

**TOWN OF BONNYVILLE**  
**Consolidated Financial Statements**  
**Year Ended December 31, 2013**



**Wilde and Company**

*Chartered Accountants*

P.O. BOX 70  
4902 - 50 STREET  
VEGREVILLE, AB T9C 1R1

TELEPHONE (780) 632-3673  
TOLL FREE 1-800-808-0998  
FAX (780) 632-6133  
E-MAIL [office@wildeandco.com](mailto:office@wildeandco.com)

## **INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Council of Town of Bonnyville

We have audited the accompanying consolidated financial statements of Town of Bonnyville, which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Town of Bonnyville as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Vegreville, AB  
April 22, 2014

*Wilde & Company*  
Chartered Accountants

**TOWN OF BONNYVILLE**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2013**

	2013	2012
		(Restated)
<b>Financial Assets</b>		
Cash (Note 4)	\$ 7,039,849	\$ 5,051,540
Receivables		
Taxes and grants in place of taxes receivable (Note 5)	542,793	474,323
Due from governments	1,200,709	1,082,900
Trade and other receivables	1,914,550	1,804,001
Local improvement receivable (Note 6)	11,607,962	4,123,106
Investments (Note 7)	537,139	409,361
	<b>22,843,002</b>	<b>12,945,231</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,571,299	3,219,815
Deposit liabilities	517,150	494,868
Trust liabilities	59,522	59,522
Deferred revenue (Note 8)	1,237,990	1,504,265
Long term debt (Note 10)	15,927,262	13,209,926
	<b>20,313,223</b>	<b>18,488,396</b>
<b>Net Financial Assets (Debt)</b>	<b>2,529,779</b>	<b>(5,543,165)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Schedule 2)	99,191,086	83,844,700
Inventory	328,825	233,682
Prepaid expenses	5,471	8,477
	<b>99,525,382</b>	<b>84,086,859</b>
<b>Accumulated Surplus (Note 13)</b>	<b>\$ 102,055,161</b>	<b>\$ 78,543,694</b>
Contingencies (Note 18)		

**TOWN OF BONNYVILLE**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2013**

	<b>Budget (Unaudited)</b>	<b>2013</b>	<b>2012 (Restated)</b>
<b>Revenues</b>			
Net municipal taxes (Schedule 3)	\$ 6,468,121	\$ 6,499,280	\$ 6,113,110
Local improvements	-	8,148,481	3,793,754
Recreation local improvement	927,332	252,533	262,133
User fees and sales of goods	5,053,626	6,912,324	5,114,876
Government transfers for operating (Schedule 4)	1,933,967	2,098,555	2,269,715
Investment income	40,000	112,843	82,487
Penalties and costs on taxes	219,000	191,774	129,809
Gain (loss) on disposal of tangible capital assets	-	91,575	15,583
Other	1,643,806	2,412,272	1,575,313
	16,285,852	26,719,637	19,356,780
<b>Expenses</b>			
Administration and legislative	2,004,164	1,550,838	1,507,795
Protective services	2,096,692	1,955,407	1,821,649
Bylaw enforcement	7,350	7,843	4,397
Roads, streets, walks, lighting	3,293,995	3,274,985	3,305,800
Airport services	134,214	159,250	140,628
Water supply and distribution	1,997,776	2,035,594	1,935,187
Wastewater treatment and disposal	1,189,588	1,220,330	1,084,584
Waste management	960,018	1,425,908	966,903
Family and community support	916,093	923,837	882,436
Land use planning, zoning and development	384,140	367,101	372,158
Parks and recreation	3,069,969	2,859,445	2,821,232
Culture	446,820	440,636	412,219
	16,500,819	16,221,174	15,254,988
<b>Excess of revenue over expenses - before other</b>	(214,967)	10,498,463	4,101,792
<b>Other</b>			
Government transfers for capital (Schedule 4)	2,452,744	4,104,897	3,952,119
Donations and funding for capital	4,255,448	2,092,273	525,071
Contribution of capital received	-	6,815,834	-
<b>Excess of revenues over expenses</b>	6,493,225	23,511,467	8,578,982
<b>Accumulated surplus - beginning of the year</b>	78,543,694	78,543,694	69,964,712
<b>Accumulated surplus - end of the year</b>	\$ 85,036,919	\$ 102,055,161	\$ 78,543,694



**TOWN OF BONNYVILLE**  
**Consolidated Statement of Change in Net Financial Assets (Debt)**  
**Year Ended December 31, 2013**

	<b>Budget (Unaudited)</b>	<b>2013</b>	<b>2012 (Restated)</b>
<b>Excess of revenues over expenses</b>	<b>\$ 6,493,225</b>	<b>\$ 23,511,467</b>	<b>\$ 8,578,982</b>
Acquisition of tangible capital assets	(10,233,271)	(11,439,843)	(8,943,754)
Contributed tangible capital assets	-	(6,815,834)	-
Proceeds on disposal of tangible capital assets	-	127,372	90,049
Amortization of tangible capital assets	-	2,873,494	2,545,359
Loss on sale of tangible capital assets	-	(91,575)	(15,583)
	(10,233,271)	(15,346,386)	(6,323,929)
Acquisition of supplies inventories	-	(95,143)	(17,315)
Use of prepaid assets	-	3,006	9,021
	-	(92,137)	(8,294)
<b>Increase in net debt</b>	<b>(3,740,046)</b>	<b>8,072,944</b>	<b>2,246,759</b>
<b>Net Financial assets (debt), beginning of year</b>	<b>(5,543,165)</b>	<b>(5,543,165)</b>	<b>(7,789,924)</b>
<b>Net Financial assets (debt), end of year</b>	<b>\$ (9,283,211)</b>	<b>\$ 2,529,779</b>	<b>\$ (5,543,165)</b>

**TOWN OF BONNYVILLE**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2013**

	2013	2012
		(Restated)
<b>Operating</b>		
Excess of revenue over expenses	\$ 23,511,467	\$ 8,578,982
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	2,873,494	2,545,359
Loss on disposal of tangible capital assets	(91,575)	(15,583)
Net changes in non-cash charges to operation		
Increase in taxes and grants in lieu receivable	(68,470)	(197,529)
Increase in government receivables	(117,809)	(239,303)
Increase in trade and other receivables	(110,549)	(833,231)
Increase in local improvements receivable	(7,484,856)	(3,476,595)
Increase in inventory	(95,143)	(17,315)
Decrease in prepaid expenses	3,006	9,021
(Increase) decrease in accounts payable and accrued liabilities	(648,516)	734,848
Increase in deposit liabilities	22,282	358
Decrease in deferred revenues	(266,275)	(234,930)
<i>Cash provided by operating transactions</i>	<b>17,527,056</b>	<b>6,854,082</b>
<b>Capital</b>		
Acquisition of tangible capital assets	(11,439,843)	(8,943,754)
Contributed tangible capital assets	(6,815,834)	-
Proceeds from sale of tangible capital assets	127,372	90,049
<i>Cash applied to capital transactions</i>	<b>(18,128,305)</b>	<b>(8,853,705)</b>
<b>Investing</b>		
Decrease in restricted cash or cash equivalents	266,190	227,384
Increase in investments	(127,778)	(33,668)
<i>Cash provided by investing transactions</i>	<b>138,412</b>	<b>193,716</b>
<b>Financing</b>		
Long term debt issued	3,460,000	3,725,000
Long term debt repaid	(742,664)	(611,241)
<i>Cash provided by financing transactions</i>	<b>2,717,336</b>	<b>3,113,759</b>
<b>Change in cash and cash equivalents during the year</b>	<b>2,254,499</b>	<b>1,307,852</b>
Cash and cash equivalents, beginning of year	3,502,675	2,194,823
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,757,174</b>	<b>\$ 3,502,675</b>
Cash and cash equivalents is made up of:		
Cash (Note 4)	\$ 7,039,849	\$ 5,051,540
Less: restricted portion of cash (Note 4)	(1,282,675)	(1,548,865)
	<b>\$ 5,757,174</b>	<b>\$ 3,502,675</b>

**TOWN OF BONNYVILLE**  
**Schedule of Changes in Accumulated Surplus**  
**Year Ended December 31, 2013**  
**Schedule 1**

					2013	2012
	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Capital Assets	\$	\$
						(Restated)
Balance, beginning of year as previously stated	(2,651,782)	1,332,803	5,104,794	70,634,774	<b>74,420,589</b>	69,318,202
Change in accounting policy (Note 21)	4,123,105				<b>4,123,105</b>	646,510
Balance, beginning of year	1,471,323	1,332,803	5,104,794	70,634,774	<b>78,543,694</b>	69,964,712
Excess of revenues over expenses	23,511,467	-	-	-	<b>23,511,467</b>	8,578,982
Unrestricted funds designated for future use	(12,353,740)	12,224,472	129,268	-	-	-
Capital debt repayment	(742,664)	-	-	742,664	-	-
Current year funds used for tangible capital assets	(11,439,843)	-	-	11,439,843	-	-
Contributed tangible capital assets	(6,815,834)	-	-	6,815,834	-	-
Capital debt issued	3,460,000	-	-	(3,460,000)	-	-
Disposal of tangible capital assets	35,797	-	-	(35,797)	-	-
Annual amortization expense	2,873,494	-	-	(2,873,494)	-	-
	(1,471,323)	12,224,472	129,268	12,629,050	<b>23,511,467</b>	8,578,982
Balance, end of year	-	13,557,275	5,234,062	83,263,824	<b>102,055,161</b>	78,543,694

**TOWN OF BONNYVILLE**  
**Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2013**  
**Schedule 2**

							2013	2012
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	\$	\$
<b>Cost:</b>								
Balance, beginning of year	7,245,775	4,635,959	33,366,726	84,750,909	3,879,828	2,605,740	136,484,937	127,887,889
Acquisition of tangible capital assets	-	9,745	17,068	9,684,062	1,665,629	63,339	11,439,843	8,943,754
Contributed tangible capital assets	-	-	-	6,815,834	-	-	6,815,834	-
Disposal of tangible capital assets	-	-	-	-	(112,502)	-	(112,502)	(346,706)
Balance, end of year	7,245,775	4,645,704	33,383,794	101,250,805	5,432,955	2,669,079	154,628,112	136,484,937
<b>Accumulated amortization:</b>								
Balance, beginning of year	-	1,902,412	8,972,353	39,036,182	1,451,748	1,277,542	52,640,237	50,367,118
Annual amortization	-	189,835	678,492	1,589,412	264,542	151,213	2,873,494	2,545,359
Accumulated amortization on disposals	-	-	-	-	(76,705)	-	(76,705)	(272,240)
Balance, end of year	-	2,092,247	9,650,845	40,625,594	1,639,585	1,428,755	55,437,026	52,640,237
<b>Net Book Value of tangible capital assets</b>	<b>7,245,775</b>	<b>2,553,457</b>	<b>23,732,949</b>	<b>60,625,211</b>	<b>3,793,370</b>	<b>1,240,324</b>	<b>99,191,086</b>	<b>83,844,700</b>
2012 Net Book Value of tangible capital assets	7,245,775	2,733,547	24,394,373	45,714,727	2,428,080	1,328,198		83,844,700

**TOWN OF BONNYVILLE**  
**Schedule of Property and Other Taxes**  
**Year Ended December 31, 2013**  
**Schedule 3**

	<b>Budget</b> <b>(Unaudited)</b>	<b>2013</b>	<b>2012</b>
<b>Taxation</b>			
Real property taxes	\$ 9,200,702	\$ 9,212,715	\$ 8,482,445
Government grants in place of property taxes	36,674	41,105	35,631
	9,237,376	9,253,820	8,518,076
<b>Requisitions</b>			
Alberta School Foundation Fund	2,718,724	2,704,221	2,354,708
Lakeland Seniors Foundation	50,531	50,319	50,258
	2,769,255	2,754,540	2,404,966
<b>Net Municipal Taxes</b>	<b>\$ 6,468,121</b>	<b>\$ 6,499,280</b>	<b>\$ 6,113,110</b>

**TOWN OF BONNYVILLE**  
**Schedule of Government Transfers**  
**Year Ended December 31, 2013**  
**Schedule 4**

	<b>Budget</b> <b>(Unaudited)</b>	<b>2013</b>	<b>2012</b>
<b>Transfers for operating</b>			
Federal Government	\$ -	\$ -	\$ -
Provincial Government	1,187,938	1,091,309	1,201,356
Other Local Governments	746,029	1,007,246	1,068,359
	1,933,967	2,098,555	2,269,715
<b>Transfers for Capital</b>			
Federal Government	2,452,744	-	-
Provincial Government	-	3,529,633	3,717,625
Other Local Governments	-	575,264	234,494
	2,452,744	4,104,897	3,952,119
<b>Total Government Transfers</b>	\$ 4,386,711	\$ 6,203,452	\$ 6,221,834



**TOWN OF BONNYVILLE**  
**Schedule of Consolidated Expenses by Object**  
**Year Ended December 31, 2013**  
**Schedule 5**

	<b>Budget (Unaudited)</b>	<b>2013</b>	<b>2012</b>
<b>Consolidated Expenses by Object</b>			
Salaries, wages and benefits	\$ 5,287,958	\$ 4,680,038	\$ 4,587,973
Contracted and general services	4,208,695	4,280,703	4,190,246
Materials, goods, supplies and utilities	2,475,659	2,528,733	2,233,846
Transfers to local boards and agencies	-	-	64,000
Transfers to individuals and organizations	1,379,918	1,363,784	1,253,469
Bank charges and short term interest	3,000	758	1,513
Provision for allowances	-	1,701	5,112
Amortization of tangible capital assets	2,661,940	2,873,494	2,545,360
Interest on long term debt	483,649	491,963	373,469
	<b>\$ 16,500,819</b>	<b>\$ 16,221,174</b>	<b>\$ 15,254,988</b>

**TOWN OF BONNYVILLE**  
**Schedule of Segmented Disclosure**  
**Year Ended December 31, 2013**  
**Schedule 6**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
<b>Revenue</b>								
Net municipal taxes	6,499,280	-	-	-	-	-	-	6,499,280
Local improvements	8,148,481	-	-	-	-	-	-	8,148,481
Recreation local improvement	-	-	-	-	252,533	-	-	252,533
Government transfers	709,002	371,558	3,562,729	-	773,687	-	786,476	6,203,452
User fees and sales of goods	12,506	59,508	10,339	25,107	194,169	6,522,258	88,437	6,912,324
Investment income	112,843	-	-	-	-	-	-	112,843
Other revenues	1,074,942	329,079	4,549,072	910,491	193,657	4,515,600	30,887	11,603,728
	16,557,054	760,145	8,122,140	935,598	1,414,046	11,037,858	905,800	39,732,641
<b>Expenses</b>								
Contracted and general services	511,164	1,318,809	430,285	144,675	171,360	1,545,636	158,774	4,280,703
Salaries, wages and benefits	940,198	180,976	841,062	196,924	832,106	1,072,931	615,841	4,680,038
Materials, goods, supplies and utilities	66,314	77,388	1,016,004	9,912	307,786	958,254	93,075	2,528,733
Transfers to local boards and agencies	13,641	-	-	14,000	1,315,918	-	20,225	1,363,784
Interest on long term debt	-	166,877	201,471	-	68,132	54,132	1,351	491,963
Other expenses	694	-	-	-	1	372	1,392	2,459
	1,532,011	1,744,050	2,488,822	365,511	2,695,303	3,631,325	890,658	13,347,680
<b>Net revenue before amortization</b>	15,025,043	(983,905)	5,633,318	570,087	(1,281,257)	7,406,533	15,142	26,384,961
Amortization of tangible capital assets	18,827	219,200	945,413	1,590	604,778	1,050,507	33,179	2,873,494
<b>Net revenue</b>	15,006,216	(1,203,105)	4,687,905	568,497	(1,886,035)	6,356,026	(18,037)	23,511,467
Net revenue - 2012 (Restated)	9,655,589	(1,082,383)	1,020,290	(12,894)	(2,023,913)	1,025,709	(3,446)	8,578,952

## TOWN OF BONNYVILLE

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

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#### 1. Significant accounting policies

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

##### Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to Council for the administration of their financial affairs and resources. Included with the municipality are the following:

Town of Bonnyville Fire Department

Town of Bonnyville Waterworks System

Town of Bonnyville Library Board

Town of Bonnyville Waste Disposal Enterprise

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.

##### Basis of accounting

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

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

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

Property tax revenue is recognized when the tax is levied.

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## TOWN OF BONNYVILLE

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

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1. Significant accounting policies (*continued*)

Use of estimates

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

Cash and cash equivalents

Cash includes cash and cash equivalents. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

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.

Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt, less actuarial requirements for the retirement of any sinking fund debentures.

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.

Inventories for resale

Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value with cost determined by the average cost method.

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## TOWN OF BONNYVILLE

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

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1. Significant accounting policies (*continued*)

Local improvements

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality. The local improvements are recognized as revenue in the period that the related borrowings are advanced.

Landfill closure and post-closure liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the municipality 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.

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.

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## TOWN OF BONNYVILLE

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

#### 1. Significant accounting policies (*continued*)

##### Non-financial assets

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

##### a) Tangible capital assets

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

	YEARS
Land improvements	15-20
Buildings	25-50
Engineered structures	
Water system	35-65
Wastewater system	35-65
Other engineered structures	15-40
Machinery and equipment	5-20
Vehicles	3-20

Amortization is not charged in the year of acquisition. Full amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

##### b) Contributions of tangible capital assets

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

##### c) 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.

##### d) Inventories

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

##### e) Cultural and historical tangible capital assets

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



## TOWN OF BONNYVILLE

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

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#### 2. Adoption of recent accounting pronouncements

The following new accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA). These sections are effective for fiscal periods beginning on or after April 1, 2012 and have been applied retroactively.

##### Section PS 3410 - Government Transfers

This section establishes standards on how to account for and report government transfers to individuals, organizations, and other governments from both a transferring government and a recipient government perspective. There was no significant effect of adopting this accounting policy on the 2013 financial statements. This standard was adopted as it was issued by the Canadian Institute of Chartered Accountants (CICA).

##### Section PS 3510 - Tax Revenue

This new standard establishes recognition, measurement, presentation, and disclosure standards relating to tax revenue reported in financial statements. The effects of adopting this new standard have been outlined in Note 21 to the financial statements. This standard was adopted as it was issued by the Canadian Institute of Chartered Accountants (CICA).

#### 3. Recent accounting pronouncements published but not yet adopted

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA) but are not yet effective. The municipality is currently evaluating the effect of adopting these standards on their financial statements.

##### Section PS 3260 – Liability for Contaminated Sites

This new section establishes recognition, measurement, and disclosure standards for liabilities relating to contaminated sites of governments and those organizations applying the CICA Public Sector Accounting Handbook. This section is effective for fiscal periods beginning on or after April 1, 2014.

##### Section PS 3450 - Financial Instruments

The new section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. In conjunction with this new section, section PS 1201 and section PS 2601 have been amended as a consequence of the introduction of new financial instruments standards. These amendments were required to present the associated gains and losses with financial instruments recognized under the new section. The new section and the related amendments are effective for fiscal periods beginning on or after April 1, 2016.

**TOWN OF BONNYVILLE****Notes to Consolidated Financial Statements****Year Ended December 31, 2013****4. Cash**

	<b>2013</b>	<b>2012</b>
Cash	<b>\$ 7,039,849</b>	<b>\$ 5,051,540</b>

Included in cash is a restricted amount of \$1,223,153 (2012 – \$1,489,343) received from grants which are held exclusively for restrictive purposes - (Note 8). Also included in restricted cash is \$59,522 (2012 - \$59,522) for trust liabilities.

Council has designated funds totaling \$4,707,147 (2012 - \$4,705,657) for capital replacement.

The bank account has an overdraft authorized to \$3,700,000.

**5. Taxes and grants in place of taxes receivable**

	<b>2013</b>	<b>2012</b>
Current taxes and grants in place of taxes	<b>\$ 422,928</b>	<b>\$ 413,824</b>
Arrears taxes	<b>125,608</b>	<b>64,737</b>
	<b>548,536</b>	<b>478,561</b>
Less: allowance for doubtful accounts	<b>(5,743)</b>	<b>(4,238)</b>
	<b>\$ 542,793</b>	<b>\$ 474,323</b>

**6. Local improvement receivable**

	<b>2013</b>	<b>2012</b>
Local improvements	<b>\$ 11,607,962</b>	<b>\$ 4,123,106</b>

Local improvement receivables relate to construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These amounts will be collected from the ratepayers over a period of 20 years.

**7. Investments**

	<b>2013</b>	<b>2012</b>
Term deposits	<b>\$ 526,915</b>	<b>\$ 399,137</b>
Lakeland Credit Union common shares	<b>10,224</b>	<b>10,224</b>
	<b>\$ 537,139</b>	<b>\$ 409,361</b>

Term deposits have effective interest rates of 0.8% to 2.15% (2012 – 0.8% to 2.15%) and maturity dates from January 2014 to December 2017.

Council has designated funds of \$526,915 (2012 - \$399,137) included in investments for capital replacement.

**TOWN OF BONNYVILLE****Notes to Consolidated Financial Statements****Year Ended December 31, 2013****8. Deferred revenue**

	<b>2013</b>	<b>2012</b>
Grants	<b>\$ 1,223,153</b>	<b>\$ 1,489,343</b>
Other revenues	<b>14,837</b>	<b>14,922</b>
	<b>\$ 1,237,990</b>	<b>\$ 1,504,265</b>

Deferred grant revenue consists of funding received from MSI Capital (\$74,263) STIP (\$592,649), BMTG (\$343,718), Tourism grant (\$8,480), FCSS (\$26,474), Seniors Housing (\$30,000), Policing Grant (\$25,000), and Municipal Affairs (\$122,569). The use of these funds is restricted to eligible projects, as approved under the funding agreements. Unexpended funds related to the advance are supported by investments held exclusively for these projects (Note 4).

**9. Landfill closure and post-closure liability**

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

During 2013, the Town made payments totaling \$627,584 (2012 - \$311,937) to the Beaver River Regional Waste Management Commission. Effective April 1, 2009, the municipality is under contract to the Commission to operate the Class III landfill and transfer station site.

The municipality conducts ongoing environmental monitoring, site inspections and maintenance of the Class II landfill site which has already been closed. The Town has not designated assets for settling closure and post-closure liabilities of the new Class III site. The life expectancy of the new site is in excess of 40 years.

	<b>2013</b>	
Estimated closure costs	<b>\$ 508,000</b>	
Estimated post-closure costs	<b>1,040,000</b>	
Estimated total liability	<b>\$ 1,548,000</b>	
<hr/>		
Accrued liability	<b>\$ 92,061</b>	<b>\$ 92,061</b>
<hr/>		
Portion of total liability remaining to be recognized	<b>\$ 1,455,939</b>	<b>\$ 1,455,939</b>

**TOWN OF BONNYVILLE****Notes to Consolidated Financial Statements****Year Ended December 31, 2013****10. Long term debt**

	<b>2013</b>	<b>2012</b>
Tax supported debentures	<b>\$ 15,927,262</b>	<b>\$ 13,209,926</b>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 897,837	\$ 535,279	\$ 1,433,116
2015	892,583	500,911	1,393,494
2016	911,920	469,160	1,381,080
2017	894,689	436,062	1,330,751
2018	864,637	402,142	1,266,779
Thereafter	11,465,596	3,013,972	14,479,568
	<u>\$ 15,927,262</u>	<u>\$ 5,357,526</u>	<u>\$ 21,284,788</u>

The current portion of the long term debt amounts to \$897,837 (2012 - \$776,104).

Debenture debt is repayable to the Alberta Capital Finance Authority, Bonnyville Agricultural Society, and Beau Vista JV Inc. and bears interest at rates ranging from 0% to 10.75% per annum and matures in periods 2014 through 2036. The average annual interest rate is 3.49% for 2013 and 3.49% for 2012. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9% and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Bonnyville at large.

Interest on long term debt amounted to \$491,963 (2012 - \$373,469).

The municipality's total cash payments for interest in 2013 were \$485,645 (2012 - \$345,064).

**TOWN OF BONNYVILLE****Notes to Consolidated Financial Statements****Year Ended December 31, 2013****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 municipality be disclosed as follows:

	2013	2012
Total debt limit	\$ 40,079,456	\$ 29,035,170
Total debt	(15,927,262)	(13,209,926)
Amount of debt limit unused	\$ 24,152,194	\$ 15,825,244
Debt servicing limit	\$ 6,679,909	\$ 4,839,195
Debt servicing	(1,433,116)	(1,231,792)
Amount of debt servicing limit unused	\$ 5,246,793	\$ 3,607,403

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

**12. Equity in tangible capital assets**

	2013	2012
Tangible capital assets (Schedule 2)	\$154,628,112	\$136,484,937
Accumulated amortization (Schedule 2)	(55,437,026)	(52,640,237)
Long term debt (Note 10)	(15,927,262)	(13,209,926)
	\$ 83,263,824	\$ 70,634,774

**13. Accumulated surplus**

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

	2013	2012
Unrestricted surplus (deficit)	\$ -	\$ 1,471,323
Restricted surplus		
Restricted operating surplus	13,557,275	1,332,803
Restricted capital surplus	5,234,062	5,104,794
Equity in tangible capital assets	83,263,824	70,634,774
	\$102,055,161	\$ 78,543,694

## TOWN OF BONNYVILLE

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

#### 14. Segmented disclosure

The municipality provides a range of services to its ratepayers. 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).

#### 15. Salary and benefits disclosure

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

			2013		2012			
	Salary	(1)	Benefits & allowances (2)					
Gene Sobolewski (Mayor)	\$	27,090	\$	964	\$	28,054	\$	22,679
Ernie Isley (former Mayor)		35,078		313		35,391		41,247
Jim Cheverie		27,102		964		28,066		30,327
John Irwin		25,183		884		26,067		26,791
Ray Prevost		25,777		231		26,008		24,973
Lorna Mae Storoschuk		28,380		1,015		29,395		28,310
Rene Van Brabant		24,602		859		25,461		21,553
Nestor Kunec		3,738		128		3,866		-
CAO - Mark Power		151,643		24,771		176,414		167,552

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.
3. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.



## TOWN OF BONNYVILLE

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

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#### 16. Local authorities pension plan

Employees of the municipality participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 224,000 people and 428 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The municipality is required to make current service contributions to the LAPP of 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% on pensionable earnings above this amount. Employees of the municipality are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.

Total current service contributions by the municipality to the LAPP in 2013 were \$307,712 (2012 - \$278,056). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2013 were \$280,049 (2012 - \$251,682).

At December 31, 2012, the LAPP disclosed an actuarial deficiency of \$4.977 billion.

#### 17. Commitments

The Hammons local improvement has not been completed. An additional debenture of up to \$2,000,000 may be advanced in the future.

The East Gate local improvement has not been completed. An additional debenture of up to \$5,000,000 may be advanced in the future.

#### 18. Contingent liability

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

#### 19. Financial instruments

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

The Town 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 Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

## TOWN OF BONNYVILLE

### Notes to Consolidated Financial Statements

Year Ended December 31, 2013

#### 20. Related party transactions

The Bonnyville & District Leisure Facility Corporation is a not-for-profit corporation established under the Business Corporations Act. The Town of Bonnyville owns 50% of the corporation with the remaining ownership held by the MD of Bonnyville. The total cost of the building to date is \$27,083,511 of which one-half is recorded as a capital asset for the Town of Bonnyville while the other one-half is held by the MD of Bonnyville.

The outstanding project receivable from the MD of Bonnyville totals \$nil (2012 - \$47,274). There is also a utility receivable of \$6,444 (2012 - \$3,257), general receivable of \$nil (2012 - \$13,409), general accounts payable of \$nil (2012 - \$4,371) from the Centennial Centre. The outstanding debenture totals \$1,306,562 (2012 - \$1,491,364). During the year, the Town contributed \$968,805 (2012 - \$735,150) to the Bonnyville & District Leisure Facility Corporation for the 2013 requisition and an additional \$54,762 (2012 - \$174,159) to fund their 2012 operating deficit. Included in payables is 2013 deficit funding of \$nil (2012 - \$54,762). Included in receivables is 2013 over funding of \$239,472 (2012 - \$nil).

#### 21. Prior period adjustments

The municipality has restated its financial statements to comply with the provisions of Section 3510 of the Public Sector Accounting Board Handbook, which requires governments to record local improvement receivables in their financial statements. In addition, revenue from local improvements relating to these improvements has been included in operating income. These adjustments are as follows:

	2013
<b>Adjustments to opening accumulated surplus:</b>	
As previously reported	\$ 69,318,202
Adjustment to local improvement receivable	646,510
<b>As restated</b>	<b>\$ 69,964,712</b>
<b>Adjustments to shortfall of revenues over expenses:</b>	
As previously reported	\$ 5,102,387
Local improvement revenue	3,793,754
Local improvement receivable collected	(317,159)
<b>As restated</b>	<b>\$ 8,578,982</b>
<b>Adjustments to local improvement receivable:</b>	
As previously reported	\$ -
Local improvement receivable	4,123,106
<b>As restated</b>	<b>\$ 4,123,106</b>

## **TOWN OF BONNYVILLE**

### **Notes to Consolidated Financial Statements**

**Year Ended December 31, 2013**

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**22. Approval of financial statements**

Council and Management have approved these financial statements.

**23. Budget figures**

Budget figures are included for information purposes only and are not audited.

**24. Comparative figures**

Certain comparative figures have been restated to conform to the current year's presentation.

