



Wilde and Company
Chartered Accountants

TOWN OF BONNYVILLE
Consolidated Financial Statements
Year Ended December 31, 2014



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

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, 2014 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 accounting standards for not-for-profit organizations, 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, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Vegreville, AB
April 14, 2015

Wilde & Company
Chartered Accountants

TOWN OF BONNYVILLE
Consolidated Statement of Financial Position
As at December 31, 2014

	2014	2013
		(Restated)
Financial Assets		
Cash (Note 3)	\$ 7,720,127	\$ 7,039,849
Receivables		
Taxes and grants in place of taxes receivable (Note 4)	429,911	542,793
Due from governments	1,085,624	1,200,709
Trade and other receivables	4,331,296	1,914,550
Local improvement receivable (Note 5)	18,538,743	11,607,962
Investments (Note 6)	545,930	537,139
	32,651,631	22,843,002
Liabilities		
Accounts payable and accrued liabilities	3,163,940	2,571,299
Deposit liabilities	621,043	517,150
Trust liabilities	59,522	59,522
Deferred revenue (Note 7)	1,883,793	1,237,990
Long term debt (Note 9)	20,699,351	15,927,262
	26,427,649	20,313,223
Net Financial Assets	6,223,982	2,529,779
Non-Financial Assets		
Tangible capital assets (Schedule 2)	109,497,307	99,567,668
Inventory	282,928	328,825
Prepaid expenses	46,761	5,471
	109,826,996	99,901,964
Accumulated Surplus (Schedule 1)	\$ 116,050,978	\$ 102,431,743
Commitments (Note 16)		
Contingencies (Note 17)		

TOWN OF BONNYVILLE
Consolidated Statement of Operations
Year Ended December 31, 2014

	Budget (Unaudited)	2014	2013 (Restated)
Revenues			
Net municipal taxes <i>(Schedule 3)</i>	\$ 6,834,803	\$ 6,806,351	\$ 6,499,280
Local improvements	5,844,220	7,599,032	8,148,481
Recreation local improvement	252,085	253,638	252,533
User fees and sales of goods	5,844,220	7,048,011	6,912,324
Government transfers for operating <i>(Schedule 4)</i>	1,922,232	1,755,298	2,098,555
Investment income	50,000	89,282	112,843
Penalties and costs on taxes	151,100	228,108	191,774
Gain (loss) on disposal of tangible capital assets	-	1,317	91,575
Other	2,632,772	2,636,985	2,412,272
	23,531,432	26,418,022	26,719,637
Expenses			
Administration and legislative	2,183,444	1,839,335	1,550,838
Protective services	2,273,468	2,036,275	1,955,407
Bylaw enforcement	7,350	4,279	7,843
Roads, streets, walks, lighting	3,785,894	4,233,212	3,274,985
Airport services	169,414	210,457	159,250
Water supply and distribution	2,301,308	2,347,692	2,035,594
Wastewater treatment and disposal	1,230,002	1,201,253	1,220,330
Waste management	1,389,117	1,809,995	1,425,908
Family and community support	927,512	759,018	923,837
Land use planning, zoning and development	410,890	412,985	367,101
Parks and recreation	2,749,825	2,772,321	2,859,445
Culture	438,549	444,696	440,636
	17,866,773	18,071,518	16,221,174
Excess of revenue over expenses - before other	5,664,659	8,346,504	10,498,463
Other			
Government transfers for capital <i>(Schedule 4)</i>	5,084,716	2,313,991	4,104,897
Donations and funding for capital	1,945,284	2,958,740	2,092,273
Contribution of capital received	-	-	7,192,416
Excess of revenues over expenses	12,694,659	13,619,235	23,888,049
Accumulated surplus - beginning of the year	102,431,743	102,431,743	78,543,694
Accumulated surplus - end of the year	\$ 115,126,402	\$ 116,050,978	\$ 102,431,743

TOWN OF BONNYVILLE
Consolidated Statement of Change in Net Financial Assets (Debt)
Year Ended December 31, 2014

	Budget (Unaudited)	2014	2013 (Restated)
Excess of revenues over expenses	\$ 12,694,659	\$ 13,619,235	\$ 23,888,049
Acquisition of tangible capital assets	(22,656,600)	(13,173,302)	(11,439,843)
Contributed tangible capital assets	-	-	(7,192,416)
Proceeds on disposal of tangible capital assets	-	83,932	127,372
Amortization of tangible capital assets	-	3,161,048	2,873,494
Loss on sale of tangible capital assets	-	(1,317)	(91,575)
	(22,656,600)	(9,929,639)	(15,722,968)
Acquisition of supplies inventories	-	45,897	(95,143)
Use of prepaid assets	-	(41,290)	3,006
	-	4,607	(92,137)
Increase in net debt	(9,961,941)	3,694,203	8,072,944
Net Financial assets (debt), beginning of year	2,529,779	2,529,779	(5,543,165)
Net Financial assets (debt), end of year	\$ (7,432,162)	\$ 6,223,982	\$ 2,529,779

-

TOWN OF BONNYVILLE
Consolidated Statement of Cash Flows
Year Ended December 31, 2014

	2014	2013
		(Restated)
Operating		
Excess of revenue over expenses	\$ 13,619,235	\$ 23,888,049
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	3,161,048	2,873,494
Loss on disposal of tangible capital assets	(1,317)	(91,575)
Net changes in non-cash charges to operation		
Decrease (increase) in taxes and grants in lieu receivable	112,882	(68,470)
Decrease (increase) in government receivables	115,085	(117,809)
Increase in trade and other receivables	(2,416,746)	(110,549)
Increase in local improvements receivable	(6,930,781)	(7,484,856)
Decrease (increase) in inventory	45,897	(95,143)
Decrease in prepaid expenses	(41,290)	3,006
Increase (decrease) in accounts payable and accrued liabilities	592,641	(648,516)
Increase in deposit liabilities	103,893	22,282
Increase (decrease) in deferred revenues	645,803	(266,275)
<i>Cash provided by operating transactions</i>	9,006,350	17,903,638
Capital		
Acquisition of tangible capital assets	(13,173,302)	(11,439,843)
Contributed tangible capital assets	-	(7,192,416)
Proceeds from sale of tangible capital assets	83,932	127,372
<i>Cash applied to capital transactions</i>	(13,089,370)	(18,504,887)
Investing		
Decrease in restricted cash or cash equivalents	(645,688)	266,190
Increase in investments	(8,791)	(127,778)
<i>Cash (applied to) provided by investing transactions</i>	(654,479)	138,412
Financing		
Long term debt issued	5,750,000	3,460,000
Long term debt repaid	(977,911)	(742,664)
<i>Cash provided by financing transactions</i>	4,772,089	2,717,336
Change in cash and cash equivalents during the year	34,590	2,254,499
Cash and cash equivalents, beginning of year	5,757,174	3,502,675
Cash and cash equivalents, end of year	\$ 5,791,764	\$ 5,757,174
Cash and cash equivalents is made up of:		
Cash (Note 3)	\$ 7,720,127	\$ 7,039,849
Less: restricted portion of cash (Note 3)	(1,928,363)	(1,282,675)
	\$ 5,791,764	\$ 5,757,174

TOWN OF BONNYVILLE
Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2014
Schedule 1

					2014	2013
	Unrestricted	Restricted	Restricted	Equity in	\$	\$
	Surplus	Operating	Capital	Capital		
		Reserves	Reserves	Assets		(Restated)
Balance, beginning of year as previously stated	-	13,557,275	5,234,062	83,640,406	102,431,743	74,420,589
Change in accounting policy					-	4,123,105
Balance, beginning of year	-	13,557,275	5,234,062	83,640,406	102,431,743	78,543,694
Excess of revenues over expenses	13,619,235	-	-	-	13,619,235	23,888,049
Unrestricted funds designated for future use	(8,461,685)	7,294,802	1,166,883	-	-	-
Capital debt repayment	(977,911)	-	-	977,911	-	-
Current year funds used for tangible capital assets	(13,173,302)	-	-	13,173,302	-	-
Capital debt issued	5,750,000	-	-	(5,750,000)	-	-
Disposal of tangible capital assets	82,615	-	-	(82,615)	-	-
Annual amortization expense	3,161,048	-	-	(3,161,048)	-	-
	-	7,294,802	1,166,883	5,157,550	13,619,235	23,888,049
Balance, end of year	-	20,852,077	6,400,945	88,797,956	116,050,978	102,431,743

TOWN OF BONNYVILLE
Schedule of Tangible Capital Assets
Year Ended December 31, 2014
Schedule 2

							2014 \$	2013 \$
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles		(Restated)
Cost:								
Balance, beginning of year	7,618,623	4,645,704	33,383,794	101,254,539	5,432,955	2,669,079	155,004,694	136,484,937
Acquisition of tangible capital assets	26,400	804,743	109,503	10,067,679	1,570,424	594,553	13,173,302	11,439,843
Contributed tangible capital assets	-	-	-	-	-	-	-	7,192,416
Disposal of tangible capital assets	-	-	-	-	(320,189)	(164,988)	(485,177)	(112,502)
Balance, end of year	7,645,023	5,450,447	33,493,297	111,322,218	6,683,190	3,098,644	167,692,819	155,004,694
Accumulated amortization:								
Balance, beginning of year	-	2,092,247	9,650,845	40,625,594	1,639,585	1,428,755	55,437,026	52,640,237
Annual amortization	-	189,107	678,833	1,802,655	335,509	154,944	3,161,048	2,873,494
Accumulated amortization on disposals	-	-	-	-	(242,574)	(159,988)	(402,562)	(76,705)
Balance, end of year	-	2,281,354	10,329,678	42,428,249	1,732,520	1,423,711	58,195,512	55,437,026
Net Book Value of tangible capital assets	7,645,023	3,169,093	23,163,619	68,893,969	4,950,670	1,674,933	109,497,307	99,567,668
2013 Net Book Value of tangible capital assets	7,618,623	2,553,457	23,732,949	60,628,945	3,793,370	1,240,324		99,567,668

TOWN OF BONNYVILLE
Schedule of Property and Other Taxes
Year Ended December 31, 2014
Schedule 3

	Budget (Unaudited)	2014	2013
Taxation			
Real property taxes	\$ 9,768,689	\$ 9,806,515	\$ 9,212,715
Government grants in place of property taxes	48,997	49,017	41,105
	9,817,686	9,855,532	9,253,820
Requisitions			
Alberta School Foundation Fund	2,919,957	2,984,668	2,704,221
Lakeland Seniors Foundation	62,926	64,513	50,319
	2,982,883	3,049,181	2,754,540
Net Municipal Taxes	\$ 6,834,803	\$ 6,806,351	\$ 6,499,280

TOWN OF BONNYVILLE
Schedule of Government Transfers
Year Ended December 31, 2014
Schedule 4

	Budget (Unaudited)	2014	2013
Transfers for operating			
Federal Government	\$ -	\$ -	\$ -
Provincial Government	1,121,737	755,832	1,091,309
Other Local Governments	800,495	999,466	1,007,246
	1,922,232	1,755,298	2,098,555
Transfers for Capital			
Federal Government	2,050,000	-	-
Provincial Government	3,034,716	1,740,728	3,529,633
Other Local Governments	-	573,263	575,264
	5,084,716	2,313,991	4,104,897
Total Government Transfers	\$ 7,006,948	\$ 4,069,289	\$ 6,203,452

TOWN OF BONNYVILLE
Schedule of Consolidated Expenses by Object
Year Ended December 31, 2014
Schedule 5

	Budget (Unaudited)	2014	2013
Consolidated Expenses by Object			
Salaries, wages and benefits	\$ 5,576,506	\$ 5,015,465	\$ 4,680,038
Contracted and general services	5,257,355	4,989,870	4,280,703
Materials, goods, supplies and utilities	2,636,118	3,076,021	2,528,733
Transfers to individuals and organizations	1,024,026	1,282,681	1,363,784
Bank charges and short term interest	3,000	1,781	758
Provision for allowances	-	3,473	1,701
Amortization of tangible capital assets	2,834,488	3,161,048	2,873,494
Interest on long term debt	535,280	541,179	491,963
	\$ 17,866,773	\$ 18,071,518	\$ 16,221,174

TOWN OF BONNYVILLE
Schedule of Segmented Disclosure
Year Ended December 31, 2014
Schedule 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
Revenue								
Net municipal taxes	6,806,351	-	-	-	-	-	-	6,806,351
Local improvements	7,599,032	-	-	-	-	-	-	7,599,032
Recreation local improvement	-	-	-	-	253,638	-	-	253,638
Government transfers	678,982	354,696	1,766,351	-	709,130	-	560,130	4,069,289
User fees and sales of goods	12,506	47,508	16,514	56,600	180,516	6,659,122	75,245	7,048,011
Investment income	89,282	-	-	-	-	-	-	89,282
Other revenues	1,228,144	275,579	2,372,989	1,007,423	467,147	421,117	52,751	5,825,150
	16,414,297	677,783	4,155,854	1,064,023	1,610,431	7,080,239	688,126	31,690,753
Expenses								
Contracted and general services	534,450	1,402,475	678,856	163,977	193,413	1,905,739	110,960	4,989,870
Salaries, wages and benefits	1,118,767	178,214	922,908	212,991	837,009	1,244,768	500,808	5,015,465
Materials, goods, supplies and utilities	118,069	78,047	1,459,422	20,427	309,014	995,794	95,248	3,076,021
Transfers to local boards and agencies	46,033	-	-	14,000	1,204,998	-	17,650	1,282,681
Interest on long term debt	-	161,474	264,398	-	59,466	54,971	870	541,179
Other expenses	2,141	-	49	-	-	2,761	303	5,254
	1,819,460	1,820,210	3,325,633	411,395	2,603,900	4,204,033	725,839	14,910,470
Net revenue before amortization	14,594,837	(1,142,427)	830,221	652,628	(993,469)	2,876,206	(37,713)	16,780,283
Amortization of tangible capital assets	19,875	220,344	1,197,226	1,590	613,117	1,075,717	33,179	3,161,048
Net revenue	14,574,962	(1,362,771)	(367,005)	651,038	(1,606,586)	1,800,489	(70,892)	13,619,235
Net revenue - 2013	15,275,216	(1,203,105)	4,795,487	568,497	(1,886,035)	6,356,026	(18,037)	23,888,049

TOWN OF BONNYVILLE

Notes to Consolidated Financial Statements

Year Ended December 31, 2014

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 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.

(continues)

TOWN OF BONNYVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

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.

(*continues*)

TOWN OF BONNYVILLE

Notes to Consolidated Financial Statements

Year Ended December 31, 2014

1. Significant accounting policies (*continued*)

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.

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.

(*continues*)

TOWN OF BONNYVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

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, 2014

2. 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.

3. Cash

	2014	2013
Cash	\$ 7,720,127	\$ 7,039,849

Included in cash is a restricted amount of \$1,868,841 (2013 – \$1,223,153) received from grants which are held exclusively for restrictive purposes - (Note 7). Also included in restricted cash is \$59,522 (2013 - \$59,522) for trust liabilities.

Council has designated funds totaling \$5,865,239 (2013 - \$4,707,147) for capital replacement.

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

4. Taxes and grants in place of taxes receivable

	2014	2013
Current taxes and grants in place of taxes	\$ 347,201	\$ 422,928
Arrears taxes	88,004	125,608
	435,205	548,536
Less: allowance for doubtful accounts	(5,294)	(5,743)
	\$ 429,911	\$ 542,793

TOWN OF BONNYVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

5. Local improvement receivable

	2014	2013
Local improvements	\$ 18,538,743	\$ 11,607,962

Local improvement receivables relate to construction and borrowing costs associated with local improvement projects which 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.

6. Investments

	2014	2013
Term deposits	\$ 535,706	\$ 526,915
Lakeland Credit Union common shares	10,224	10,224
	\$ 545,930	\$ 537,139

Term deposits have effective interest rates of 0.75% to 2.15% (2013 – 0.8% to 2.15%) and maturity dates from January 2015 to December 2017.

Council has designated funds of \$535,706 (2013 - \$526,915) included in investments for capital replacement.

7. Deferred revenue

	2014	2013
Grants	\$ 1,868,841	\$ 1,223,153
Other revenues	14,952	14,837
	\$ 1,883,793	\$ 1,237,990

Deferred grant revenue consists of funding received from MSI Capital (\$1,356,581), BMTG (\$344,607), Tourism grant (\$4,000), FCSS (\$12,201), Seniors Housing (\$29,833), Policing Grant (\$40,498), and Municipal Affairs (\$81,121). 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 3).

TOWN OF BONNYVILLE

Notes to Consolidated Financial Statements

Year Ended December 31, 2014

8. 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 2014, the Town made payments totaling \$627,584 (2013 - \$627,584) 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.

	2014	
Estimated closure costs	\$ 508,000	
Estimated post-closure costs	<u>1,040,000</u>	
Estimated total liability	<u>\$ 1,548,000</u>	
<hr/>		
Accrued liability	\$ 92,061	\$ 92,061
<hr/>		
Portion of total liability remaining to be recognized	\$ 1,455,939	\$ 1,455,939

TOWN OF BONNYVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

9. Long term debt

	2014	2013
Tax supported debentures	\$ 20,699,351	\$ 15,927,262

Principal and interest repayments are as follows:

	Principal	Interest	Total
2015	\$ 1,107,034	\$ 669,365	\$ 1,776,399
2016	1,132,759	631,226	1,763,985
2017	1,122,106	591,549	1,713,655
2018	1,098,829	550,855	1,649,684
2019	1,094,942	513,205	1,608,147
Thereafter	15,143,681	3,927,851	19,071,532
	<u>\$ 20,699,351</u>	<u>\$ 6,884,051</u>	<u>\$ 27,583,402</u>

The current portion of the long term debt amounts to \$1,107,034 (2013 - \$897,837).

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 9.25% per annum and matures in periods 2016 through 2036. The average annual interest rate is 3.62% for 2014 and 3.49% for 2013. 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 \$541,149 (2013 - \$491,963).

The municipality's total cash payments for interest in 2014 were \$535,279 (2013 - \$485,645).

TOWN OF BONNYVILLE**Notes to Consolidated Financial Statements****Year Ended December 31, 2014****10. 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:

	2014	2013
Total debt limit	\$ 39,627,033	\$ 40,079,456
Total debt	(20,699,351)	(15,927,262)
Amount of debt limit unused	\$ 18,927,682	\$ 24,152,194
Debt servicing limit	\$ 6,604,506	\$ 6,679,909
Debt servicing	(1,776,399)	(1,433,116)
Amount of debt servicing limit unused	\$ 4,828,107	\$ 5,246,793

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.

11. Equity in tangible capital assets

	2014	2013
Tangible capital assets (Schedule 2)	\$167,692,819	\$154,735,694
Accumulated amortization (Schedule 2)	(58,195,512)	(55,437,026)
Long term debt (Note 10)	(20,699,351)	(15,927,262)
	\$ 88,797,956	\$ 83,371,406

12. Accumulated surplus

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

	2014	2013
Restricted surplus		
Restricted operating surplus	20,852,077	13,557,275
Restricted capital surplus	6,400,945	5,234,062
Equity in tangible capital assets	88,797,956	83,640,406
	\$116,050,978	\$102,431,743

TOWN OF BONNYVILLE

Notes to Consolidated Financial Statements

Year Ended December 31, 2014

13. 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).

14. 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:

			2014		2013			
	Salary	(1)	Benefits & allowances (2)					
Gene Sobolewski (Mayor)	\$	55,668	\$	2,187	\$	57,855	\$	28,054
Ernie Isley (former Mayor)		-		-		-		35,391
Jim Cheverie		30,434		1,117		31,551		28,066
John Irwin		33,800		1,260		35,060		26,067
Ray Prevost		28,184		259		28,443		26,008
Lorna Mae Storoschuk		27,934		988		28,922		29,395
Rene Van Brabant		27,043		949		27,992		25,461
Nestor Kunec		26,339		938		27,277		3,866
CAO - Mark Power		145,171		24,997		170,168		176,414
Assistant CAO - Bill Rogers		63,494		10,425		73,919		-

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, 2014

15. 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 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount.

Total current service contributions by the municipality to the LAPP in 2014 were \$358,780 (2013 - \$307,712). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2014 were \$329,297 (2013 - \$280,049).

At December 31, 2013, the LAPP disclosed an actuarial deficiency of \$4.86 billion.

16. Commitments

The Hammons local improvement has not been completed. An additional debenture of up to \$1,200,000 may be advanced in the future.

17. 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.

18. 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, 2014

19. 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 \$27,232,426 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 utility receivable of \$3,244 (2013 - \$6,444) from the Centennial Centre. The outstanding debenture totals \$1,113,058 (2013 - \$1,306,562). During the year, the Town contributed \$968,805 (2013 - \$968,805) to the Bonnyville & District Leisure Facility Corporation for the 2014 requisition and an additional \$nil (2013 - \$54,762) to fund their 2014 operating deficit. Included in receivables is 2014 over funding of \$170,942 (2013 - \$239,472).

20. Prior period adjustments

The municipality has restated its financial statements for contributed tangible capital assets that were previously unrecognised. These adjustments are as follows:

	2014
Adjustments to opening accumulated surplus:	
As previously reported	\$102,055,161
Adjustment for contributed asset	376,582
As restated	\$102,431,743
Adjustments to tangible capital assets:	
As previously reported	\$ 99,191,086
Adjustment for contributed asset	376,582
As restated	\$ 99,567,668
Adjustments to revenues over expenses:	
As previously reported	\$ 23,511,467
Adjustment for contributed asset	376,582
As restated	\$ 23,888,049

21. Approval of financial statements

Council and Management have approved these financial statements.

22. Budget figures

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

TOWN OF BONNYVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

23. Comparative figures

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