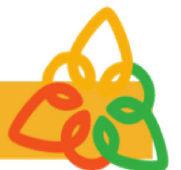




# BEAUMONT

## Consolidated Financial Statements

Year ended December 31, 2023



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Year ended December 31, 2023



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## Management's Responsibility for Financial Reporting

Year ended December 31, 2023



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.

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

Mike Schwartz  
Chief Administrative Officer

A handwritten signature in black ink, appearing to read "C. Dublanko".

Curtis Dublanko  
Director, Finance



## Independent auditor's report

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

### Opinion

We have audited the consolidated financial statements of the City of Beaumont ("the City"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2023, 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 28, 2024

Grant Thornton LLP  
Chartered Professional Accountants

## Consolidated Statement of Financial Position

As at December 31, 2023



|   | 2023                  | 2022                  |
|---|-----------------------|-----------------------|
| Financial Assets                                |                       |                       |
| Cash & Cash Equivalents (Note 2)                | \$ 35,752,266         | \$ 36,882,146         |
| Receivables (Note 3)                            | 14,146,922            | 13,718,253            |
| <b>Total Financial Assets</b>                   | <b>49,899,188</b>     | <b>50,600,399</b>     |
| Liabilities                                     |                       |                       |
| Payables & Accruals (Note 4)                    | 10,718,541            | 9,297,610             |
| Deposits  | 4,495,234             | 4,556,691             |
| Deferred Revenue (Note 5)                       | 16,656,773            | 15,790,411            |
| Long-term Debt (Notes 6 & 7)                    | 38,516,023            | 40,833,075            |
| Asset Retirement Obligations (Note 8)           | 1,095,855             | -                     |
| <b>Total Liabilities</b>                        | <b>71,482,426</b>     | <b>70,477,787</b>     |
| <b>Net debt</b>                                 | <b>(21,583,238)</b>   | <b>(19,877,388)</b>   |
| Non-financial Assets                            |                       |                       |
| Tangible Capital Assets (Schedule II)           | 398,108,596           | 399,787,139           |
| Inventory for Consumption                       | 212,960               | 123,220               |
| Prepays   | 733,795               | 403,880               |
| <b>Total Non-financial Assets</b>               | <b>399,055,351</b>    | <b>400,314,239</b>    |
| <b>Accumulated surplus (Schedule I, Note 9)</b> | <b>\$ 377,472,113</b> | <b>\$ 380,436,851</b> |

Commitments (Note 16)

Contingencies (Note 17)



## Consolidated Statement of Operations

Year ended December 31, 2023



|   | Budget                | 2023                  | 2022                  |
|---|-----------------------|-----------------------|-----------------------|
| Revenue   |                       |                       |                       |
| Net Municipal Taxes (Schedule III)                      | \$ 25,419,800         | \$ 25,456,828         | \$ 23,427,670         |
| Sales & User Charges                                    | 16,392,900            | 16,996,692            | 14,211,233            |
| Franchise Fees (Note 15)                                | 3,915,100             | 3,784,137             | 3,589,548             |
| Government Transfers - Operating (Schedule IV)          | 2,397,200             | 2,858,888             | 2,621,001             |
| Licenses, Permits, & Fines                              | 2,264,700             | 2,453,972             | 1,824,561             |
| Rentals   | 1,671,000             | 1,857,978             | 1,559,454             |
| Investment Income                                       | 1,552,400             | 1,668,700             | 924,592               |
| Penalties & Cost on Taxes                               | 579,000               | 596,096               | 553,334               |
| Contributions from Other Groups - Operating             | 177,200               | 109,947               | 35,358                |
| <b>Total Revenue</b>                                    | <b>54,369,300</b>     | <b>55,783,238</b>     | <b>48,746,751</b>     |
| Expenses  |                       |                       |                       |
| Council   | 570,000               | 537,385               | 511,812               |
| CAO Office  | 1,979,300             | 1,751,878             | 1,363,556             |
| Corporate Transactions                                  | 12,469,500            | 12,473,640            | 11,716,438            |
| Communications  | 799,000               | 747,883               | 665,821               |
| Corporate Analytics & Technology                        | 3,015,400             | 2,627,989             | 2,128,279             |
| Finance   | 2,005,600             | 1,393,556             | 1,112,633             |
| Legal & Legislative                                     | 917,000               | 905,361               | 959,758               |
| People Services   | 1,388,700             | 1,500,163             | 1,441,359             |
| Community & Social Development                          | 3,065,900             | 3,094,885             | 2,771,151             |
| Economic Development                                    | 782,900               | 703,183               | 832,663               |
| Infrastructure  | 9,287,300             | 9,873,199             | 9,816,359             |
| Planning & Development                                  | 2,573,300             | 2,767,759             | 2,412,394             |
| Protective Services                                     | 5,551,700             | 6,429,546             | 4,615,405             |
| Recreation  | 5,431,900             | 5,977,596             | 5,669,835             |
| Library   | 1,043,100             | 980,555               | 896,819               |
| Utilities   | 9,647,000             | 9,283,420             | 8,361,840             |
| <b>Total Expenses</b>                                   | <b>60,527,600</b>     | <b>61,047,998</b>     | <b>55,276,122</b>     |
| <b>Deficiency of Revenue Before Capital &amp; Other</b> | <b>(6,158,300)</b>    | <b>(5,264,760)</b>    | <b>(6,529,371)</b>    |
| Capital & Other   |                       |                       |                       |
| Government Transfers - Capital (Schedule IV)            | 6,989,900             | 1,903,634             | 4,942,198             |
| Contributions from Other Groups - Capital               | -                     | 7,500                 | 227,347               |
| Developer Contribution & Levies                         | -                     | 142,389               | 5,545,429             |
| Recoverable Contributions to Developers                 | -                     | -                     | 476,889               |
| Developer Contributions                                 | -                     | 381,264               | 708,775               |
| Loss on Disposal of Tangible Capital Assets             | -                     | (134,765)             | (22,592)              |
| <b>(Deficiency) Excess of Revenue over Expenses</b>     | <b>831,600</b>        | <b>(2,964,738)</b>    | <b>5,348,675</b>      |
| Accumulated surplus, Beginning of Year                  | 380,436,851           | 380,436,851           | 375,088,176           |
| <b>Accumulated surplus, End of Year</b>                 | <b>\$ 381,268,451</b> | <b>\$ 377,472,113</b> | <b>\$ 380,436,851</b> |



## Consolidated Statement of Changes in Net Debt

Year ended December 31, 2023



|   | Budget                 | 2023                   | 2022                   |
|---|------------------------|------------------------|------------------------|
| <b>(Deficiency) Excess of Revenue over Expenses</b> | \$ 831,600             | \$ (2,964,738)         | \$ 5,348,675           |
| Acquisition of Tangible Capital Assets              | (34,986,100)           | (10,036,854)           | (10,351,068)           |
| Contributed Tangible Capital Assets                 | -                      | -                      | (5,414,726)            |
| Proceeds on Disposal of Tangible Capital Assets     | -                      | 106,239                | 147,648                |
| Amortization of Tangible Capital Assets             | 11,500,000             | 11,474,393             | 10,635,813             |
| Loss on Disposal of Tangible Capital Assets         | -                      | 134,765                | 22,592                 |
| <b>Total Capital Activities</b>                     | <b>(23,486,100)</b>    | <b>1,678,543</b>       | <b>(4,959,741)</b>     |
| Net (Acquisition) Use of Inventory for Consumption  | -                      | (89,740)               | (23,803)               |
| Net (Acquisition) Use of Prepays                    | -                      | (329,915)              | (22,117)               |
| <b>Net Inventory &amp; Prepays</b>                  | <b>-</b>               | <b>(419,655)</b>       | <b>(45,920)</b>        |
| <b>Change in Net Debt</b>                           | <b>(22,654,500)</b>    | <b>(1,705,850)</b>     | <b>343,014</b>         |
| <b>Net Debt, Beginning of Year</b>                  | <b>(19,877,388)</b>    | <b>(19,877,388)</b>    | <b>(20,220,402)</b>    |
| <b>Net Debt, End of Year</b>                        | <b>\$ (42,531,888)</b> | <b>\$ (21,583,238)</b> | <b>\$ (19,877,388)</b> |





## Consolidated Statement of Cash Flows

Year ended December 31, 2023



|   | 2023                 | 2022                 |
|---|----------------------|----------------------|
| <b>Operating Transactions</b>                         |                      |                      |
| (Deficiency) Excess of Revenue over Expenses          | \$ (2,964,738)       | \$ 5,348,675         |
| Items not involving Cash                              |                      |                      |
| Contributed Tangible Capital Assets                   | -                    | (5,414,726)          |
| Amortization of Tangible Capital Assets               | 11,474,393           | 10,635,813           |
| Loss on Disposal of Tangible Capital Assets           | 134,765              | 22,592               |
| Changes in Non-cash Assets & Liabilities              |                      |                      |
| Receivables   | (428,669)            | (1,597,718)          |
| Payables & Accruals                                   | 1,420,931            | 1,816,975            |
| Deposits  | (61,457)             | 1,291,296            |
| Deferred Revenue                                      | 866,362              | 111,933              |
| Inventory for Consumption                             | (89,740)             | (23,803)             |
| Prepays   | (329,915)            | (22,117)             |
| <b>Total Operating Transactions</b>                   | <b>10,021,932</b>    | <b>12,168,920</b>    |
| <b>Capital Activities</b>                             |                      |                      |
| Acquisition of Tangible Capital Assets                | (8,940,999)          | (10,351,068)         |
| Proceeds on Sale of Tangible Capital Assets           | 106,239              | 147,648              |
| <b>Total Capital Activities</b>                       | <b>(8,834,760)</b>   | <b>(10,203,420)</b>  |
| <b>Financing Transactions</b>                         |                      |                      |
| Repayment of Long-term Debt                           | (2,317,052)          | (2,362,576)          |
| <b>Total Financing Transactions</b>                   | <b>(2,317,052)</b>   | <b>(2,362,576)</b>   |
| <b>Net Change in Cash &amp; Cash Equivalents</b>      | <b>(1,129,880)</b>   | <b>(397,076)</b>     |
| <b>Cash &amp; Cash Equivalents, Beginning of Year</b> | <b>36,882,146</b>    | <b>37,279,222</b>    |
| <b>Cash &amp; Cash Equivalents, End of Year</b>       | <b>\$ 35,752,266</b> | <b>\$ 36,882,146</b> |

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



## Schedule I - Schedule of Changes in Accumulated Surplus

Year ended December 31, 2023



|   | Unrestricted (Deficit)<br>Surplus | Restricted Surplus<br>(Reserves) | Equity in Tangible<br>Capital Assets | 2023               | 2022             |
|---|-----------------------------------|----------------------------------|--------------------------------------|--------------------|------------------|
| <b>Balance, Beginning of Year</b>                   | \$ (2,255,610)                    | \$ 22,776,840                    | \$ 359,915,621                       | \$ 380,436,851     | \$ 375,088,176   |
| (Deficiency) Excess of Revenue over Expenses        | (2,964,738)                       | -                                | -                                    | (2,964,738)        | 5,348,675        |
| Unrestricted Funds Designated for Future Use        | (4,878,834)                       | 4,878,834                        | -                                    | -                  | -                |
| Restricted Funds Used for Operations                | 2,202,106                         | (2,202,106)                      | -                                    | -                  | -                |
| Restricted Funds Used for Tangible Capital Assets   | -                                 | (6,627,494)                      | 6,627,494                            | -                  | -                |
| Current Year Funds Used for Tangible Capital Assets | (1,919,241)                       | -                                | 1,919,241                            | -                  | -                |
| Contributed Tangible Capital Assets                 | -                                 | -                                | -                                    | -                  | -                |
| Amortization  | 11,474,393                        | -                                | (11,474,393)                         | -                  | -                |
| Long-term debt Repaid                               | (2,317,052)                       | -                                | 2,317,052                            | -                  | -                |
| <b>Net Change in Accumulated Surplus</b>            | <b>1,596,634</b>                  | <b>(3,950,766)</b>               | <b>(610,606)</b>                     | <b>(2,964,738)</b> | <b>5,348,675</b> |
| <b>Balance, End of Year</b>                         | \$ (658,976)                      | \$ 18,826,074                    | \$ 359,305,015                       | \$ 377,472,113     | \$ 380,436,851   |



## Schedule II - Schedule of Tangible Capital Assets

Year ended December 31, 2023



|                                    | Land                 | Land Improvements    | Buildings            | Machinery & Equipment | Vehicles            | Engineered Structures | Construction in Progress | 2023                  | 2022                  |
|------------------------------------|----------------------|----------------------|----------------------|-----------------------|---------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| <b>Cost</b>                        |                      |                      |                      |                       |                     |                       |                          |                       |                       |
| Balance, Beginning of Year         | \$164,509,297        | \$ 27,922,482        | \$ 87,141,156        | \$ 9,447,473          | \$ 5,987,827        | \$231,410,161         | \$ 1,383,756             | \$ 527,802,152        | \$ 512,384,966        |
| Additions                          | -                    | 1,006,063            | 1,703,171            | 1,587,943             | 784,907             | 3,518,094             | 1,436,676                | 10,036,854            | 15,765,794            |
| Disposals                          | -                    | -                    | -                    | (222,297)             | (507,657)           | -                     | -                        | (729,954)             | (348,608)             |
| Transfers                          | -                    | -                    | 24,000               | 31,240                | 799,697             | 295,078               | (1,150,015)              | -                     | -                     |
| <b>Balance, End of Year</b>        | <b>164,509,297</b>   | <b>28,928,545</b>    | <b>88,868,327</b>    | <b>10,844,359</b>     | <b>7,064,774</b>    | <b>235,223,333</b>    | <b>1,670,417</b>         | <b>537,109,052</b>    | <b>527,802,152</b>    |
| <b>Accumulated Amortization</b>    |                      |                      |                      |                       |                     |                       |                          |                       |                       |
| Balance, Beginning of Year         | -                    | 8,030,298            | 18,981,620           | 3,940,400             | 2,084,845           | 94,977,850            | -                        | 128,015,013           | 117,557,568           |
| Amortization                       | -                    | 1,111,742            | 1,900,190            | 698,963               | 314,799             | 7,448,699             | -                        | 11,474,393            | 10,635,813            |
| Disposals                          | -                    | -                    | -                    | (177,293)             | (311,657)           | -                     | -                        | (488,950)             | (178,368)             |
| <b>Balance, End of Year</b>        | <b>-</b>             | <b>9,142,040</b>     | <b>20,881,810</b>    | <b>4,462,070</b>      | <b>2,087,987</b>    | <b>102,426,549</b>    | <b>-</b>                 | <b>139,000,456</b>    | <b>128,015,013</b>    |
| <b>Net Book Value, End of Year</b> | <b>\$164,509,297</b> | <b>\$ 19,786,505</b> | <b>\$ 67,986,517</b> | <b>\$ 6,382,289</b>   | <b>\$ 4,976,787</b> | <b>\$132,796,784</b>  | <b>\$ 1,670,417</b>      | <b>\$ 398,108,596</b> | <b>\$ 399,787,139</b> |

Included in additions for the current year is \$1,095,855 (2022 - \$nil), related to asset retirement obligations (Note 1).



## Schedule III - Schedule of Property & Other Taxes

Year ended December 31, 2023



|                                   | Budget               | 2023                 | 2022                 |
|-----------------------------------|----------------------|----------------------|----------------------|
| Property Taxes                    |                      |                      |                      |
| Residential                       | \$ 31,090,300        | \$ 31,225,200        | \$ 28,615,885        |
| Commercial                        | 2,994,600            | 2,994,521            | 2,891,622            |
| Linear                            | 279,700              | 279,762              | 266,715              |
| Agricultural                      | 6,300                | 6,362                | 6,672                |
| <b>Total Property Taxes</b>       | <b>34,370,900</b>    | <b>34,505,845</b>    | <b>31,780,894</b>    |
| Requisition Taxes                 |                      |                      |                      |
| Alberta School Foundation Fund    | 8,476,000            | 8,489,649            | 7,903,255            |
| Separate School Board             | 385,000              | 384,976              | 370,051              |
| Leduc Regional Housing Foundation | 88,500               | 172,764              | 78,390               |
| Designated Industrial Property    | 1,600                | 1,628                | 1,528                |
| <b>Total Requisition Taxes</b>    | <b>8,951,100</b>     | <b>9,049,017</b>     | <b>8,353,224</b>     |
| <b>Net Municipal Taxes</b>        | <b>\$ 25,419,800</b> | <b>\$ 25,456,828</b> | <b>\$ 23,427,670</b> |



## Schedule IV - Schedule of Government Transfers

Year ended December 31, 2023



|   | Budget              | 2023                | 2022                |
|---|---------------------|---------------------|---------------------|
| Government Transfers - Operating              |                     |                     |                     |
| Provincial Government                         | \$ 1,526,600        | \$ 1,800,083        | \$ 1,505,322        |
| Other Local Governments                       | 824,500             | 863,093             | 937,940             |
| Federal Government                            | 46,100              | 195,712             | 177,739             |
| <b>Total Government Transfers - Operating</b> | <b>2,397,200</b>    | <b>2,858,888</b>    | <b>2,621,001</b>    |
| Government Transfers - Capital                |                     |                     |                     |
| Federal Government                            | -                   | -                   | 1,097,590           |
| Provincial Government                         | 6,989,900           | 1,903,634           | 3,763,762           |
| Other Local Governments                       | -                   | -                   | 80,846              |
| <b>Total Government Transfers - Capital</b>   | <b>6,989,900</b>    | <b>1,903,634</b>    | <b>4,942,198</b>    |
| <b>Total Government Transfers</b>             | <b>\$ 9,387,100</b> | <b>\$ 4,762,522</b> | <b>\$ 7,563,199</b> |



## Schedule V - Schedule of Expenses by Object

Year ended December 31, 2023



|                               | Budget               | 2023                 | 2022                 |
|-------------------------------|----------------------|----------------------|----------------------|
| Personnel                     | \$ 22,717,400        | \$ <b>23,252,880</b> | \$ 20,466,057        |
| Contracted & General Services | 13,500,700           | <b>14,302,389</b>    | 12,931,775           |
| Materials & Supplies          | 8,199,800            | <b>7,791,309</b>     | 6,848,126            |
| Utility & Network Expenses    | 2,575,700            | <b>2,440,689</b>     | 2,657,426            |
| Grants                        | 414,500              | <b>463,803</b>       | 368,705              |
| Interest on Long-term Debt    | 1,179,900            | <b>1,173,939</b>     | 1,249,410            |
| Amortization (Schedule II)    | 11,500,000           | <b>11,474,393</b>    | 10,635,813           |
| Other Expenses                | 62,300               | <b>148,596</b>       | 118,810              |
| <b>Total Expenses</b>         | <b>\$ 60,150,300</b> | <b>\$ 61,047,998</b> | <b>\$ 55,276,122</b> |



## Schedule VI - Schedule of Segmented Disclosure

Year ended December 31, 2023



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



## Schedule VI - Schedule of Segmented Disclosure

Year ended December 31, 2022



|                               | General Government  | Community & Social Development | Economic Development | Infrastructure     | Planning & Development | Protective Services | Recreation         | Library          | Utilities         | 2022                  |
|-------------------------------|---------------------|--------------------------------|----------------------|--------------------|------------------------|---------------------|--------------------|------------------|-------------------|-----------------------|
| Revenue                       |                     |                                |                      |                    |                        |                     |                    |                  |                   |                       |
| Net Municipal Taxes           | \$ 23,427,670       | -                              | -                    | -                  | -                      | -                   | -                  | -                | -                 | \$ 23,427,670         |
| Sales & User Charges          | 123,065             | 1,208,180                      | 5,563                | 257,832            | 479,067                | 42,908              | 1,779,706          | 19,639           | 10,295,273        | 14,211,233            |
| Franchise Fees                | 3,589,548           | -                              | -                    | -                  | -                      | -                   | -                  | -                | -                 | 3,589,548             |
| Government Transfers          | 513,544             | 833,425                        | -                    | 169,692            | 75,000                 | 585,721             | 328,683            | 114,936          | -                 | 2,621,001             |
| Licenses, Permits & Fines     | -                   | -                              | 116,815              | 46,500             | 1,112,625              | 541,842             | -                  | 6,779            | -                 | 1,824,561             |
| Rental                        | 3,168               | 1,150                          | 36,060               | 66,684             | -                      | -                   | 1,452,239          | 153              | -                 | 1,559,454             |
| Penalties & Costs on Taxes    | 493,166             | -                              | -                    | -                  | -                      | -                   | -                  | -                | 60,168            | 553,334               |
| Investment Income             | 924,592             | -                              | -                    | -                  | -                      | -                   | -                  | -                | -                 | 924,592               |
| Contributions From Others     | -                   | 2,100                          | -                    | -                  | -                      | -                   | 25,846             | 7,412            | -                 | 35,358                |
| <b>Total Revenue</b>          | <b>29,074,753</b>   | <b>2,044,855</b>               | <b>158,438</b>       | <b>540,708</b>     | <b>1,666,692</b>       | <b>1,170,471</b>    | <b>3,586,474</b>   | <b>148,919</b>   | <b>10,355,441</b> | <b>48,746,751</b>     |
| Expenses                      |                     |                                |                      |                    |                        |                     |                    |                  |                   |                       |
| Personnel                     | 5,856,363           | 2,443,179                      | 411,104              | 3,052,960          | 1,655,482              | 1,663,821           | 4,252,370          | 655,258          | 475,520           | 20,466,057            |
| Contracted & General Services | 2,632,814           | 236,126                        | 393,873              | 3,426,305          | 680,953                | 2,742,189           | 788,433            | 165,958          | 1,865,124         | 12,931,775            |
| Materials & Supplies          | 71,550              | 42,562                         | 12,385               | 999,369            | 64,689                 | 179,427             | 314,493            | 31,262           | 5,132,389         | 6,848,126             |
| Utility & Network Expenses    | 29,409              | 23,852                         | 15,301               | 2,336,379          | 11,270                 | 29,968              | 44,982             | 33,879           | 132,386           | 2,657,426             |
| Grants                        | 83,495              | 25,432                         | -                    | -                  | -                      | -                   | 263,807            | -                | (4,029)           | 368,705               |
| Interest on Long-term Debt    | 1,197,846           | -                              | -                    | -                  | -                      | -                   | -                  | -                | 51,564            | 1,249,410             |
| Amortization                  | 9,916,201           | -                              | -                    | -                  | -                      | -                   | -                  | 10,461           | 709,151           | 10,635,813            |
| Other Expenses                | 111,978             | -                              | -                    | 1,346              | -                      | -                   | 5,750              | 1                | (265)             | 118,810               |
| <b>Total Expenses</b>         | <b>19,899,656</b>   | <b>2,771,151</b>               | <b>832,663</b>       | <b>9,816,359</b>   | <b>2,412,394</b>       | <b>4,615,405</b>    | <b>5,669,835</b>   | <b>896,819</b>   | <b>8,361,840</b>  | <b>55,276,122</b>     |
| <b>Net Surplus (Deficit)</b>  | <b>\$ 9,175,097</b> | <b>(726,296)</b>               | <b>(674,225)</b>     | <b>(9,275,651)</b> | <b>(745,702)</b>       | <b>(3,444,934)</b>  | <b>(2,083,361)</b> | <b>(747,900)</b> | <b>1,993,601</b>  | <b>\$ (6,529,371)</b> |





## Notes to the Consolidated Financial Statements

Year ended December 31, 2023



### 1. Basis of Presentation & Significant Accounting Policies

#### Management's Responsibility for the Consolidated Financial Statements

The City of Beaumont (City) is a municipality incorporated under the laws of the Province of Alberta and operates under the provisions of the Municipal Government Act. These financial statements are the representation of management, prepared in accordance with the CPA Canada Public Sector Accounting Standards ('PSAS') and accounting policies consistent with local government. Significant aspects of the accounting policies adopted by the City are as follows:

#### Reporting Entity

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

#### Basis of Accounting

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

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

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

#### Change in Accounting Policies

##### i. PS 3280 Asset Retirement Obligations

Effective January 1, 2023, the City adopted the new Public Sector Accounting Standard Section PS 3280 *Asset Retirement Obligations* (ARO) which recognizes legal obligations associated with the retirement of tangible capital assets. The consolidated financial statements of the comparative year have not been restated to reflect this change in the accounting policy, which has been applied prospectively. Under the prospective application method, all ARO incurred before and after the transition date have been recognized in accordance with the standard. For those tangible capital assets in productive use, there was a related increase in the carrying amount of the related tangible capital asset by the same amount; for those tangible capital assets no longer in productive use, an expense was recognized for the same amount as the liability.

As a result of the adoption of this new accounting policy, the following amounts were recognized in the consolidated financial statements as at January 1, 2023:

|  | As at<br><u>January 1, 2023</u> |
|--|---------------------------------|
| Increase in carrying amount of tangible capital assets | \$1,095,855                     |
| Increase in asset retirement obligation                | \$1,095,855                     |



### Change in Accounting Policies (continued)

#### ii. PS 3450 Financial Instruments, PS 3401 Portfolio Investments, PS 2601 Foreign Currency Translation, and PS 1201 Financial Statement Presentation

Effective January 1, 2023, the City adopted the new Public Sector Accounting Standard Sections PS 3450 *Financial Instruments*, PS 3401 *Portfolio Investments*, PS 2601 *Foreign Currency Translation*, and PS 1201 *Financial Statement Presentation* along with the related amendments. New Section PS 3450 requires fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest rate method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities, or both on a fair value basis.

The measurement requirements were applied prospectively. As at January 1, 2023, as the City does not have any derivatives or portfolio investments in equities quoted in an active market, there was no impact to the City's consolidated financial statements as a result of the adoption of the new standards.

### Use of Estimates

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

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

### Requisition Over-levy and Under-levy

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

### Revenue Recognition

#### i. Tax Revenue

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

#### ii. Prepaid Local Improvement Charges

Property tax revenue is based on market value assessments determined in accordance with the Municipal Government Act. Property tax rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.



## Notes to the Consolidated Financial Statements

Year ended December 31, 2023



### Revenue Recognition (continued)

#### ii. Prepaid Local Improvement Charges (continued)

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality. Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as revenue when received.

#### iii. Utility Revenue

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

#### iv. Government Transfers

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

### Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and the amount recognized is management's estimate of the cost of post-remediation including operation, maintenance and monitoring. As at December 31, 2023 the City has not recognized a contaminated sites liability.

### Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when all of the following criteria are met:

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

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

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

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



## Notes to the Consolidated Financial Statements

Year ended December 31, 2023



### Asset Retirement Obligations (continued)

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

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

A recovery related to asset retirement obligation is recognized when the recovery can be appropriately measured, reasonably estimated, and it is expected that future economic benefits will be obtained. The recovery is not netted against the liability.

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

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

#### ii. Contributions of Tangible Capital Assets

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

#### iii. Leases

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

#### iv. Inventory for Consumption

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

#### v. Prepaids

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



## Notes to the Consolidated Financial Statements

Year ended December 31, 2023



### Reserves

Reserves are established at the discretion of the Council to set aside funds for future operating and capital expenditures. The reserve funds are reflected as a component of the accumulated surplus of the City.

### Equity in Tangible Capital Assets

Equity in capital assets represents the net investment in total capital assets after deducting the portion financed by third parties. The equity in capital assets is reflected as a component of the accumulated surplus of the City.

### Financial Instruments

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

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

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

### Future Accounting Pronouncements

The following summarizes upcoming changes to PSAS put forward by the Public Sector Accounting Board ("PSAB") which are effective for fiscal years beginning on or after April 1, 2023.

#### i. 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).

#### ii. Public Private Partnerships

PS 3160 Public Private Partnerships establishes standards on how to account for public private partnerships where infrastructure is procured by a public sector entity using a private sector partner that is obligated to design, build, acquire, or better infrastructure, finance the infrastructure, past the point where the infrastructure is ready for use, and operate and/or maintain the infrastructure.

The City has not yet adopted these two accounting standards. Management is in the process of assessing the impact, if any, of these standards on the consolidated financial statements.



## Notes to the Consolidated Financial Statements

Year ended December 31, 2023



### 2. Cash & Cash Equivalents

|  | 2023                 | 2022                 |
|--|----------------------|----------------------|
| Cash                                     | \$ 35,752,266        | \$ 36,882,146        |
| Cash Equivalents                         | -                    | -                    |
| <b>Total Cash &amp; Cash Equivalents</b> | <b>\$ 35,752,266</b> | <b>\$ 36,882,146</b> |

Cash equivalents are short-term deposits with original maturities of three months or less.

### 3. Receivables

|                                   | 2023                 | 2022                 |
|-----------------------------------|----------------------|----------------------|
| Taxes Receivable                  |                      |                      |
| Current Taxes                     | \$ 1,276,474         | \$ 1,367,248         |
| Arrears Taxes                     | 398,580              | 408,724              |
| <b>Total Taxes Receivable</b>     | <b>1,675,054</b>     | <b>1,775,972</b>     |
| Receivable from Other Governments | 6,730,102            | 3,688,955            |
| Loans Receivable                  | 2,221,384            | 4,504,149            |
| Trade Receivables                 | 3,520,382            | 3,749,177            |
| <b>Total Receivables</b>          | <b>\$ 14,146,922</b> | <b>\$ 13,718,253</b> |

### 4. Payables & Accruals

|                                      | 2023                 | 2022                |
|--------------------------------------|----------------------|---------------------|
| Trade Payables                       | \$ 9,280,525         | \$ 7,871,007        |
| Accrued Wages & Benefits             | 1,363,750            | 1,346,363           |
| Accrued Interest                     | 74,266               | 80,240              |
| <b>Total Payables &amp; Accruals</b> | <b>\$ 10,718,541</b> | <b>\$ 9,297,610</b> |



## Notes to the Consolidated Financial Statements

Year ended December 31, 2023



### 5. Deferred Revenue

|  | 2022                 | Received &<br>Receivable | Recognized            | 2023                 |
|--|----------------------|--------------------------|-----------------------|----------------------|
| Deferred Government Transfers - Capital                |                      |                          |                       |                      |
| Municipal Sustainability Initiative - Capital          | \$ 1,754,948         | \$ 2,016,397             | \$ (1,903,634)        | \$ 1,867,711         |
| Canada Community Building Fund                         | 6,399,863            | 1,256,677                | -                     | 7,656,540            |
| Municipal Stimulus Program                             | 262                  | -                        | (262)                 | -                    |
| Other Deferred Government Transfers - Capital          | 956,962              | 7,500                    | (7,500)               | 956,962              |
| <b>Total Deferred Government Transfers - Capital</b>   | <b>9,112,035</b>     | <b>3,280,574</b>         | <b>(1,911,396)</b>    | <b>10,481,213</b>    |
| Offsite Levies   |                      |                          |                       |                      |
| Wastewater   | 875,808              | 103,028                  | -                     | 978,836              |
| Arterial Roads   | 3,343,703            | 354,782                  | (142,388)             | 3,556,097            |
| <b>Total Offsite Levies</b>                            | <b>4,219,511</b>     | <b>457,810</b>           | <b>(142,388)</b>      | <b>4,534,933</b>     |
| Deferred Government Transfers - Operating              |                      |                          |                       |                      |
| Municipal Sustainability Initiative - Operating        | -                    | 278,834                  | (278,834)             | -                    |
| Police Services Grant                                  | 117,326              | 469,304                  | (469,304)             | 117,326              |
| Other Deferred Government Transfers - Operating        | 457,808              | 2,087,359                | (2,110,750)           | 434,417              |
| <b>Total Deferred Government Transfers - Operating</b> | <b>575,134</b>       | <b>2,835,497</b>         | <b>(2,858,888)</b>    | <b>551,743</b>       |
| Prepaid Permits, Licenses, & Fees                      | 1,883,731            | 1,999,804                | (2,794,651)           | 1,088,884            |
| <b>Total Deferred Revenue</b>                          | <b>\$ 15,790,411</b> | <b>\$ 8,573,685</b>      | <b>\$ (7,707,323)</b> | <b>\$ 16,656,773</b> |



## Notes to the Consolidated Financial Statements

Year ended December 31, 2023



### 6. Long-term Debt

|                             | 2023                 | 2022                 |
|-----------------------------|----------------------|----------------------|
| Tax Supported Debt          | \$ 37,459,447        | \$ 39,642,952        |
| Utility Supported Debt      | 1,056,576            | 1,190,123            |
| <b>Total Long-term Debt</b> | <b>\$ 38,516,023</b> | <b>\$ 40,833,075</b> |

Principal and interest repayments are as follows:

|               | Principal            | Interest            | Total                |
|---------------|----------------------|---------------------|----------------------|
| 2024          | \$ 2,299,274         | \$ 1,103,900        | \$ 3,403,174         |
| 2025          | 2,372,629            | 1,030,544           | 3,403,173            |
| 2026          | 2,448,498            | 954,676             | 3,403,174            |
| 2027          | 2,526,972            | 876,202             | 3,403,174            |
| 2028          | 2,277,334            | 798,890             | 3,076,224            |
| Thereafter    | 26,591,316           | 4,646,839           | 31,238,155           |
| <b>Totals</b> | <b>\$ 38,516,023</b> | <b>\$ 9,411,051</b> | <b>\$ 47,927,074</b> |

Debenture debt is repayable to the Government of Alberta Treasury Board & Finance and bears interest at rates ranging from 2.26% to 4.73% (2022 - 2.26% to 5.75%) per annum, maturing in periods 2024 through 2041. The average annual interest rate is 2.97% (2022 - 2.99%). The debenture debt is issued on the credit and security of the City at large.

Interest on long-term debt amounted to \$1,173,939 (2022 - \$1,249,410). The City's total cash payments for interest in 2023 were \$1,179,912 (2022 - \$1,255,256).

The City has a revolving demand facility with the Toronto-Dominion Bank ("TD") to a maximum of \$10,000,000 which has not been drawn upon as of December 31, 2023 (2022 - not drawn). The facility is secured by business insurance with TD as First Loss Payee and is available by way of:

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

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





## Notes to the Consolidated Financial Statements

Year ended December 31, 2023



### 7. Debt Limits

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

| Debt Limit                         | 2023                 | 2022                 |
|------------------------------------|----------------------|----------------------|
| Total Debt Limit                   | \$ 83,674,857        | \$ 73,120,127        |
| Total Debt                         | 38,516,023           | 40,833,075           |
| <b>Amount of Debt Limit Unused</b> | <b>\$ 45,158,834</b> | <b>\$ 32,287,052</b> |

| Debt Servicing Limit                         | 2023                 | 2022                |
|--|----------------------|---------------------|
| Debt Servicing Limit                         | \$ 13,945,810        | \$ 12,186,688       |
| Debt Servicing                               | 3,403,174            | 3,496,964           |
| <b>Amount of Debt Servicing Limit Unused</b> | <b>\$ 10,542,636</b> | <b>\$ 8,689,724</b> |

The debt limit is calculated at 1.5 times the revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

### 8. Asset Retirement Obligations

|                                   | 2023                | 2022        |
|-----------------------------------|---------------------|-------------|
| <b>Balance, Beginning of Year</b> | \$ -                | \$ -        |
| Liability Incurred                | 1,095,855           | -           |
| <b>Balance, End of Year</b>       | <b>\$ 1,095,855</b> | <b>\$ -</b> |

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

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



## Notes to the Consolidated Financial Statements

Year ended December 31, 2023



### 9. Accumulated Surplus

|   | 2023                  | 2022                  |
|---|-----------------------|-----------------------|
| Unrestricted (Deficit) Surplus              |                       |                       |
| Municipal Operations - Current Year         | \$ 275,109            | \$ (875,558)          |
| Utility Operations - Current Year           | 159,028               | 22,693                |
| Library - Current Year                      | 74,331                | 14,406                |
| Developer Deficit                           | (1,167,444)           | (1,417,151)           |
| <b>Total Unrestricted (Deficit) Surplus</b> | <b>(658,976)</b>      | <b>(2,255,610)</b>    |
| Reserves (Note 11)                          | 18,826,074            | 22,776,840            |
| Equity in Tangible Capital Assets (Note 10) | 359,305,015           | 359,915,621           |
| <b>Total Accumulated Surplus</b>            | <b>\$ 377,472,113</b> | <b>\$ 380,436,851</b> |

### 10. Equity in Tangible Capital Assets

|  | 2023                  | 2022                  |
|--|-----------------------|-----------------------|
| Tangible Capital Assets (Schedule II)    | \$ 398,108,596        | \$ 399,787,139        |
| Long-term Debt (Note 6)                  | (38,516,023)          | (40,833,075)          |
| Asset Retirement Obligations (Note 8)    | (1,095,855)           | -                     |
| Debenture Proceeds Unspent to Date       | 808,297               | 961,557               |
| <b>Equity in Tangible Capital Assets</b> | <b>\$ 359,305,015</b> | <b>\$ 359,915,621</b> |



## Notes to the Consolidated Financial Statements

Year ended December 31, 2023



### 11. Reserves

|                                  | 2022                 | Additions           | Draws                  | 2023                 |
|----------------------------------|----------------------|---------------------|------------------------|----------------------|
| Municipal Operating              |                      |                     |                        |                      |
| Financial Stabilization          | \$ 2,878,299         | \$ 59,947           | \$ (1,936,187)         | \$ 1,002,059         |
| Planning                         | 242,303              | 4,227               | (115,350)              | 131,180              |
| <b>Total Municipal Operating</b> | <b>3,120,602</b>     | <b>64,174</b>       | <b>(2,051,537)</b>     | <b>1,133,239</b>     |
| Capital                          |                      |                     |                        |                      |
| Fleet & Equipment Replacement    | 1,566,087            | 928,526             | (1,024,281)            | 1,470,332            |
| Parks, Playground & Playfield    | 745,212              | 158,663             | (409,088)              | 494,787              |
| Facility Renewal                 | 2,515,750            | 1,013,476           | (598,915)              | 2,930,311            |
| Transportation Renewal           | 3,631,498            | 870,706             | (2,179,841)            | 2,322,363            |
| Technology Replacement           | 432,138              | 148,487             | (262,792)              | 317,833              |
| Municipal Land Reserve           | 1,706,613            | 39,070              | -                      | 1,745,683            |
| Economic Development             | 840,569              | 11,401              | (685,100)              | 166,870              |
| Cemetery                         | 61,159               | 9,997               | -                      | 71,156               |
| Traffic Safety                   | 274,805              | 175,867             | (96,885)               | 353,787              |
| Pay-as-you-go                    | 65,742               | 1,399,998           | (1,429,281)            | 36,459               |
| <b>Total Capital</b>             | <b>11,839,573</b>    | <b>4,756,191</b>    | <b>(6,686,183)</b>     | <b>9,909,581</b>     |
| Utility                          |                      |                     |                        |                      |
| Utility Reserve                  | 7,617,304            | 1,517,278           | (1,556,735)            | 7,577,847            |
| <b>Total Utility</b>             | <b>7,617,304</b>     | <b>1,517,278</b>    | <b>(1,556,735)</b>     | <b>7,577,847</b>     |
| Library                          |                      |                     |                        |                      |
| Library Operating                | 54,840               | 9,246               | (3,200)                | 60,886               |
| Library Capital                  | 144,521              | -                   | -                      | 144,521              |
| <b>Total Library</b>             | <b>199,361</b>       | <b>9,246</b>        | <b>(3,200)</b>         | <b>205,407</b>       |
| <b>Total Reserves</b>            | <b>\$ 22,776,840</b> | <b>\$ 6,346,889</b> | <b>\$ (10,297,655)</b> | <b>\$ 18,826,074</b> |



## Notes to the Consolidated Financial Statements

Year ended December 31, 2023



### 12. Salary & Benefits Disclosure

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

|                                  | 2023<br>Salary    | 2023<br>Benefits | 2022<br>Salary    | 2022<br>Benefits |
|----------------------------------|-------------------|------------------|-------------------|------------------|
| <b>Elected Officials</b>         |                   |                  |                   |                  |
| Mayor Bill Daneluik              | \$ 105,821        | \$ 20,780        | \$ 102,591        | \$ 28,251        |
| Councillor Ashley Miller         | 30,179            | 800              | 40,770            | 3,271            |
| Councillor Catherine McCook      | 42,463            | 5,698            | 40,770            | 3,106            |
| Councillor Kathy Barnhart        | 42,605            | 2,107            | 42,199            | 7,365            |
| Councillor Nathan Netelenbos     | 5,657             | 308              | -                 | -                |
| Councillor Philip Penrod         | 5,657             | 384              | -                 | -                |
| Councillor Rene Tessier          | 22,098            | 616              | 40,770            | 1,231            |
| Councillor Samuel Munckhof-Swain | 41,978            | 2,082            | 43,339            | 2,786            |
| Councillor Steven vanNieuwkerk   | 44,013            | 2,779            | 40,770            | 4,134            |
| <b>Total Elected Officials</b>   | <b>\$ 340,471</b> | <b>\$ 35,554</b> | <b>\$ 351,209</b> | <b>\$ 50,144</b> |
| <b>Administration</b>            |                   |                  |                   |                  |
| Chief Administrative Officer     | \$ 269,633        | \$ 32,559        | \$ 260,286        | \$ 34,141        |
| Designated Officers              | 561,330           | 64,010           | 532,535           | 66,319           |

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

### 13. Local Authorities Pension Plan

Employees of the City participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due. The City is required to make current service contributions to the LAPP of 8.45% (2022 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% (2022 - 12.80%) on pensionable earnings above this amount. Total current service contributions by the City to the LAPP in 2023 were \$1,438,160 (2022 - \$1,236,488). Total current service contributions by the employees of the City to the LAPP in 2023 were \$1,284,513 (2022 - \$1,109,490).

At December 31, 2022, the LAPP disclosed an actuarial surplus of approximately \$12.67 billion (2021 - \$11.92 billion). The actuarial surplus at December 31, 2023 was not available at the time the financial statements were finalized.



## Notes to the Consolidated Financial Statements

Year ended December 31, 2023



### 14. APEX Supplementary Pension Plan

The APEX supplementary pension plan provides supplementary pension benefits to a prescribed class of employees (approximately 2 beneficiaries at year-end) (2022 - approximately 3 beneficiaries). The plan supplements the Local Authorities Pension Plan.

The prescribed class of employees and the City make contributions. The City is required to make current service contributions of 2.96% (2022 - 3.85%) of pensionable earnings up to the year's maximum defined benefit limit under the plan. Total current service contributions by the City in 2023 were \$15,570 (2022 - \$19,750). Total current service contributions by the employees of the City to the plan in 2023 were \$12,729 (2023 - \$13,389).

### 15. Franchise Agreement Fees

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

|                             | 2023                | 2022                |
|-----------------------------|---------------------|---------------------|
| Apex Utilities Inc.         | \$ 2,116,024        | \$ 2,001,203        |
| FortisAlberta Inc.          | 1,668,113           | 1,588,345           |
| <b>Total Franchise Fees</b> | <b>\$ 3,784,137</b> | <b>\$ 3,589,548</b> |

### 16. Commitments

The City contracts with the Government of Canada for the employment of the Royal Canadian Mounted Police to provide policing services until March 31, 2032. The related agreement may be terminated on March 31 in any year by either party giving notice 24 months prior to the date of the intended termination. Total future annual costs under the terms of the Agreement are estimated to be \$3,332,900.

The City contracts with Pacific Western Transit to provide a commuter transit system from Beaumont to Heritage Valley Station until December 31, 2024. The related agreement may be terminated provided 90 days notice is given. Total annual costs under the terms of the Agreement are estimated to be \$572,088.

In addition, the City has a lease commitment with Xerox for photocopying equipment. The lease provides for annual payments of \$14,452 and expires in August 2027. The total lease commitment over the remaining life of the contract amounts to \$52,991.

The City has a premises lease that is used as additional office space. The lease provides for annual base rent ranging from \$118,304 to \$177,456 per year plus operating costs and property taxes. The lease expires in November 2030 and the total commitment over the remaining life of the agreement amounts to \$1,035,160 plus applicable operating costs and property taxes.



## Notes to the Consolidated Financial Statements

Year ended December 31, 2023



### 17. Contingencies

The City is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of the membership, the City could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

In the normal conduct of operations, there are other pending claims by and against the City. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of administration, based on the advice and information provided by its legal counsel, final determination of these other litigations will not materially affect the City's financial position or results of operations.

### 18. Financial Instruments

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

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

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

#### Credit Risk

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

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

#### Liquidity Risk

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

#### Interest Rate Risk

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



## Notes to the Consolidated Financial Statements

Year ended December 31, 2023



### 19. Segmented Disclosure

The Schedule of Segmented Disclosure - Schedule VI has been prepared in accordance with Public Sector Accounting Standard Section PS 2700 *Segment Disclosures*. The segmented disclosures are intended to enable users to better understand the government report entity as well as the major revenue and expense activities of the City. The revenues and expenses that are directly attributable to a particular segment are allocated to that segment. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

#### Taxation

Allocated to 'General Government'

#### Sale of Service

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

#### Grants and Other Contributions

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

#### Investment Income

Allocated to 'General Government'

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

### 20. Comparative Figures

The 2022 comparative figures have been reclassified to conform to financial statement presentation adopted for the current year.

### 21. Approval of Financial Statements

Council and Management approved these financial statements on May 28, 2024.

