

**Consolidated Financial Statements**

City of Camrose

**December 31, 2019**

# City of Camrose

December 31, 2019

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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The consolidated financial statements of City of Camrose have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of City of Camrose's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

City Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited on behalf of Council by RSM Alberta LLP, in accordance with Canadian generally accepted auditing standards.

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*Travis Bouck*

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Travis Bouck, General Manager of  
Financial Services

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*Malcolm Boyd*

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Malcolm Boyd, City Manager

Camrose, AB  
May 4, 2020

## **INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Council of City of Camrose

### *Opinion*

We have audited the consolidated financial statements of City of Camrose, (the "City"), which comprise the consolidated statement of financial position as at December 31, 2019 and the consolidated statements of operations, change in net financial assets and cash flows and schedules 1 through 6 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 consolidated financial position of the City as at December 31, 2019, and results of its consolidated operations, its changes in net financial assets and its consolidated 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 the 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 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.

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.

RSM Alberta LLP

Chartered Professional Accountants  
May 4, 2020  
Edmonton, Alberta

**City of Camrose**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2019**

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 66,005,668	\$ 82,610,776
Investments (Note 3)	12,330,349	-
Receivables:		
Taxes and grants in place of taxes (Note 4)	2,725,481	2,696,472
Trade and other (Note 4)	3,076,639	2,686,371
Land for resale inventory (Note 5)	7,186,980	7,186,980
	91,325,117	95,180,599
<b>LIABILITIES</b>		
Temporary loans payable (Note 6)	-	84,484
Accounts payable and accrued liabilities	4,139,868	4,171,712
Deposit liabilities	1,855,243	2,081,695
Deferred revenue (Note 7)	14,140,648	20,547,176
Employee benefit obligations (Note 8)	4,684,732	4,259,861
Provision for landfill closure and post-closure costs (Note 10)	1,453,137	1,300,190
Long-term debt (Note 12)	15,204,624	17,028,791
	41,478,252	49,473,909
<b>NET FINANCIAL ASSETS</b>	49,846,865	45,706,690
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	234,305,324	223,772,648
Inventory for consumption	1,308,325	1,432,578
Prepaid expenses	529,873	294,640
	236,143,522	225,499,866
<b>ACCUMULATED SURPLUS (Schedule 1) (Note 15)</b>	\$ 285,990,387	\$ 271,206,556

Commitments (Note 22), Contingencies (Note 23), and Subsequent Events (Note 26)

**APPROVED ON BEHALF OF THE CITY:**

  
**Mayor**

  
**City Manager**

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

**City of Camrose**  
**Consolidated Statement of Operations**  
**For the year ended December 31, 2019**

	Budget (See Note 25)	2019	2018
<b>REVENUES</b>			
Net municipal taxes (Schedule 3)	\$ 25,789,498	\$ 26,293,805	\$ 25,605,705
User fees and sales of goods	14,581,068	15,009,966	15,882,076
Government transfers for operating (Schedule 4)	1,908,366	1,995,903	1,796,175
Sales to other governments	206,203	169,733	185,393
Penalties and costs of taxes	305,500	281,033	304,684
Licences and permits	701,220	799,002	729,218
Development levies	377,555	1,123,039	-
Fines	900,000	703,620	838,966
Franchise and concession contracts	2,854,718	2,842,398	2,696,601
Investment income	1,064,574	1,807,348	1,440,496
Rentals	1,495,840	1,532,861	1,772,041
Other revenues	89,950	261,019	268,559
	50,274,492	52,819,727	51,519,914
<b>EXPENSES</b>			
Legislative	468,379	382,232	350,536
Administration	6,419,903	5,666,152	5,358,405
Protective Services	9,439,623	9,528,361	9,358,185
Roads, Streets, Walks & Lighting	10,997,530	10,958,902	9,997,167
Water, Wastewater and Waste Management	10,307,265	10,560,799	9,629,589
Public Health & Welfare	290,606	339,800	293,320
Planning & Development	1,476,295	1,220,753	1,667,594
Recreation & Culture	10,435,442	10,513,490	10,486,191
	49,835,043	49,170,489	47,140,987
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER</b>	439,449	3,649,238	4,378,927
<b>OTHER:</b>			
Contributed tangible capital assets (Note 21)	-	407,131	135,188
Government transfers for capital (Schedule 4)	7,618,000	10,727,462	8,762,005
<b>EXCESS OF REVENUES OVER EXPENSES</b>	8,057,449	14,783,831	13,276,120
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	-	271,206,556	257,930,436
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ 8,057,449	\$ 285,990,387	\$ 271,206,556

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

# City of Camrose

## Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2019

	Budget (See Note 25)	2019	2018
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 8,057,449	\$ 14,783,831	\$ 13,276,120
Acquisition of tangible capital assets	(23,367,801)	(20,461,802)	(15,574,134)
Contributed tangible capital assets	-	(407,131)	(135,188)
Proceeds on disposal of tangible capital assets	207,500	691,249	315,600
Amortization of tangible capital assets	9,293,417	9,293,417	9,141,032
Loss on disposal of tangible capital assets	-	351,591	123,357
	(13,866,884)	(10,532,676)	(6,129,333)
Acquisition of prepaid assets	-	(235,233)	(86,181)
Use of supplies inventories	-	124,253	58,897
	-	(110,980)	(27,284)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	(5,809,435)	4,140,175	7,119,503
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	45,706,690	45,706,690	38,587,187
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 39,897,255	\$ 49,846,865	\$ 45,706,690

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



**City of Camrose**  
**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2019**

	2019	2018
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	\$ 14,783,831	\$ 13,276,120
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	9,293,417	9,141,032
Loss on disposal of capital assets	351,591	123,357
Contributed tangible capital assets	(407,131)	(135,188)
	24,021,708	22,405,321
Non-cash contributions (charges) to operations - net change:		
(Increase) decrease in taxes and grants in place of taxes receivable	(29,009)	273,629
(Increase) decrease in trade and other receivables	(390,268)	245,880
Increase in investments	(12,330,349)	-
Decrease in inventory for consumption	124,253	58,897
Increase in land for resale inventory	-	(14,524)
Increase in prepaid expenses	(235,233)	(86,181)
Decrease in temporary loans payable	(84,484)	(135,189)
Increase (decrease) in accounts payable and accrued liabilities	(31,844)	1,855,777
Increase (decrease) in deposit liabilities	(226,452)	546,960
Decrease in deferred revenue	(6,406,528)	(1,622,956)
Increase in employee benefit obligations	424,871	9
Increase in provision for landfill closure and post-closure costs	152,947	58,127
Decrease in contaminated sites liability	-	(250,000)
Cash provided by operating transactions	4,989,612	23,335,750
<b>CAPITAL</b>		
Proceeds from disposal of tangible capital assets	691,249	315,600
Acquisition of tangible capital assets	(20,461,802)	(15,574,134)
Cash applied to capital transactions	(19,770,553)	(15,258,534)
<b>FINANCING</b>		
Long-term debt issued	128,661	175,166
Long-term debt repaid	(1,952,828)	(1,911,163)
Cash applied to financing transactions	(1,824,167)	(1,735,997)
<b>(DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS DURING YEAR</b>	(16,605,108)	6,341,219
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	82,610,776	76,269,557
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	\$ 66,005,668	\$ 82,610,776

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

# City of Camrose

## Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2019

	Unrestricted surplus	Restricted surplus	Equity in Tangible Capital Assets	2019	2018
<b>BALANCE, BEGINNING OF THE YEAR</b>	\$ 5,730,000	\$ 52,399,458	\$ 213,077,098	\$ 271,206,556	\$ 257,930,436
Excess of revenues over expenses for the year	14,783,831	-	-	14,783,831	13,276,120
Unrestricted funds designated for future use	(12,534,351)	12,534,351	-	-	-
Restricted funds used for operations	1,091,421	(1,091,421)	-	-	-
Restricted funds used for tangible capital assets	-	(9,141,135)	9,141,135	-	-
Current year funds used for tangible capital assets	(11,320,667)	-	11,320,667	-	-
Contributed tangible capital assets	(407,131)	-	407,131	-	-
Disposal of tangible capital assets (at net book value)	1,042,840	-	(1,042,840)	-	-
Annual amortization expense	9,293,417	-	(9,293,417)	-	-
Long term debt repaid	(1,404,325)	-	1,404,325	-	-
Change in accumulated surplus	545,035	2,301,795	11,937,001	14,783,831	13,276,120
<b>BALANCE, END OF THE YEAR</b>	\$ 6,275,035	\$ 54,701,253	\$ 225,014,099	\$ 285,990,387	\$ 271,206,556

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

**City of Camrose**  
**Schedule of Tangible Capital Assets**  
**For the year ended December 31, 2019**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2019	2018
<b>COST:</b>									
BALANCE, BEGINNING OF YEAR	\$ 7,008,375	\$ 11,757,800	\$ 76,024,385	\$ 238,510,278	\$ 10,668,193	\$ 6,720,993	\$ 9,585,205	\$ 360,275,229	\$ 346,719,828
Acquisition of tangible capital assets	50,000	349,159	124,369	6,427,568	1,297,753	1,398,854	11,221,230	20,868,933	15,709,322
Disposal of tangible capital assets	(14,636)	(89,991)	-	(3,166,801)	(598,435)	(613,461)	(9,344)	(4,492,668)	(2,153,921)
BALANCE, END OF YEAR	7,043,739	12,016,968	76,148,754	241,771,045	11,367,511	7,506,386	20,797,091	376,651,494	360,275,229
<b>ACCUMULATED AMORTIZATION:</b>									
BALANCE, BEGINNING OF YEAR	-	6,879,005	20,077,324	102,001,186	4,398,408	3,146,658	-	136,502,581	129,076,513
Annual amortization	-	503,061	1,713,223	5,295,642	1,290,332	491,159	-	9,293,417	9,141,032
Accumulated amortization on disposals	-	(78,896)	-	(2,391,118)	(498,431)	(481,383)	-	(3,449,828)	(1,714,964)
BALANCE, END OF YEAR	-	7,303,170	21,790,547	104,905,710	5,190,309	3,156,434	-	142,346,170	136,502,581
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, December 31, 2019</b>									
	7,043,739	4,713,798	54,358,207	136,865,335	6,177,202	4,349,952	20,797,091	234,305,324	
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, December 31, 2018</b>									
	\$ 7,008,375	\$ 4,878,795	\$ 55,947,061	\$ 136,509,092	\$ 6,269,785	\$ 3,574,335	\$ 9,585,205		\$ 223,772,648

Included in buildings are leased equipment affixed to the building of \$381,854 with accumulated amortization of \$89,099 (2018 – \$63,642). The leased assets are amortized on a straight line basis over the estimated useful life of 15 years.

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

# City of Camrose

## Schedule of Property and Other Taxes

For the year ended December 31, 2019

	Budget (See Note 25)	2019	2018
<b>TAXATION</b>			
Real property taxes	\$ 33,543,485	\$ 33,023,681	\$ 32,734,895
Linear property taxes	-	457,379	442,737
Business taxes	84,000	85,161	81,701
Government grants in lieu of property taxes	-	70,120	89,888
Special assessments and local improvement taxes	-	495,299	310,428
	33,627,485	34,131,640	33,659,649
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	6,799,387	6,799,387	6,982,375
Elk Island CSRD No. 41	1,004,847	1,004,847	1,040,375
Other Requisitions	33,753	33,601	31,194
	7,837,987	7,837,835	8,053,944
<b>NET MUNICIPAL TAXES</b>	\$ 25,789,498	\$ 26,293,805	\$ 25,605,705

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

# City of Camrose

## Schedule of Government Transfers

For the year ended December 31, 2019

	Budget (See Note 25)	2019	2018
<b>TRANSFERS FOR OPERATING</b>			
Provincial and federal grants	\$ 1,290,049	\$ 1,357,387	\$ 1,220,220
Local government transfers	618,317	638,516	575,955
	1,908,366	1,995,903	1,796,175
<b>TRANSFERS FOR CAPITAL</b>			
Provincial and federal government	7,618,000	10,727,462	8,762,005
<b>TOTAL GOVERNMENT TRANSFERS</b>	\$ 9,526,366	\$ 12,723,365	\$ 10,558,180

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

# City of Camrose

## Schedule of Consolidated Expenses by Object

For the year ended December 31, 2019

	Budget (See Note 25)	2019	2018
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 21,994,096	\$ 21,637,454	\$ 21,255,659
Contracted and general services	7,996,403	7,507,923	6,120,232
Materials, goods and utilities	7,890,359	7,621,168	7,559,258
Provisions for allowances	60,000	(39,085)	(135,845)
Transfers to other governments	127,449	131,468	129,602
Transfers to local boards and agencies	1,282,874	1,417,479	1,670,184
Transfers to individuals and organizations	388,596	348,658	393,016
Bank charges and short-term interest	67,500	65,569	70,788
Interest on long-term debt	634,349	637,355	714,280
Amortization of tangible capital assets	9,293,417	9,293,417	9,141,032
Loss on disposal of tangible capital assets	-	351,591	123,357
Other expenses	100,000	197,492	99,424
	\$ 49,835,043	\$ 49,170,489	\$ 47,140,987

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

**City of Camrose**  
**Schedule of Segmented Disclosure**  
**For the year ended December 31, 2019**

	Legislative	Administration	Protective Services	Roads, Streets, Walks & Lighting	Water, Wastewater & Waste Management	Public Health & Welfare	Planning and Development	Recreation & Culture	Total
<b>REVENUES</b>									
Net municipal taxes	\$ -	\$ 26,293,805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$26,293,805
User fees and sales of goods	-	67,661	685,150	308,152	12,986,256	148,318	20,005	794,424	15,009,966
Government transfers	-	132,961	784,134	2,738,531	261,445	-	174,593	8,631,701	12,723,365
Sales to other governments	-	-	101,958	67,775	-	-	-	-	169,733
Penalties and costs of taxes	-	252,663	-	-	28,370	-	-	-	281,033
Licences and permits	-	-	519,753	-	-	-	279,249	-	799,002
Development levies	-	-	-	-	-	-	1,123,039	-	1,123,039
Fines	-	-	703,620	-	-	-	-	-	703,620
Franchise and concession contracts	-	2,842,398	-	-	-	-	-	-	2,842,398
Investment income	-	952,434	-	-	854,914	-	-	-	1,807,348
Rentals	-	-	-	36,230	69,786	-	70,236	1,356,609	1,532,861
Contributed tangible capital assets	-	-	-	407,131	-	-	-	-	407,131
Other revenues	31	3,440	14,966	204,442	-	-	10,041	28,099	261,019
	31	30,545,362	2,809,581	3,762,261	14,200,771	148,318	1,677,163	10,810,833	63,954,320
<b>EXPENSES</b>									
Salaries, wages and benefits	257,227	3,416,955	7,375,196	2,817,199	2,562,280	150,206	660,576	4,397,815	21,637,454
Contracted and general services	112,811	1,425,901	753,576	1,304,266	2,515,303	16,418	368,487	1,011,161	7,507,923
Materials, goods and utilities	12,194	348,242	798,301	2,341,479	2,203,210	29,771	32,677	1,855,294	7,621,168
Transfers to other governments	-	-	16,119	-	-	115,349	-	-	131,468
Transfers to local boards and agencies	-	-	-	201,906	-	-	85,474	1,130,099	1,417,479
Transfers to individuals and organizations	-	262	-	-	253,896	-	49,500	45,000	348,658
Interest on long-term debt	-	1	45,916	137,664	73,819	-	-	379,955	637,355
Loss (gain) on disposal of tangible capital assets	-	(350,907)	672	(45,272)	720,902	-	-	26,196	351,591
Other expenses	-	(22,894)	6,271	50,143	173,537	-	1,290	15,629	223,976
	382,232	4,817,560	8,996,051	6,807,385	8,502,947	311,744	1,198,004	8,861,149	39,877,072
<b>NET REVENUES (EXPENSES) BEFORE AMORTIZATION</b>	(382,201)	25,727,802	(6,186,470)	(3,045,124)	5,697,824	(163,426)	479,159	1,949,684	24,077,248
Amortization of tangible capital assets	-	848,592	532,310	4,151,517	2,057,852	28,056	22,749	1,652,341	9,293,417
<b>NET REVENUES (EXPENSES)</b>	\$ (382,201)	\$ 24,879,210	\$ (6,718,780)	\$ (7,196,641)	\$ 3,639,972	\$ (191,482)	\$ 456,410	\$ 297,343	\$14,783,831

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

# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

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### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Camrose are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board. Significant aspects of the accounting policies adopted by the City of Camrose are as follows.

#### (a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in net financial assets and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all the organizations that are owned or controlled by the City and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The Regional Solid Waste Authority is owned and controlled by the City as the City maintains 60% representation on the Board.

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

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

#### (b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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. Offsite levies are collected from a developer upon the execution of a Development Agreement as per the Offsite Levy Bylaw. These funds are restricted to fund the construction of specific infrastructure and are recognized as revenue once the said infrastructure has been built and the City has provided proof of construction completion.

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. Revenues are recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

#### (c) Use of Estimates

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



# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

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### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) **Use of Estimates (Continued)**

Significant estimates include assumptions used in a number of areas including useful lives of tangible capital assets, the fair value of contributed tangible capital assets and the determination of reserves. Estimates are also used for various liabilities, including landfill closure and post-closure and contaminated sites liabilities, offsite levy liabilities and accrued liabilities. Other areas that estimates are used include, revenue recognized in the year, provision for tax exempt appeals, investment impairment, provisions for allowances in accounts receivable and in performing actuarial valuations of employee future benefits.

(d) **Investments**

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Investment income is reported as revenue in the period earned. When required by agreement or legislation, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(e) **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.

(f) **Inventories for Resale**

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

(g) **Tax Revenue**

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

(h) **Landfill Closure and Post-Closure Liability**

Pursuant to the Alberta Environmental Protection and Enhancement act, the City is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (i) Contaminated Sites

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 is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

#### (j) 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.

#### (k) 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 for the year.

##### i. Tangible Capital Assets

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

	Years
Land improvements	2 - 45
Buildings	50
Engineered structures	
Water system	45 - 75
Wastewater system	45 - 75
Other engineered structures	20 - 75
Machinery and equipment	5 - 20
Vehicles	4 - 20

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

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### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (k) Non-Financial Assets (Continued)

##### ii. Contributions of Tangible Capital Assets

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

Tangible capital assets contributed to other organizations are recorded at cost at the date of contribution and also are recorded as an expense.

##### iii. Leases

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

##### iv. Inventories

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

##### v. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets.

##### vi. Construction in Progress

Assets under construction have a cost of \$20,797,091 (2018 - \$9,585,205) and will be amortized when the assets are put into service.

#### (l) Recently Adopted Accounting Pronouncements

Effective April 1, 2018, the City adopted the following accounting standard as required by the Public Sector Accounting Standards Board.

PS 3430 – Restructure Transactions: This section provides guidance on the recognition, measurement and presentation on restructuring transactions by both the transferor and recipients of assets and/or liabilities, together with related program or operating responsibilities. The City adopted PS 3430 prospectively and there were no impacts on the financial statement amounts or disclosures.

# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

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### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Future Accounting Pronouncements

The following summarizes upcoming changes to public sector accounting standards issued by the Public Sector Accounting Standards Board. In the coming year, the City will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (PS1201), Financial Instruments (PS3450), Foreign Currency Translations (PS2601) and Portfolio Investments (PS3041) must be implemented at the same time.

PS 3041 - Portfolio Investments: This section removes the distinction between temporary and portfolio investments and provides additional guidance on recognition, measurement, presentation and disclosure of portfolio investments. Upon adoption of this section and PS 3450, PS 3040 - Portfolio Investments will no longer be applicable. This standard is effective for fiscal years beginning on or after April 1, 2021.

PS 1201 - Financial Statement Presentation: The implementation of this standard requires a new statement of re-measurement gains and losses separate from the statement of operations. This new statement will include the unrealised gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currency. This standard is effective for fiscal years beginning on or after April 1, 2021.

PS 3450 - Financial Instruments: This section establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the Entity. Unrealised gains and losses will be presented on the new statement of re-measurement gains and losses arising from the adoption of PS 1201. There will also be a 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 effective for fiscal years beginning on or after April 1, 2021.

PS 2601 - Foreign Currency Translation: This section establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The Section requires monetary assets and liabilities, denominated in a foreign currency, and non-monetary items valued at fair value, denominated in a foreign currency, to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealised gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard is effective for fiscal years beginning on or after April 1, 2021.

PS 3280 - Asset Retirement Obligations: This section establishes the recognition, measurement, and disclosure requirements for asset retirement obligations. This section requires management to prepare a best estimate of the obligation when there is a legal obligation to incur retirement costs, the transaction giving rise to the liability has occurred and future costs will be incurred. The liability must be reassessed at each financial statement date. This standard is effective for fiscal years beginning on or after April 1, 2021.

#### (n) Interdepartmental Revenues and Expenses

Where identified, interdepartmental revenues and offsetting expenses have been removed from the City's financials. The Water, Wastewater and Waste Management segment provides a number of services such as water and wastewater services, waste collection and landfill disposal to other segments within the City of Camrose. These amounts are not material to the financial statements, and as such, have not been eliminated from the Water, Wastewater and Waste Management revenues or the other segments operating expenditures.

# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

### 2. CASH AND TEMPORARY INVESTMENTS

	2019	2018
Cash	\$ 1,903,811	\$ 2,071,991
Temporary investments	64,101,857	80,538,785
	<u>\$ 66,005,668</u>	<u>\$ 82,610,776</u>

Temporary investments require between 31 and 90 days notice of demand to redeem and are held in accounts guaranteed by the Province of Alberta. Interest rates on these short term deposits at December 31, 2019 ranged from 2.50% to 2.60% per annum.

Included in temporary investments is a restricted amount of \$5,623,408 (2018 - \$11,203,273) received from various grant programs and held exclusively for approved projects.

### 3. INVESTMENTS

	2019	2018
Non-Cashable Guaranteed Investment Certificates	\$ 12,330,349	\$ -

In 2018, the City did not have any guaranteed investment certificates with maturities greater than twelve months. In 2019, the City moved some temporary investments into longer term non-cashable guaranteed investment certificates. These certificates mature between 365 days and 730 days and earn interest at rates between 2.85% and 3.04% per annum.

### 4. RECEIVABLES

	2019	2018
<b>Taxes and grants in place of taxes</b>		
Current taxes and grants in place of taxes	\$ 272,093	\$ 579,665
Arrears	573,625	529,414
Less: Allowance for doubtful accounts	(203,089)	(413,420)
Total current taxes and grants in place of taxes	642,629	695,659
Long term taxes and grants in place of taxes - local improvement levies	2,082,852	2,000,813
Total taxes and grants in place of taxes	<u>\$ 2,725,481</u>	<u>\$ 2,696,472</u>
<b>Trade and other</b>		
Due from government	\$ 357,824	\$ 351,712
Trade accounts	2,955,761	2,574,746
Allowance for doubtful accounts	(236,946)	(240,087)
Total trade and other receivables	<u>\$ 3,076,639</u>	<u>\$ 2,686,371</u>

# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

### 5. LAND HELD FOR SALE

	2019	2018
Residential	\$ -	\$ -
Industrial and commercial	1,382,070	1,382,070
Land held ready for sale	1,382,070	1,382,070
Residential	2,369,849	2,369,849
Industrial and commercial	3,435,061	3,435,061
Land held not ready for sale	5,804,910	5,804,910
	\$ 7,186,980	\$ 7,186,980

Land held ready for sale is land in a condition to be sold, marketed for sale, and reasonably anticipated to be sold within a year. Land held not ready for sale is land held for future development and is not reasonable anticipated to be sold within one year.

### 6. TEMPORARY LOANS PAYABLE

Jeanne & Peter Lougheed Performing Arts Centre - In 2015, the City arranged a short term financing facility to fund the shortfall in fundraising activities as well as finance the short term needs resulting from the timing of receiving future pledges. The total financing taken out in 2015 was \$2,135,049. In 2016, the City refinanced \$1,477,935 using Alberta Capital Finance Authority. The line of credit balance of \$84,484 was paid in full during 2019.

### 7. DEFERRED REVENUE

	2019	2018
<b>Developer contributions and offsite levies</b>		
Offsite levies - Transportation	\$ 2,290,302	\$ 4,151,660
Offsite levies - Sanitary	800,601	780,077
Offsite levies - Water	4,294,359	4,184,271
Offsite levies - Storm	-	(797,032)
Other developer contributions	430,957	422,769
Total developer contributions and offsite levies	7,816,219	8,741,745
<b>Conditional Grants</b>		
Municipal Sustainability Initiative	906,513	4,226,680
Basic Municipal Transportation Grant	3,181,827	3,536,665
Gas Tax Fund	1,216,780	3,128,261
Other Grants	318,288	311,667
Total conditional grants	5,623,408	11,203,273
Requisition Over-Levy	211,793	-
Other deferred revenue	385,798	498,750
Prepaid property taxes	103,430	103,408
	\$ 14,140,648	\$ 20,547,176

# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

### 8. EMPLOYEE BENEFIT OBLIGATIONS

	2019	2018
Vacation accrual	\$ 1,114,516	\$ 1,079,278
Sick leave	3,570,216	3,180,583
	\$ 4,684,732	\$ 4,259,861

#### Vacation accrual

The vacation accrual is comprised of the vacation that employees are deferring to future years. Employees have earned the benefits (and are vested) and are entitled to the benefits in the next budgetary year.

#### Sick leave

The City of Camrose provides benefits for sick leave under the following conditions:

a) All employees receive one day of sick leave per month. Sick leave can only be used for paid time off for illness of the employee and is paid at the employee's normal rate of pay.

b) Unused sick days are accumulated in a bank. If an employee terminates, payment of accumulated sick days will be made to the employee at the rate of 5% of the accumulated sick days for each full year of continuous service with the City. If an employee terminates with at least 20 years of service, they will be paid in cash for 100% of the days accumulated to a maximum of 120 days. Payment is made at the final pay rate.

In accordance with accounting standard PS 3255 - Post-employment Benefits, Compensated Absences and Termination Benefits, benefits are accrued in the year of the service of the employee that generated the benefit, similar to a pension plan liability where an organization incurs an obligation to make payment in the future for services rendered today.

The City engaged an actuary to determine the sick leave benefit obligation for the years ending December 31, 2018 and December 31, 2019. Significant assumptions used in the valuation are highlighted in Note 9.

# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

### 9. BENEFIT OBLIGATIONS - SICK LEAVE

<b>Change in Benefit Obligation</b>	<b>2019</b>	<b>2018</b>
Benefit obligation, beginning of year	\$ 3,180,583	\$ 3,240,696
Expected service cost	273,182	280,600
Interest cost	96,133	93,347
Actuarial loss (gain)	303,536	(153,097)
Expected benefits paid	(283,218)	(280,963)
Benefit obligation, end of year	\$ 3,570,216	\$ 3,180,583
<b>Change in Plan Assets</b>	<b>2019</b>	<b>2018</b>
Fair value of plan assets, beginning of year	\$ -	\$ -
City contribution	140,195	303,254
Actual benefits paid	(140,195)	(303,254)
Fair value of plan assets, end of year	\$ -	\$ -
<b>Significant Assumptions</b>	<b>2019</b>	<b>2018</b>
Discount rate per annum, beginning of year	3.02%	2.88%
Discount rate per annum, end of year	2.52%	3.02%
Rate of compensation increases per annum	3.75%	3.75%
Estimated Average Remaining Services Life (EARS�) in years	15.12	16.17
<b>Net Periodic Benefit Cost</b>	<b>2019</b>	<b>2018</b>
Service Cost	\$ 273,182	\$ 280,600
Interest Cost	96,133	93,347
Recognized net actuarial gain	(39,939)	(30,471)
Net periodic benefit cost	\$ 329,376	\$ 343,476



# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

### 10. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environment law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 3.0% and assuming annual inflation of 2.0%.

The estimated liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total capacity of the site is estimated at 3.0 million cubic metres. The estimated remaining capacity of the landfill site is 1.30 (2018 – 1.40) million cubic metres. The existing landfill site is expected to reach capacity in approximately the year 2045.

The City has not designated assets for settling closure and post-closure costs.

	2019	2018
Estimated closure costs	\$ 1,218,423	\$ 1,160,077
Estimated post-closure costs	1,344,429	1,279,303
Estimated total liability	2,562,852	2,439,380
Estimated capacity remaining	43.3 %	46.7 %
Portion of total liability remaining to be recognized	1,109,715	1,139,190
Estimated capacity used	56.7 %	53.3 %
Estimated liability portion	\$ 1,453,137	\$ 1,300,190

### 11. CONTAMINATED SITES LIABILITY

On January 1, 2015, the City adopted PS3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the City.

In 2019, the City did conduct Phase I Environmental Site Assessments on six City-owned properties. The properties included the Public Works Main Shop, Camrose Airport, Parks Maintenance Shop, Golf Course Maintenance Shop & Pro Shop, and two Public Works Satellite Facilities. The City also completed a Phase II Environmental Site Assessment on the Public Works Main Shop.

Based upon the results of the assessments there is a risk that some extent of contamination may be present on all six properties. No contaminated site liability has been recorded as of December 31, 2019 as all six operational sites are still being used productively, and estimated costs to clean up the sites are not readily available. The City will continue to monitor and evaluate the properties to determine if any future actions need to be taken.

# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

### 12. LONG-TERM DEBT

	2019	2018
Supported by general tax levies	\$ 11,825,876	\$ 13,136,338
Supported by special levies	1,686,171	1,871,075
Supported by utility rates	1,692,577	2,021,378
	<b>\$ 15,204,624</b>	<b>\$ 17,028,791</b>

The current portion of the long-term debt amounts to \$1,940,623 (2018 - \$1,947,142).

Of the \$15,204,624 total long-term debt, \$9,291,225 is secured against equity in tangible capital assets, with the remaining \$5,913,399 (2018 - \$6,333,241) unsecured. The unsecured debt includes \$4,227,227 of debentures taken out for the Jeanne & Peter Lougheed Performing Arts Centre and \$1,686,172 associated with local improvements receivable.

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2020	\$ 1,940,623	\$ 575,250	\$ 2,515,873
2021	1,970,012	497,659	2,467,671
2022	1,770,153	419,999	2,190,152
2023	1,575,514	343,324	1,918,838
2024	1,487,972	277,686	1,765,658
Thereafter	6,460,350	716,445	7,176,795
	<b>\$ 15,204,624</b>	<b>\$ 2,830,363</b>	<b>\$ 18,034,987</b>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest rates ranging from 1.597% to 6.375% per annum, before Provincial subsidy, and mature in periods 2020 through 2037. The average annual interest rate is 3.40% for 2019 (3.51% for 2018). Debenture debt is issued on the credit and security of the City of Camrose at large.

Interest on long-term debt amounted to \$637,355 (2018 - \$714,280). The City's total cash payments for interest in 2019 were \$652,270 (2018 - \$723,844).

Included in the above debt amounts is a capital lease obligation of \$318,984 (2018 - \$338,921) relating to the purchase of building equipment. This lease bears interest at 1.53625%, expires October, 2031 and includes a lease buyout of \$76,371.

# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

### 13. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits, as defined by Alberta Regulation 255/00 for the City of Camrose, be disclosed as follows:

	2019	2018
Total debt limit	\$ 79,229,591	\$ 77,279,871
Total debt	(15,204,624)	(17,028,791)
Amount of debt limit unused	64,024,967	60,251,080
Debt servicing limit	13,204,932	12,879,978
Debt servicing	(2,515,873)	(2,596,688)
Amount of debt servicing limit unused	\$ 10,689,059	\$ 10,283,290

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

### 14. EQUITY IN TANGIBLE CAPITAL ASSETS

	2019	2018
Tangible capital assets (Schedule 2)	\$ 376,651,494	\$ 360,275,229
Accumulated amortization (Schedule 2)	(142,346,170)	(136,502,581)
Long-term debt (Note 12)	(15,204,624)	(17,028,791)
Long-term debt not secured against tangible capital assets	5,913,399	6,333,241
	\$ 225,014,099	\$ 213,077,098

# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

### 15. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2019	2018
Unrestricted surplus	\$ 6,275,035	\$ 5,730,000
<b>Restricted surplus:</b>		
General administration	14,719,652	15,682,121
Protective services	613,307	880,376
Roads, streets, walks and lighting	4,251,234	4,834,077
Water, sewer, and waste management	34,742,430	30,487,081
Recreation and culture	276,754	406,367
Public health and welfare	97,876	109,436
Total restricted surplus	54,701,253	52,399,458
Equity in tangible capital assets	225,014,099	213,077,098
	\$ 285,990,387	\$ 271,206,556

### 16. SEGMENTED DISCLOSURE

The City of Camrose provides a range of services to its taxpayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

### 17. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials and the chief administrative officer as required by Alberta Regulation 313/2000 is as follows:

	2019			2018
	Salary	Benefits & Allowances	Total	Total
Mayor - N. Mayer	\$ 63,811	\$ 982	\$ 64,793	\$ 63,481
<b>Councillors:</b>				
M. Lindstrand	22,075	3,466	25,541	24,497
G. Wood	22,075	5,024	27,099	25,074
W. Thronson	22,075	1,914	23,989	22,058
A. Hoveland	22,075	3,475	25,550	23,977
C. Johnson	9,198	2,410	11,608	24,543
K. Hycha	22,075	4,769	26,844	25,074
PJ Stasko	22,075	4,969	27,044	25,010
D. Ofrim	22,075	4,491	26,566	24,543
<b>City Manager</b>	\$ 228,730	\$ 35,652	\$ 264,382	\$ 262,149

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

Benefits and allowances figures include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, extended health and dental coverage, vision coverage, group life insurance, long-term disability insurance, professional memberships and tuition.

### 18. LOCAL AUTHORITIES PENSION PLAN

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

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

The City of Camrose is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount.

Employees of the City are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the City to the plan in 2019 were \$1,146,283 (2018 - \$1,213,003). The current service contributions by the employees of the City to the plan in 2019 were \$1,038,078 (2018 - \$1,106,172).

# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

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### 18. LOCAL AUTHORITIES PENSION PLAN (CONTINUED)

At December 31, 2018, the LAPP disclosed an actuarial surplus of \$3,469,347.

### 19. SPECIAL FORCES PENSION PLAN

Municipal Police Officers of the City of Camrose participate in the Special Forces Pension Plan (SFPP), which is covered by the Alberta Public Sector Pensions Plan Act. The Plan serves about 7,000 officers from seven municipalities. It is financed by employer and employee contributions and investment earnings of the SFPP Fund.

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

The City of Camrose is required to make current service contributions to the SFPP of 14.55% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan.

Police officers of the City are required to make current service contributions to the SFPP of 13.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan.

Total current service contributions by the City to the plan in 2019 were \$427,213 (2018 - \$424,096). Total current service contributions by employees to the plan in 2019 were \$394,915 (2018 - \$392,034).

At December 31, 2018, the plan disclosed an actuarial deficiency of \$191,195,000.

### 20. APEX SUPPLEMENTARY PENSION PLAN

The APEX supplementary pension plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2004 and provides supplementary pension benefits to a prescribed class of employees (approximately 6 beneficiaries within the City of Camrose). The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the City. Employees and the City are required to make current service contributions to APEX of 2.84% and 3.78% respectively of pensionable earnings up to \$151,278 in 2019 (\$147,222 in 2018).

Total current service contributions by the City to APEX in 2019 were \$21,394 (2018 - \$18,618). Total current service contributions by the employees of the City in 2019 were \$16,074 (2018 - \$13,988).

The cost of post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement ages of employees. The costs of post retirement benefits are fully funded.

At December 31, 2018, the plan disclosed an actuarial deficiency of \$7,899,642.

# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

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### 21. CONTRIBUTED ASSET

In 2019, the City entered into a development agreement for 43 Street Improvements, including road construction and stormwater management. The project was completed as required with contributions from the developer and the adjacent property owner. A contributed asset was recorded in the amount of \$407,131 for the improvements. In 2018, a bus was donated to the City in support of the City's public transit initiatives and was recorded as a contributed asset in the amount of \$135,188.

### 22. COMMITMENTS

Camrose Aquatics Centre - The total approved funding is \$24.0 million. Due to the uncertainty around fundraising activities, and contributions from the County, the City has approved the project with the following funding sources: MSI Grant (\$12.5 million), BMTG/GTF Grants (\$4.2 million), General Operating Reserve (\$3.0 million), General Capital Reserve (\$4.3 million).

Included in Construction in Progress in Schedule 2 of the financial statements is the Aquatic Centre asset construction costs to date of \$18.0 million.

As noted within the City's current 10-year Wastewater Approval to Operate, the City of Camrose is required to substantially upgrade its existing wastewater treatment system in order to ensure compliance with provincial and federal environmental regulations. The total cost of the project is expected to be approximately \$43.3 million. The project has been initiated and the City has incurred costs through December 31, 2019 of \$1.5 million. The planned funding for the project is based upon a combination of utility reserves, offsite levies and provincial grants. The project is expected to be completed in 2023 but may be delayed if provincial grant funding is not secured.

As at December 31, 2019, the City had no other significant commitments to report.

### 23. CONTINGENCIES

As at December 31, 2019 the City is involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, it is Management's opinion that there will be no adverse effect on the financial position of the City. If any liability is incurred it would be accounted for as a current transaction in the year it is determined.

### 24. FINANCIAL INSTRUMENTS

The City's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities. It is management's opinion that the City is not exposed to significant interest or currency risk arising from these financial instruments.

The City is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the City provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instruments approximates fair value.

# City of Camrose

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

### 25. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2019 operating and capital budgets approved by Council. Amortization was not contemplated on development of the budget, however, has been included in the budget presented in the financial statements. The amortization expense included is based on the 2019 actual amortization expense. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

#### REVENUES

Operating budget	\$ 54,530,432
Capital budget	23,367,801

#### Less:

Transfers from other funds:	
Operating	(4,633,495)
Capital	(14,664,746)
Proceeds on sale of tangible capital assets	(207,500)
Proceeds on debt issue	(500,000)

57,892,492

#### EXPENSES

Operating budget	54,530,432
Capital budget	23,367,801

#### Less:

Transfers to other funds/internal transactions	(12,349,541)
Capital expenditures	(23,367,801)
Debt principal payments	(1,639,265)
Amortization	9,293,417

49,835,043

#### EXCESS OF REVENUES OVER EXPENSES

\$ 8,057,449

### 26. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak (COVID-19) as a pandemic. In Canada, the Government of Alberta declared a provincial state of public health emergency as per the Province of Alberta's Public Health Act on March 17, 2020 with respect to COVID-19. As of the date of these financial statements, the extent to which COVID-19 impacts the City's operations will depend on future developments, which are highly uncertain and cannot be predicted. Currently, the facilities the City operates are closed to the public and all programs are canceled. New information may emerge concerning the severity of COVID-19, requiring additional actions be taken by the City to contain this or its impact.

### 27. COMPARATIVE FIGURES

Prior year figures have been reclassified where necessary to conform with current year presentation.