \$2,654,400.

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

In addition, the City has a lease commitment with Xerox for photocopying equipment. The lease provides for monthly payments of \$3,330 and expire in July 2020. The total lease commitment over the remaining life of the contract amounts to \$33,297.

City of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2019

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 9.39% (2018 - 10.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% (2018 - 14.84%) on pensionable earnings above this amount.

Total current service contributions by the City to the LAPP in 2019 were \$1,073,421 (2018 - \$1,057,350). Total current service contributions by the employees of the City to the Local Authorities Pension Plan in 2019 were \$971,755 (2018 - \$965,869).

At December 31, 2018, the LAPP disclosed an actuarial surplus of approximately \$3.47 billion (2017 - \$4.84 billion). The actuarial surplus at December 31, 2019 was not available at the time the financial statements were finalized.

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:

	2019		2018	
<u>Mayor & Council</u>	<u>Benefits & Salary (1)</u>	<u>Allowances</u>	<u>Benefits & Salary (1)</u>	<u>Allowances</u>
Mayor John Stewart	\$ 116,490	\$ 12,609	\$ 67,875	\$ 5,150
Councillor Bill Daneluik	39,746	2,480	29,030	5,846
Councillor Kathy Barnhart	40,323	4,442	30,711	5,757
Councillor Martin Stout	39,746	5,215	29,270	5,812
Councillor Perry Hendriks	39,746	1,458	30,557	1,332
Councillor Samuel Munckhof-Swain	41,708	1,458	29,000	1,513
Councillor Steven vanNieuwkerk	40,208	1,458	24,984	3,893
Chief Administrative Officer	266,517	6,000	245,556	6,000

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

15. Approval of Financial Statements

Council and Management approved these financial statements on May 12, 2020.

City of Beaumont
Notes to the Consolidated Financial Statements

December 31, 2019

16. Budget Amounts

The budget figures presented in these consolidated financial statements are based on the 2019 Budget adopted by Council on April 23, 2019.

17. Comparative Figures

The 2018 comparative figures have been reclassified to conform to financial statement presentation adopted for the current year.

18. Subsequent event

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. The City has been impacted by this slowdown resulting in reduced activity in various essential services.

The City has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the City for future periods. The City is taking measures to maximize cash inflows, reduce expenditures and conserve cash during this period of economic uncertainty including modifying staffing levels, negotiating service contracts for reduction in required service levels and other initiatives

City of Beaumont
Schedule I - Schedule of Tangible Capital Assets

December 31, 2019

2019

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery & Equipment and Vehicles</u>	<u>Roads</u>	<u>Storm Sewers</u>	<u>Total Operating Assets</u>	<u>Water Systems</u>	<u>Wastewater</u>	<u>Totals</u>
Cost, beginning of year	\$ 142,870,082	\$ 14,487,268	\$ 50,506,050	\$ 9,552,159	\$ 130,602,311	\$ 31,326,083	\$ 379,343,953	\$ 26,899,792	\$ 16,114,763	\$ 422,358,508
Additions	3,851,910	1,277,689	23,007,573	1,483,658	2,934,351	1,009,141	33,564,322	775,211	237,264	34,576,797
Disposals	-	-	-	(126,374)	-	-	(126,374)	-	-	(126,374)
Cost, end of year	<u>146,721,992</u>	<u>15,764,957</u>	<u>73,513,623</u>	<u>10,909,443</u>	<u>133,536,662</u>	<u>32,335,224</u>	<u>412,781,901</u>	<u>27,675,003</u>	<u>16,352,027</u>	<u>456,808,931</u>
Accumulated amortization, beginning of year	-	5,332,728	13,359,740	3,723,646	51,282,716	6,340,016	80,038,846	6,467,107	3,496,416	90,002,369
Amortization	-	637,492	998,008	358,853	5,589,520	544,615	8,128,488	436,452	214,860	8,779,800
Disposals	-	-	-	(126,374)	-	-	(126,374)	-	-	(126,374)
Accumulated amortization, end of year	-	<u>5,970,220</u>	<u>14,357,748</u>	<u>3,956,125</u>	<u>56,872,236</u>	<u>6,884,631</u>	<u>88,040,960</u>	<u>6,903,559</u>	<u>3,711,276</u>	<u>98,655,795</u>
Net carrying amount, end of year	<u>\$ 146,721,992</u>	<u>\$ 9,794,737</u>	<u>\$ 59,155,875</u>	<u>\$ 6,953,318</u>	<u>\$ 76,664,426</u>	<u>\$ 25,450,593</u>	<u>\$ 324,740,941</u>	<u>\$ 20,771,444</u>	<u>\$ 12,640,751</u>	<u>\$ 358,153,136</u>

2018

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

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

For the year ended December 31	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
Balance, beginning of year	\$ 3,173,098	\$ 27,149,760	\$315,942,839	\$346,265,697	\$296,461,177
Excess of revenue over expenses	7,387,909	-	-	7,387,909	49,804,520
Unrestricted funds designated for future use	(4,321,656)	4,321,656	-	-	-
Restricted funds used for operations	1,679,806	(1,679,806)	-	-	-
Restricted funds used for tangible capital assets	-	(3,544,947)	3,544,947	-	-
Current year funds used for tangible capital assets	(6,053,007)	-	6,053,007	-	-
Contributed tangible capital assets	(5,729,707)	-	5,729,707	-	-
Amortization	8,779,800	-	(8,779,800)	-	-
Long-term debt repaid	(1,868,175)	-	1,868,175	-	-
Net change in accumulated surplus	(125,030)	(903,097)	8,416,036	7,387,909	49,804,520
Balance, end of year	\$ 3,048,068	\$ 26,246,663	\$324,358,875	\$353,653,606	\$346,265,697

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

For the year ended December 31	2019 Budget	2019 Actual	2018 Actual
Residential taxes	\$ 25,513,400	\$ 25,501,134	\$ 24,278,397
Commercial taxes	2,438,000	2,445,659	2,114,001
Farm taxes	7,500	7,098	6,941
	<hr/>		
Linear taxes	27,958,900	27,953,891	26,399,339
	225,200	225,223	207,319
	<hr/>		
	28,184,100	28,179,114	26,606,658
	<hr/>		
Requisition for Other Authorities			
Alberta School Foundation Fund	6,947,900	6,974,391	6,606,548
Separate School Board	717,500	725,177	690,466
Leduc Foundation	77,800	77,775	52,220
Designated industrial property requisition	1,400	1,407	578
	<hr/>		
	7,744,600	7,778,750	7,349,812
	<hr/>		
	\$ 20,439,500	\$ 20,400,364	\$ 19,256,846

City of Beaumont
Schedule IV - Schedule of Government Transfers

For the year ended December 31	2019 Budget	2019 Actual	2018 Actual
Transfers for operating			
Provincial government	\$ 2,319,600	\$ 1,504,271	\$ 1,393,495
Federal government	10,200	4,200	235,367
Leduc County	489,900	490,878	456,275
	<u>2,819,700</u>	<u>1,999,349</u>	<u>2,085,137</u>
Transfers for capital			
Provincial government	5,624,609	4,135,746	2,152,129
Federal government	-	24,113	16,339
	<u>5,624,609</u>	<u>4,159,859</u>	<u>2,168,468</u>
	<u>\$ 8,444,309</u>	<u>\$ 6,159,208</u>	<u>\$ 4,253,605</u>

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

For the year ended December 31	2019 Budget	2019 Actual	2018 Actual
Consolidated expenses by object			
Salaries, wages and benefits	\$ 16,832,300	\$ 16,194,267	\$ 15,018,657
Contracted and general services	11,278,748	8,865,051	8,883,871
Amortization	8,248,000	8,779,800	8,607,600
Materials and goods	7,773,200	7,270,790	7,074,742
Utilities	1,749,400	1,784,800	1,689,385
Interest on long-term debt	1,339,800	774,785	547,080
Community grants	269,000	226,734	195,143
Other expenses	31,900	27,125	61,761
	\$ 47,522,348	\$ 43,923,352	\$ 42,078,239