

Consolidated Financial Statements

City of Camrose

December 31, 2018

City of Camrose

December 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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 public sector accounting standards.



Travis Bouck, General Manager of
Financial Services

Malcolm Boyd, City Manager

Camrose, AB
May 06, 2019



RSM Alberta LLP

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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, 2018, and the consolidated statements of operations, changes in net financial assets, 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 financial position of the City as at December 31, 2018, and the results of its operations, changes in net financial assets, cash flows and schedules 1 through 6 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements for the year ended December 31, 2017 were audited by another firm of public accountants who expressed an unmodified opinion on those financial statements on April 16, 2018.

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 relating 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.

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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.

Edmonton, Alberta
May 6, 2019

RSM Alberta LLP
Chartered Professional Accountants

City of Camrose
Consolidated Statement of Financial Position
As at December 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 82,610,776	\$ 76,269,557
Receivables:		
Taxes and grants in place of taxes (Note 3)	2,696,472	2,970,101
Trade and other (Note 3)	2,686,371	2,932,251
Land for resale inventory	7,186,980	7,172,456
	95,180,599	89,344,365
LIABILITIES		
Temporary loans payable (Note 4)	84,484	219,673
Accounts payable and accrued liabilities	4,171,712	2,315,935
Deposit liabilities	2,081,695	1,534,735
Deferred revenue (Note 5)	20,547,176	22,170,132
Employee benefit obligations (Note 6)	4,259,861	4,259,852
Provision for landfill closure and post-closure costs (Note 8)	1,300,190	1,242,063
Contaminated sites liability (Note 9)	-	250,000
Long-term debt (Note 10)	17,028,791	18,764,788
	49,473,909	50,757,178
NET FINANCIAL ASSETS	45,706,690	38,587,187
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	223,772,648	217,643,315
Inventory for consumption	1,432,578	1,491,475
Prepaid expenses	294,640	208,459
	225,499,866	219,343,249
ACCUMULATED SURPLUS (Schedule 1) (Note 13)	\$ 271,206,556	\$ 257,930,436

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, 2018

	Budget (See Note 23)	2018	2017
REVENUES			
Net municipal taxes (Schedule 3)	\$ 25,249,558	\$ 25,605,705	\$ 24,773,265
User fees and sales of goods	14,848,471	15,882,076	15,032,148
Government transfers for operating (Schedule 4)	1,390,800	1,796,175	1,588,273
Sales to other governments	222,000	185,393	214,472
Penalties and costs of taxes	275,500	304,684	303,869
Licences and permits	756,400	729,218	828,415
Development levies	545,000	-	-
Fines	900,000	838,966	787,314
Franchise and concession contracts	2,678,750	2,696,601	2,848,451
Investment income	501,925	1,440,496	961,598
Rentals	2,093,944	1,772,041	2,111,083
Other revenues	116,728	268,559	259,484
	49,579,076	51,519,914	49,708,372
EXPENSES			
Legislative	419,224	350,536	438,933
Administration	6,028,576	5,358,405	5,688,711
Protective Services	9,601,896	9,358,185	9,457,452
Roads, Streets, Walks & Lighting	10,423,255	9,997,167	9,694,078
Water, Wastewater and Waste Management	10,178,011	9,629,589	9,097,372
Public Health & Welfare	319,254	293,320	324,834
Planning & Development	1,267,698	1,667,594	1,291,972
Recreation & Culture	10,694,557	10,486,191	10,403,144
	48,932,471	47,140,987	46,396,496
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER	646,605	4,378,927	3,311,876
OTHER:			
Contributed tangible capital assets (Note 19)	-	135,188	-
Government transfers for capital (Schedule 4)	22,821,000	8,762,005	2,606,235
EXCESS OF REVENUES OVER EXPENSES	23,467,605	13,276,120	5,918,111
ACCUMULATED SURPLUS, BEGINNING OF YEAR	257,930,436	257,930,436	252,012,325
ACCUMULATED SURPLUS, END OF YEAR	\$ 281,398,041	\$ 271,206,556	\$ 257,930,436

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, 2018

	Budget (See Note 23)	2018	2017
EXCESS OF REVENUES OVER EXPENSES	\$ 23,467,605	\$ 13,276,120	\$ 5,918,111
Acquisition of tangible capital assets	(34,287,500)	(15,574,134)	(9,168,546)
Contributed tangible capital assets	-	(135,188)	-
Proceeds on disposal of tangible capital assets	303,500	315,600	763,119
Amortization of tangible capital assets	9,141,032	9,141,032	8,626,237
Loss (gain) on disposal of tangible capital assets	-	123,357	(37,912)
	(24,842,968)	(6,129,333)	182,898
Acquisition of prepaid assets	-	(86,181)	(63,553)
Use of supplies inventories	-	58,897	39,607
	-	(27,284)	(23,946)
INCREASE IN NET FINANCIAL ASSETS	(1,375,363)	7,119,503	6,077,063
NET FINANCIAL ASSETS, BEGINNING OF YEAR	38,587,187	38,587,187	32,510,124
NET FINANCIAL ASSETS, END OF YEAR	\$ 37,211,824	\$ 45,706,690	\$ 38,587,187

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, 2018

	2018	2017
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ 13,276,120	\$ 5,918,111
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	9,141,032	8,626,237
Loss (gain) on disposal of capital assets	123,357	(37,912)
Contributed tangible capital assets	(135,188)	-
	22,405,321	14,506,436
Non-cash contributions (charges) to operations - net change:		
Decrease in taxes and grants in place of taxes receivable	273,629	280,066
Decrease in trade and other receivables	245,880	132,475
Decrease in inventory for consumption	58,897	39,607
Increase in land for resale inventory	(14,524)	(5,284)
Increase in prepaid expenses	(86,181)	(63,553)
Decrease in temporary loans payable	(135,189)	(132,766)
Increase (decrease) in accounts payable and accrued liabilities	1,855,777	171,342
Increase (decrease) in deposit liabilities	546,960	119,015
Increase (decrease) in deferred revenue	(1,622,956)	2,581,151
Increase (decrease) in employee benefit obligations	9	(47,029)
Increase in provision for landfill closure and post-closure costs	58,127	29,990
Increase (decrease) in contaminated sites liability	(250,000)	250,000
Cash provided by operating transactions	23,335,750	17,861,450
CAPITAL		
Proceeds from disposal of tangible capital assets	315,600	763,119
Acquisition of tangible capital assets	(15,574,134)	(9,168,546)
Cash applied to capital transactions	(15,258,534)	(8,405,427)
FINANCING		
Long-term debt issued	175,166	373,533
Long-term debt repaid	(1,911,163)	(1,850,401)
Cash provided by (applied to) financing transactions	(1,735,997)	(1,476,868)
INCREASE IN CASH AND TEMPORARY INVESTMENTS DURING YEAR	6,341,219	7,979,155
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	76,269,557	68,290,402
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 82,610,776	\$ 76,269,557

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, 2018

	Unrestricted surplus	Restricted surplus	Equity in Tangible Capital Assets	2018	2017
BALANCE, BEGINNING OF THE YEAR	\$ 5,458,829	\$ 46,893,317	\$ 205,578,290	\$ 257,930,436	\$ 252,012,325
Excess (shortfall) of revenues over expenses for the year	13,276,120	-	-	13,276,120	5,918,111
Unrestricted funds designated for future use	(11,235,380)	11,235,380	-	-	-
Restricted funds used for operations	484,479	(484,479)	-	-	-
Restricted funds used for tangible capital assets	-	(5,244,760)	5,244,760	-	-
Current year funds used for tangible capital assets	(10,329,374)	-	10,329,374	-	-
Contributed tangible capital assets	(135,188)	-	135,188	-	-
Disposal of tangible capital assets (at net book value)	438,957	-	(438,957)	-	-
Annual amortization expense	9,141,032	-	(9,141,032)	-	-
Long term debt repaid	(1,369,475)	-	1,369,475	-	-
Change in accumulated surplus	271,171	5,506,141	7,498,808	13,276,120	5,918,111
BALANCE, END OF THE YEAR	\$ 5,730,000	\$ 52,399,458	\$ 213,077,098	\$ 271,206,556	\$ 257,930,436

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, 2018

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2018	2017
COST:									
BALANCE, BEGINNING OF YEAR	\$ 7,113,386	\$ 11,277,306	\$ 76,327,715	\$ 229,902,623	\$ 10,402,904	\$ 6,383,390	\$ 5,312,504	\$ 346,719,828	\$ 340,012,255
Acquisition of tangible capital assets	-	626,508	46,670	9,428,235	716,267	618,941	4,272,701	15,709,322	9,168,546
Disposal of tangible capital assets	(105,011)	(146,014)	(350,000)	(820,580)	(450,978)	(281,338)	-	(2,153,921)	(2,460,973)
BALANCE, END 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
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR	-	6,290,824	18,600,583	97,582,261	3,739,601	2,863,244	-	129,076,513	122,186,042
Annual amortization	-	734,195	1,742,741	5,146,004	1,042,965	475,127	-	9,141,032	8,626,237
Accumulated amortization on disposals	-	(146,014)	(266,000)	(727,079)	(384,158)	(191,713)	-	(1,714,964)	(1,735,766)
BALANCE, END OF YEAR	-	6,879,005	20,077,324	102,001,186	4,398,408	3,146,658	-	136,502,581	129,076,513
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, December 31, 2018									
	7,008,375	4,878,795	55,947,061	136,509,092	6,269,785	3,574,335	9,585,205	223,772,648	
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, December 31, 2017									
	\$ 7,113,386	\$ 4,986,482	\$ 57,727,132	\$ 132,320,362	\$ 6,663,303	\$ 3,520,146	\$ 5,312,504		\$ 217,643,315

Included in buildings are leased equipment affixed to the building of \$381,854 with accumulated amortization of \$63,642 (2017 – \$38,185). 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, 2018

	Budget (See Note 23)	2018	2017
TAXATION			
Real property taxes	\$ 33,219,100	\$ 32,734,895	\$ 31,538,537
Linear property taxes	-	442,737	412,393
Business taxes	84,000	81,701	79,884
Government grants in lieu of property taxes	-	89,888	85,410
Special assessments and local improvement taxes	-	310,428	152,731
	33,303,100	33,659,649	32,268,955
REQUISITIONS			
Alberta School Foundation Fund	6,982,375	6,982,375	6,535,962
Elk Island CSRD No. 41	1,040,375	1,040,375	959,728
Other Requisitions	30,792	31,194	-
	8,053,542	8,053,944	7,495,690
NET MUNICIPAL TAXES	\$ 25,249,558	\$ 25,605,705	\$ 24,773,265

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

City of Camrose

Schedule of Government Transfers

For the year ended December 31, 2018

	Budget (See Note 23)	2018	2017
TRANSFERS FOR OPERATING			
Provincial and federal grants	\$ 845,100	\$ 1,220,220	\$ 1,071,937
Local government transfers	545,700	575,955	516,336
	1,390,800	1,796,175	1,588,273
TRANSFERS FOR CAPITAL			
Provincial and federal government	22,821,000	8,762,005	2,606,235
TOTAL GOVERNMENT TRANSFERS	\$ 24,211,800	\$ 10,558,180	\$ 4,194,508

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, 2018

	Budget (See Note 23)	2018	2017
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 21,892,430	\$ 21,255,659	\$ 20,509,682
Contracted and general services	7,508,018	6,120,232	6,668,022
Materials, goods and utilities	7,685,558	7,559,258	7,414,800
Provisions for allowances	60,000	(135,845)	357,311
Transfers to other governments	136,349	129,602	133,527
Transfers to local boards and agencies	1,256,604	1,670,184	1,428,223
Transfers to individuals and organizations	376,023	393,016	338,493
Bank charges and short-term interest	75,230	70,788	69,634
Interest on long-term debt	701,227	714,280	785,976
Amortization of tangible capital assets	9,141,032	9,141,032	8,626,237
Loss (gain) on disposal of tangible capital assets	-	123,357	(37,912)
Other expenses	100,000	99,424	102,503
	\$ 48,932,471	\$ 47,140,987	\$ 46,396,496

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

City of Camrose
Schedule of Segmented Disclosure
For the year ended December 31, 2018

	Legislative	Administration	Protective Services	Roads, Streets, Walks & Lighting	Water, Wastewater & Waste Management	Public Health & Welfare	Planning and Development	Recreation & Culture	Total
REVENUES									
Net municipal taxes	\$ -	\$ 25,605,705	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$25,605,705
User fees and sales of goods	-	56,349	697,335	232,742	13,293,447	162,874	525,820	913,509	15,882,076
Government transfers	-	131,512	796,323	3,498,538	(26,780)	-	229,229	5,929,358	10,558,180
Sales to other governments	-	-	116,385	69,008	-	-	-	-	185,393
Penalties and costs of taxes	-	270,679	-	-	34,005	-	-	-	304,684
Licences and permits	-	-	466,990	-	-	-	262,228	-	729,218
Fines	-	-	838,966	-	-	-	-	-	838,966
Franchise and concession contracts	-	2,696,601	-	-	-	-	-	-	2,696,601
Investment income	-	1,377,413	-	-	63,083	-	-	-	1,440,496
Rentals	-	-	-	35,356	68,897	-	67,790	1,599,998	1,772,041
Contributed tangible capital assets	-	135,188	-	-	-	-	-	-	135,188
Other revenues	(3)	21,389	36,614	35,135	-	-	-	175,424	268,559
	(3)	30,294,836	2,952,613	3,870,779	13,432,652	162,874	1,085,067	8,618,289	60,417,107
EXPENSES									
Salaries, wages and benefits	256,358	3,084,415	7,359,562	2,577,589	2,432,527	125,316	734,328	4,685,564	21,255,659
Contracted and general services	84,887	1,431,250	631,079	548,320	2,265,479	766	572,851	585,600	6,120,232
Materials, goods and utilities	9,291	323,102	768,896	2,295,003	2,164,361	20,318	41,783	1,936,504	7,559,258
Transfers to other governments	-	-	14,253	-	-	115,349	-	-	129,602
Transfers to local boards and agencies	-	-	-	319,507	-	-	249,289	1,101,388	1,670,184
Transfers to individuals and organizations	-	-	-	-	248,923	15	48,000	96,078	393,016
Interest on long-term debt	-	2	50,838	157,869	83,369	-	-	422,202	714,280
Loss (gain) on disposal of tangible capital assets	-	39,298	(877)	57,039	25,688	-	-	2,209	123,357
Other expenses	-	(122,770)	6,112	46,462	84,601	-	(1,406)	21,368	34,367
	350,536	4,755,297	8,829,863	6,001,789	7,304,948	261,764	1,644,845	8,850,913	37,999,955
NET REVENUES (EXPENSES) BEFORE AMORTIZATION	(350,539)	25,539,539	(5,877,250)	(2,131,010)	6,127,704	(98,890)	(559,778)	(232,624)	22,417,152
Amortization of tangible capital assets	-	603,108	528,322	3,995,378	2,324,641	31,556	22,749	1,635,278	9,141,032
NET REVENUES (EXPENSES)	\$ (350,539)	\$ 24,936,431	\$ (6,405,572)	\$ (6,126,388)	\$ 3,803,063	\$ (130,446)	\$ (582,527)	\$ (1,867,902)	\$13,276,120

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, 2018

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 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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of 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.

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

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, as well as 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, 2018

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, 2018

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 \$9,585,205 (2017 - \$5,312,504) and will be amortized when the assets are put into service.

(l) Recently Adopted Accounting Pronouncements

Effective January 1, 2018, the City adopted the following accounting standards concurrently as required by the Public Sector Accounting Standards Board.

PS 2200 - Related Party Disclosures: This section provides guidance on the definition of a related party and establishes the disclosure requirements for transactions between related parties. The City adopted PS 2200 prospectively and there were no impacts on the financial statement amounts or disclosures.

PS 3210 - Assets: This section provides guidance on the various components related to the definition of an asset and establishes the related disclosure requirements. The City adopted PS 3210 prospectively and there were no impacts on the financial statement amounts or disclosures.

PS 3320 - Contingent Assets: This section provides a general application standard providing guidance on the definition and disclosures standards related to contingent assets. It is noted that specific types of contingent assets are excluded from this standard. The City adopted the PS 3320 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, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PS 3380 - Contractual Rights: This section provides guidance on the disclosure of contractual rights, including their nature, extent and timing. The City adopted PS 3380 prospectively and there were no impacts on the financial statement amounts or disclosures.

PS 3420 - Inter-Entity Transactions: This section provides guidance on the recognition, measurement and presentation of transactions between entities controlled by a government within the government reporting entity from the perspective of both parties. The City adopted PS 3420 prospectively and there were no impacts on the financial statement amounts or disclosures.

(m) Future Accounting Pronouncements

The following summarizes upcoming changes to public sector accounting standards issued by the Public Sector Accounting Standards Board. In 2019, 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 effective January 1, 2018, the City adopted the following accounting standards concurrently 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. This section is effective for fiscal years beginning on or after April 1, 2018.

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, 2019.

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, 2019.

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, 2019.

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, 2019.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

2. CASH AND TEMPORARY INVESTMENTS

	2018	2017
Cash	\$ 2,071,991	\$ 1,501,250
Temporary investments	80,538,785	74,768,307
	<u>\$ 82,610,776</u>	<u>\$ 76,269,557</u>

Temporary investments are deposits with original maturities of twelve months or less and in some instances are redeemable with 30, 60 or 90 day notice periods. The fixed term temporary investments are redeemable in advance of maturity subject to loss of accrued interest. The temporary investments mature from January 30, 2019 through August 1, 2019 with interest rates ranging from 2.50% to 2.60%.

Included in temporary investments is a restricted amount of \$11,203,273 (2017 - \$13,177,702) received from various grant programs and held exclusively for approved projects.

3. RECEIVABLES

	2018	2017
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	\$ 579,665	\$ 640,199
Arrears	529,414	612,041
Less: Allowance for doubtful accounts	(413,420)	(414,617)
Total current taxes and grants in place of taxes	695,659	837,623
Long term taxes and grants in place of taxes - local improvement levies	2,000,813	2,132,478
Total taxes and grants in place of taxes	<u>\$ 2,696,472</u>	<u>\$ 2,970,101</u>
Trade and other		
Due from government	\$ 351,712	\$ 220,255
Trade accounts	2,574,746	3,096,925
Allowance for doubtful accounts	(240,087)	(384,929)
Total trade and other receivables	<u>\$ 2,686,371</u>	<u>\$ 2,932,251</u>

4. TEMPORARY LOANS PAYABLE

Jeanne & Peter Loughheed 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 remaining line of credit balance of \$84,484 will be repaid with scheduled principal and interest payments and will be paid in full during 2019.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

5. DEFERRED REVENUE

	2018	2017
Prepaid property taxes	\$ 103,408	\$ 110,939
Developer contributions and offsite levies	8,741,745	8,476,873
Conditional grants	11,203,273	13,177,702
Other deferred revenue	498,750	404,618
	<u>\$ 20,547,176</u>	<u>\$ 22,170,132</u>

6. EMPLOYEE BENEFIT OBLIGATIONS

	2018	2017
Vacation accrual	\$ 1,079,278	\$ 1,019,156
Sick leave	3,180,583	3,240,696
	<u>\$ 4,259,861</u>	<u>\$ 4,259,852</u>

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:

- 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.
- 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, 2017 and December 31, 2018. Significant assumptions used in the valuation are highlighted in Note 7.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

7. BENEFIT OBLIGATIONS - SICK LEAVE

Change in Benefit Obligation	2018	2017
Benefit obligation, beginning of year	\$ 3,240,696	\$ 3,373,132
Expected service cost	280,600	307,693
Interest cost	93,347	78,199
Actuarial loss (gain)	(153,097)	(221,270)
Expected benefits paid	(280,963)	(297,058)
Benefit obligation, end of year	\$ 3,180,583	\$ 3,240,696
Change in Plan Assets	2018	2017
Fair value of plan assets, beginning of year	\$ -	\$ -
City contribution	303,254	222,795
Actual benefits paid	(303,254)	(222,795)
Fair value of plan assets, end of year	\$ -	\$ -
Significant Assumptions	2018	2017
Discount rate per annum, beginning of year	2.88%	2.32%
Discount rate per annum, end of year	3.02%	2.88%
Rate of compensation increases per annum	3.75%	3.75%
Estimated Average Remaining Services Life (EARS�) in years	16.17	16.28
Net Periodic Benefit Cost	2018	2017
Service Cost	\$ 280,600	\$ 307,693
Interest Cost	93,347	78,199
Recognized net actuarial gain	(30,471)	(16,881)
Net periodic benefit cost	\$ 343,476	\$ 369,011

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

8. 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. In 2018, the City reviewed and updated its closure and post-closure estimates through a review of the external engineering consulting firm report provided in 2016 and assumptions made in 2017.

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 1.40 (2017 – 1.43) million cubic metres. The existing landfill site is expected to reach capacity in approximately the year 2048.

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

	2018	2017
Estimated closure costs	\$ 1,160,077	\$ 1,126,288
Estimated post-closure costs	1,279,303	1,241,801
Estimated total liability	2,439,380	2,368,089
Estimated capacity remaining	46.7 %	47.6 %
Portion of total liability remaining to be recognized	1,139,190	1,126,026
Estimated capacity used	53.3 %	52.4 %
Estimated liability portion	\$ 1,300,190	\$ 1,242,063

9. 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 2017, the City recorded a \$250,000 contaminated site liability for a City owned vacant downtown lot. Remediation efforts were completed in 2018. No contaminated site liability is required as of December 31, 2018.

10. LONG-TERM DEBT

	2018	2017
Supported by general tax levies	\$ 13,136,338	\$ 14,390,422
Supported by special levies	1,871,075	2,009,460
Supported by utility rates	2,021,378	2,364,906
	\$ 17,028,791	\$ 18,764,788

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

10. LONG-TERM DEBT (CONTINUED)

The current portion of the long-term debt amounts to \$1,947,142 (2017 - \$1,903,527).

Of the \$17,028,791 total long-term debt, \$10,695,550 is secured against equity in tangible capital assets, with the remaining \$6,333,241 unsecured. The unsecured debt includes \$4,462,166 of debentures taken out for the Jeanne & Peter Lougheed Performing Arts Centre and \$1,871,075 associated with local improvements receivable.

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2019	\$ 1,947,142	\$ 649,546	\$ 2,596,688
2020	1,929,030	572,181	2,501,211
2021	1,958,121	494,889	2,453,010
2022	1,757,956	417,534	2,175,490
2023	1,563,033	341,173	1,904,206
Thereafter	7,873,509	988,277	8,861,786
	\$ 17,028,791	\$ 3,463,600	\$ 20,492,391

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 2019 through 2037. The average annual interest rate is 3.51% for 2018 (3.59% for 2017). Debenture debt is issued on the credit and security of the City of Camrose at large.

Interest on long-term debt amounted to \$714,280 (2017 - \$785,976). The City's total cash payments for interest in 2018 were \$723,844 (2017 - \$793,526).

Included in the above debt amounts is a capital lease obligation of \$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.

11. 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:

	2018	2017
Total debt limit	\$ 77,279,871	\$ 74,562,558
Total debt	(17,028,791)	(18,764,788)
Amount of debt limit unused	60,251,080	55,797,770
Debt servicing limit	12,879,978	12,427,093
Debt servicing	(2,596,688)	(2,624,885)
Amount of debt servicing limit unused	\$ 10,283,290	\$ 9,802,208

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

11. DEBT LIMITS (CONTINUED)

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.

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018	2017
Tangible capital assets (Schedule 2)	\$ 360,275,229	\$ 346,719,828
Accumulated amortization (Schedule 2)	(136,502,581)	(129,076,513)
Long-term debt (Note 10)	(17,028,791)	(18,764,788)
Long-term debt not secured against tangible capital assets	6,333,241	6,699,763
	<u>\$ 213,077,098</u>	<u>\$ 205,578,290</u>

13. ACCUMULATED SURPLUS

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

	2018	2017
Unrestricted surplus	\$ 5,730,000	\$ 5,458,829
Restricted surplus:		
General administration	15,682,121	14,961,855
Protective services	880,376	924,778
Roads, streets, walks and lighting	4,834,077	3,724,774
Water, sewer, and waste management	30,487,081	26,770,332
Recreation and culture	406,367	406,596
Public health and welfare	109,436	104,982
Total restricted surplus	<u>52,399,458</u>	<u>46,893,317</u>
Equity in tangible capital assets	<u>213,077,098</u>	<u>205,578,290</u>
	<u>\$ 271,206,556</u>	<u>\$ 257,930,436</u>

14. 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, 2018

15. 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:

	2018			2017
	Salary	Benefits & Allowances	Total	Total
Mayor - Mayer	\$ 62,560	\$ 921	\$ 63,481	\$ 63,161
Councillors:				
M. Lindstrand	20,630	3,867	24,497	23,648
G. Wood	20,630	4,444	25,074	23,660
W. Thronson	20,630	1,428	22,058	20,812
A. Hoveland	20,630	3,347	23,977	23,107
C. Johnson	20,630	3,913	24,543	-
K. Hycha	20,630	4,444	25,074	23,660
PJ Stasko	20,630	4,380	25,010	23,660
D. Ofrim	20,630	3,913	24,543	23,671
B. Sears	-	-	-	16,780
City Manager	\$ 225,398	\$ 36,751	\$ 262,149	\$ 255,735

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.

16. 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 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount.

Employees of the City are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the City to the plan in 2018 were \$1,213,003 (2017 - \$1,269,480). The current

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

16. LOCAL AUTHORITIES PENSION PLAN (CONTINUED)

service contributions by the employees of the City to the plan in 2018 were \$1,106,172 (2017 - \$1,167,683).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4,835,515,000.

17. 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 2018 were \$424,096 (2017 - \$408,029). Total current service contributions by employees to the plan in 2018 were \$392,034 (2017 - \$377,182).

At December 31, 2017, the plan disclosed an actuarial surplus of \$71,143,000.

18. 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 \$147,222 in 2018 (\$145,722 in 2017).

Total current service contributions by the City to APEX in 2018 were \$18,618 (2017 - \$18,746). Total current service contributions by the employees of the City in 2018 were \$13,988 (2017 - \$14,084).

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, 2017, the plan disclosed an actuarial deficiency of \$2,370,293.

City of Camrose

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

19. CONTRIBUTED ASSET

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. No contributed assets were received in 2017.

20. COMMITMENTS

Camrose Aquatics Center - The renovation and expansion of the Aquatic Center was initially approved for \$17.2M in May of 2018. Construction activities began in September of 2018.

In November of 2018 the approved amount of the project was increased by \$0.5 million to inspect, test and remediate structural issues identified during the renovation. The total approved funding as of December 31, 2018 was \$17.7 million.

In March 2019, an additional \$6.3 million was approved to address the structural issues identified. The total approved funding is currently \$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 Center asset construction costs to date of \$5.8 million.

As at December 31, 2018, the City had no other significant commitments to report.

21. CONTINGENCIES

As at December 31, 2018 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.

22. 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, 2018

23. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2018 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 2018 actual amortization expense. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

REVENUES

Operating budget	\$ 53,188,303
Capital budget	34,287,500

Less:

Transfers from other funds:	
Operating	(4,154,227)
Capital	(10,328,000)
Proceeds on sale of tangible capital assets	(303,500)
Proceeds on debt issue	(290,000)

72,400,076

EXPENSES

Operating budget	53,188,303
Capital budget	34,287,500

Less:

Transfers to other funds/internal transactions	(11,818,444)
Capital expenditures	(34,287,500)
Debt principal payments	(1,578,420)
Amortization	9,141,032

48,932,471

EXCESS OF REVENUES OVER EXPENSES

\$ 23,467,605

24. Comparative Figures

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