

TOWN OF BONNYVILLE
Consolidated Financial Statements
Year Ended December 31, 2015



Wilde and Company
Chartered Accountants



Wilde and Company

Chartered Accountants

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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, 2015 and the consolidated statements of operations, change in net financial assets, 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, 2015 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Vegreville, AB
April 12, 2016

Wilde & Company
Chartered Accountants

TOWN OF BONNYVILLE
Consolidated Statement of Financial Position
As at December 31, 2015

	2015	2014
Financial assets		
Cash (Note 4)	\$ 7,428,594	\$ 7,720,127
Receivables		
Taxes and grants in place of taxes receivable (Note 5)	450,625	429,911
Due from governments	2,555,378	1,085,624
Trade and other receivables	4,300,769	4,331,296
Local improvement receivable (Note 6)	18,556,725	18,538,743
Investments (Note 7)	554,202	545,930
	33,846,293	32,651,631
Liabilities		
Accounts payable and accrued liabilities	3,756,211	3,163,940
Deposit liabilities	577,116	621,043
Trust liabilities	59,574	59,522
Deferred revenue (Note 8)	239,918	1,883,793
Long term debt (Note 10)	20,660,409	20,699,351
	25,293,228	26,427,649
Net financial assets	8,553,065	6,223,982
Non-financial assets		
Tangible capital assets (Schedule 2)	117,740,194	109,497,307
Inventory	159,113	282,928
Prepaid expenses	47,843	46,761
	117,947,150	109,826,996
Accumulated surplus (Schedule 1)	\$ 126,500,215	\$ 116,050,978

Contingencies (Note 17)

TOWN OF BONNYVILLE
Consolidated Statement of Operations
Year Ended December 31, 2015

	Budget (Unaudited)	2015	2014
Revenues			
Net municipal taxes (<i>Schedule 3</i>)	\$ 7,375,127	\$ 7,477,026	\$ 6,806,351
Local improvements	1,389,812	1,504,373	7,599,032
Recreation local improvement	252,085	253,609	253,638
User fees and sales of goods	6,051,661	5,593,215	7,048,011
Government transfers for operating (<i>Schedule 4</i>)	1,670,411	1,713,242	1,755,298
Investment income	70,000	118,708	89,282
Penalties and costs on taxes	181,000	174,177	228,108
Gain (loss) on disposal of tangible capital assets	-	(10,269)	1,317
Other	2,285,103	2,349,034	2,636,985
	19,275,199	19,173,115	26,418,022
Expenses			
Administration and legislative	2,183,414	2,159,636	1,839,335
Protective services	2,162,434	2,295,492	2,036,275
Bylaw enforcement	5,850	5,139	4,279
Roads, streets, walks, lighting	4,093,347	4,728,903	4,233,212
Airport services	265,384	271,389	210,457
Water supply and distribution	2,350,406	2,365,905	2,347,692
Wastewater treatment and disposal	1,246,966	1,167,950	1,201,253
Waste management	1,701,097	1,742,909	1,809,995
Family and community support	618,443	644,732	759,018
Land use planning, zoning and development	383,190	360,409	412,985
Parks and recreation	2,959,076	2,632,125	2,772,321
Culture	541,552	489,858	444,696
	18,511,159	18,864,447	18,071,518
Excess of revenue over expenses - before other	764,040	308,668	8,346,504
Other			
Government transfers for capital (<i>Schedule 4</i>)	6,647,298	6,010,896	2,313,991
Donations and funding for capital	2,551,740	2,446,472	2,958,740
Contribution of capital received	-	1,683,201	-
Excess of revenues over expenses	9,963,078	10,449,237	13,619,235
Accumulated surplus - beginning of the year	116,050,978	116,050,978	102,431,743
Accumulated surplus - end of the year	\$ 126,014,056	\$ 126,500,215	\$ 116,050,978

TOWN OF BONNYVILLE**Consolidated Statement of Change in Net Financial Assets****Year Ended December 31, 2015**

	Budget (Unaudited)	2015	2014
Excess of revenues over expenses	\$ 9,963,078	\$ 10,449,237	\$ 13,619,235
Acquisition of tangible capital assets	(11,807,005)	(10,520,957)	(13,173,302)
Contributed tangible capital assets	-	(1,683,201)	-
Proceeds on disposal of tangible capital assets	-	79,576	83,932
Amortization of tangible capital assets	-	3,871,426	3,161,048
Loss on sale of tangible capital assets	-	10,269	(1,317)
	(11,807,005)	(8,242,887)	(9,929,639)
Acquisition of supplies inventories	-	123,815	45,897
Use of prepaid assets	-	(1,082)	(41,290)
	-	122,733	4,607
Increase in net financial assets	(1,843,927)	2,329,083	3,694,203
Net financial assets, beginning of year	6,223,982	6,223,982	2,529,779
Net financial assets, end of year	\$ 4,380,055	\$ 8,553,065	\$ 6,223,982

TOWN OF BONNYVILLE
Consolidated Statement of Cash Flows
Year Ended December 31, 2015

	2015	2014
Operating		
Excess of revenue over expenses	\$ 10,449,237	\$ 13,619,235
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	3,871,426	3,161,048
Contributed tangible capital assets	(1,683,201)	-
Loss on disposal of tangible capital assets	10,269	(1,317)
Net changes in non-cash charges to operation		
(Increase) decrease in taxes and grants in lieu receivable	(20,714)	112,882
(Increase) decrease in government receivables	(1,469,754)	115,085
Decrease (increase) in trade and other receivables	30,527	(2,416,746)
Increase in local improvements receivable	(17,982)	(6,930,781)
Decrease in inventory	123,815	45,897
Increase in prepaid expenses	(1,082)	(41,290)
Decrease in accounts payable and accrued liabilities	592,271	592,641
Increase in trust liabilities	52	-
(Decrease) increase in deposit liabilities	(43,927)	103,893
(Decrease) increase in deferred revenues	(1,643,875)	645,803
<i>Cash provided by operating transactions</i>	10,197,062	9,006,350
Capital		
Acquisition of tangible capital assets	(10,520,957)	(13,173,302)
Proceeds from sale of tangible capital assets	79,576	83,932
<i>Cash applied to capital transactions</i>	(10,441,381)	(13,089,370)
Investing		
Decrease in restricted cash or cash equivalents	1,628,871	(645,688)
Increase in investments	(8,272)	(8,791)
<i>Cash provided by (applied to) investing transactions</i>	1,620,599	(654,479)
Financing		
Long term debt issued	1,190,000	5,750,000
Long term debt repaid	(1,228,942)	(977,911)
<i>Cash provided by (applied to) financing transactions</i>	(38,942)	4,772,089
Change in cash and cash equivalents during the year	1,337,338	34,590
Cash and cash equivalents, beginning of year	5,791,764	5,757,174
Cash and cash equivalents, end of year	\$ 7,129,102	\$ 5,791,764
Cash and cash equivalents is made up of:		
Cash (Note 4)	\$ 7,428,594	\$ 7,720,127
Less: restricted portion of cash (Note 4)	(299,492)	(1,928,363)
	\$ 7,129,102	\$ 5,791,764

TOWN OF BONNYVILLE**(Schedule 1)****Schedule of Changes in Accumulated Surplus****Year Ended December 31, 2015**

					2015	2014
	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Capital Assets	\$	\$
Balance, beginning of year	-	20,852,077	6,400,945	88,797,956	116,050,978	102,431,743
Excess of revenues over expenses	10,449,237	-	-	-	10,449,237	13,619,235
Unrestricted funds designated for future use	(1,752,623)	252,229	1,500,394	-	-	-
Capital debt repayment	(1,228,942)	-	-	1,228,942	-	-
Current year funds used for tangible capital assets	(10,520,957)	-	-	10,520,957	-	-
Contributed asset received	(1,683,201)	-	-	1,683,201	-	-
Capital debt issued	1,190,000	-	-	(1,190,000)	-	-
Disposal of tangible capital assets	89,845	-	-	(89,845)	-	-
Annual amortization expense	3,871,426	-	-	(3,871,426)	-	-
	414,785	252,229	1,500,394	8,281,829	10,449,237	13,619,235
Balance, end of year	414,785	21,104,306	7,901,339	97,079,785	126,500,215	116,050,978

TOWN OF BONNYVILLE
Schedule of Tangible Capital Assets
Year Ended December 31, 2015

(Schedule 2)

							2015 \$	2014 \$
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles		
Cost:								
Balance, beginning 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
Acquisition of tangible capital assets	-	100,304	244,043	9,921,344	255,266	-	10,520,957	13,173,302
Contributed tangible capital assets	515,000	-	-	1,168,201	-	-	1,683,201	-
Disposal of tangible capital assets	-	-	-	(69,890)	(33,475)	(166,633)	(269,998)	(485,177)
Balance, end of year	8,160,023	5,550,751	33,737,340	122,341,873	6,904,981	2,932,011	179,626,979	167,692,819
Accumulated amortization:								
Balance, beginning of year	-	2,281,354	10,329,678	42,428,249	1,732,520	1,423,711	58,195,512	55,437,026
Annual amortization	-	228,123	672,523	2,317,821	449,853	203,106	3,871,426	3,161,048
Accumulated amortization on disposals	-	-	-	(23,520)	-	(156,633)	(180,153)	(402,562)
Balance, end of year	-	2,509,477	11,002,201	44,722,550	2,182,373	1,470,184	61,886,785	58,195,512
Net Book Value of tangible capital assets								
	8,160,023	3,041,274	22,735,139	77,619,323	4,722,608	1,461,827	117,740,194	109,497,307
2014 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

TOWN OF BONNYVILLE
Schedule of Property and Other Taxes
Year Ended December 31, 2015

(Schedule 3)

	Budget (Unaudited)	2015	2014
Taxation			
Real property taxes	\$ 10,667,450	\$ 10,678,260	\$ 9,806,515
Government grants in place of property taxes	47,081	47,634	49,017
	10,714,531	10,725,894	9,855,532
Requisitions			
Alberta School Foundation Fund	3,277,428	3,188,996	2,984,668
Lakeland Seniors Foundation	61,976	59,872	64,513
	3,339,404	3,248,868	3,049,181
Net Municipal Taxes	\$ 7,375,127	\$ 7,477,026	\$ 6,806,351

TOWN OF BONNYVILLE
Schedule of Government Transfers
Year Ended December 31, 2015

(Schedule 4)

	Budget (Unaudited)	2015	2014
Transfers for operating			
Provincial Government	824,312	930,006	755,832
Other Local Governments	846,099	783,236	999,466
	1,670,411	1,713,242	1,755,298
Transfers for Capital			
Provincial Government	6,025,155	5,384,470	1,740,728
Other Local Governments	622,143	626,426	573,263
	6,647,298	6,010,896	2,313,991
Total Government Transfers	\$ 8,317,709	\$ 7,724,138	\$ 4,069,289

TOWN OF BONNYVILLE**(Schedule 5)****Schedule of Consolidated Expenses by Object****Year Ended December 31, 2015**

	Budget (Unaudited)	2015	2014
Consolidated Expenses by Object			
Salaries, wages and benefits	\$ 5,735,729	\$ 5,492,085	\$ 5,015,465
Contracted and general services	5,156,941	5,304,776	4,989,870
Materials, goods, supplies and utilities	2,459,872	2,480,182	3,076,021
Transfers to individuals and organizations	1,326,205	1,047,315	1,282,681
Bank charges and short term interest	2,000	1,131	1,781
Provision for allowances	-	-	3,473
Amortization of tangible capital assets	3,161,048	3,871,426	3,161,048
Interest on long term debt	669,364	667,532	541,179
	\$ 18,511,159	\$ 18,864,447	\$ 18,071,518

TOWN OF BONNYVILLE
Schedule of Segmented Disclosure
Year Ended December 31, 2015

(Schedule 6)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
Revenue								
Net municipal taxes	7,477,026							7,477,026
Local improvements	1,504,373				253,609			1,757,982
Recreation local improvement								-
Government transfers	175,768	355,368	35,896		575,337	2,846	568,027	1,713,242
User fees and sales of goods	10,263	47,508	3,314	36,810	230,208	5,205,379	59,733	5,593,215
Investment income	116,013	2,695						118,708
Other revenues	2,359,211	307,848	7,959,817	872,148	174,161	963,581	16,745	12,653,511
	11,642,654	713,419	7,999,027	908,958	1,233,315	6,171,806	644,505	29,313,684
Expenses								
Contracted and general services	631,505	1,675,565	753,015	105,331	289,400	1,718,855	131,105	5,304,776
Salaries, wages and benefits	1,371,559	171,505	1,023,388	219,474	979,970	1,325,458	400,731	5,492,085
Materials, goods, supplies and utilities	97,728	59,347	1,042,067	982	181,818	1,025,090	73,150	2,480,182
Transfers to local boards and agencies	45,366				995,749		6,200	1,047,315
Interest on long term debt		155,875	416,330		50,020	44,940	367	667,532
Other expenses	1,131							1,131
	2,147,289	2,062,292	3,234,800	325,787	2,496,957	4,114,343	611,553	14,993,021
Net revenue before amortization	9,495,365	(1,348,873)	4,764,227	583,171	(1,263,642)	2,057,463	32,952	14,320,663
Amortization of tangible capital assets	12,347	238,339	1,815,396	1,590	658,058	1,112,517	33,179	3,871,426
Net revenue	9,483,018	(1,587,212)	2,948,831	581,581	(1,921,700)	944,946	(227)	10,449,237
Net revenue - 2014	14,574,962	(1,362,771)	(367,005)	651,038	(1,606,586)	1,800,489	(70,892)	13,619,235

TOWN OF BONNYVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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 Chartered Professional Accountants of Canada (CPAC). 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.

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TOWN OF BONNYVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

1. Significant accounting policies (*continued*)

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of 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.

Significant estimates include:

- Amortization;
- Estimated useful life of tangible capital assets;
- Allowance for doubtful accounts; and
- Local improvements receivable

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.

(*continues*)

TOWN OF BONNYVILLE

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

1. Significant accounting policies (*continued*)

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

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.

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.

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TOWN OF BONNYVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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 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

Assets acquired during the year will be amortized in the following year in accordance with the useful lives stated above. Assets disposed of in the year are amortized fully 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, 2015

2. Adoption of recent accounting pronouncements

The following new accounting standards have been issued by the Chartered Professional Accountants of Canada (CPAC). These sections are effective for fiscal periods beginning on or after April 1, 2014 and have been applied retrospectively.

Section PS 3260 - Liability for Contaminated Sites

The new section establishes standards on how to account for and report a liability associated with the remediation of contaminated sites of governments and those organizations applying the CPAC Public Sector Accounting Handbook.

TOWN OF BONNYVILLE

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

3. Recent accounting pronouncements published but not yet adopted

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

Section PS 3450 - Financial Instruments

This 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, 2019.

Section PS 2200 - Related Party Disclosures

This new section establishes a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements. This section applies to fiscal periods beginning on or after April 1, 2017.

Section PS 3420 - Inter-entity Transactions

This new section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The main features of this new section are:

- Under a policy of cost allocation, revenues and expenses are recognized on a gross basis;
- Transactions are measured at the carrying amount, except in specific circumstances;
- A recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value, or other amount dictated by policy, accountability structure, or budget practice;
- The transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value; and
- Inter-entity transactions are considered in conjunction with related party disclosures, Section PS2200.

This section applies to fiscal years beginning on or after April 1, 2017.

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TOWN OF BONNYVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

3. Recent accounting pronouncements published but not yet adopted (*continued*)

Section PS 3210 - Assets

This new section provides guidance for applying the definition of assets set out in financial statement concepts, Section PS 1000, and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed. This section applies to fiscal years beginning on or after April 1, 2017.

Section PS 3320 - Contingent Assets

This new section defines and establishes disclosure standards on contractual rights. Disclosure of information about contractual rights is required including description about their nature and extent and the timing. This section applies to fiscal years beginning on or after April 1, 2017.

Section PS 3380 - Contractual Rights

This new Section defines and establishes disclosure standards on contractual rights. This section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Section PS 3430 - Restructuring Transactions

This new section defines a restructuring transaction and establishes standards for measuring assets and liabilities transferred in a restructuring transaction. This section applies to restructuring transactions occurring in fiscal years beginning on or after April 1, 2018.

4. Cash

	2015	2014
Cash	\$ 7,428,594	\$ 7,720,127

Included in cash is a restricted amount of \$239,918 (2014 – \$1,868,841) received from grants which are held exclusively for restrictive purposes (Note 8). Also included in restricted cash is \$59,574 (2014 - \$59,522) for trust liabilities.

Council has designated funds totaling \$7,357,361 (2014 - \$5,865,239) for capital replacement.

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

TOWN OF BONNYVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

5. Taxes and grants in place of taxes receivable

	2015	2014
Current taxes and grants in place of taxes	\$ 376,688	\$ 347,201
Arrears taxes	73,937	88,004
	450,625	435,205
Less: allowance for doubtful accounts	-	(5,294)
	\$ 450,625	\$ 429,911

6. Local improvement receivable

	2015	2014
Local improvements	\$ 18,556,725	\$ 18,538,743

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.

7. Investments

	2015	2014
Term deposits	\$ 543,978	\$ 535,706
Lakeland Credit Union common shares	10,224	10,224
	\$ 554,202	\$ 545,930

Term deposits have effective interest rates of 1.05% to 2.15% (2014 – 0.75% to 2.15%) and maturity dates from January 2016 to March 2018.

Council has designated funds of \$543,978 (2014 - \$535,706) included in investments for capital replacement.

TOWN OF BONNYVILLE**Notes to Consolidated Financial Statements****Year Ended December 31, 2015****8. Deferred revenue**

	2015	2014
Grants	\$ 239,918	\$ 1,868,481
Other revenues	-	15,312
	\$ 239,918	\$ 1,883,793

Deferred grant revenue consists of funding received from MSI Capital (\$170,283), Splash Park grant (\$27,147), FCSS (\$2,728), and Policing Grant (\$39,760). 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 2015, the Town made payments totaling \$947,964 (2014 - \$942,287) 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.

	2015	
Estimated closure costs	\$ 3,101,852	
Estimated post-closure costs	160,196	
Estimated total liability	\$ 3,262,048	
Accrued liability	\$ 139,314	\$ 92,061
Portion of total liability remaining to be recognized	\$ 3,122,734	\$ 1,455,939

TOWN OF BONNYVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

10. Long term debt

	2015	2014
Tax supported debentures	\$ 20,660,409	\$ 20,699,351

Principal and interest repayments are as follows:

	Principal	Interest	Total
2016	\$ 1,139,721	\$ 664,599	\$ 1,804,320
2017	1,130,350	623,640	1,753,990
2018	1,108,391	581,628	1,690,019
2019	1,135,951	542,622	1,678,573
2020	896,577	505,481	1,402,058
Thereafter	15,249,419	3,673,411	18,922,830
	<u>\$ 20,660,409</u>	<u>\$ 6,591,381</u>	<u>\$ 27,251,790</u>

The current portion of the long term debt amounts to \$1,139,721 (2014 - \$1,107,034).

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 3.23% for 2015 and 3.62% for 2014. 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 \$667,532 (2014 - \$541,149).

The municipality's total cash payments for interest in 2015 were \$669,365 (2014 - \$535,279).

TOWN OF BONNYVILLE**Notes to Consolidated Financial Statements****Year Ended December 31, 2015****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:

	2015	2014
Total debt limit	\$ 28,759,673	\$ 39,627,033
Total debt	(20,660,409)	(20,699,351)
Amount of debt limit unused	\$ 8,099,264	\$ 18,927,682
Debt servicing limit	\$ 4,793,279	\$ 6,604,506
Debt servicing	(1,804,320)	(1,776,399)
Amount of debt servicing limit unused	\$ 2,988,959	\$ 4,828,107

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

	2015	2014
Tangible capital assets (Schedule 2)	\$179,626,980	\$167,692,819
Accumulated amortization (Schedule 2)	(61,886,786)	(58,195,512)
Long term debt (Note 10)	(20,660,409)	(20,699,351)
	\$ 97,079,785	\$ 88,797,956

13. Accumulated surplus

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

	2015	2014
Unrestricted surplus	\$ 414,785	\$ -
Restricted surplus		
Restricted operating surplus	21,104,306	20,852,077
Restricted capital surplus	7,901,339	6,400,945
Equity in tangible capital assets	97,079,785	88,797,956
	\$126,500,215	\$116,050,978

TOWN OF BONNYVILLE

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

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:

			2015		2014			
	Salary	(1)	Benefits & allowances (2)					
Gene Sobolewski (Mayor)	\$	61,870	\$	2,673	\$	64,543	\$	57,855
Jim Cheverie		31,246		1,264		32,510		31,551
John Irwin		29,331		1,176		30,507		35,060
Ray Prevost		29,222		380		29,602		28,443
Lorna Mae Storoschuk		32,476		1,321		33,797		28,922
Rene Van Brabant		34,429		1,410		35,839		27,992
Nestor Kunec		27,626		1,035		28,661		27,277
CAO - Mark Power		149,013		30,419		179,432		170,168
Assistant CAO - Bill Rogers		114,677		26,566		141,243		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, 2015

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 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 2015 were \$423,044 (2014 - \$358,780). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2015 were \$388,738 (2014 - \$329,297).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.4 billion.

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, 2015

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 \$2,968 (2014 - \$3,244) from the Centennial Centre. The outstanding debenture totals \$910,445 (2014 - \$1,113,058). During the year, the Town contributed \$838,098 (2014 - \$968,805) to the Bonnyville & District Leisure Facility Corporation for the 2015 requisition and an additional \$nil (2014 - \$nil) to fund their 2015 operating deficit. Included in receivables is 2015 over funding of \$125,147 (2014 - \$174,212).

20. Approval of financial statements

Council and Management have approved these financial statements.

21. Budget figures

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

22. Comparative figures

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