

**TOWN OF BONNYVILLE**  
**Annual Financial Statements**  
**Year Ended December 31, 2020**



**WildeandCompany**  
Chartered Professional Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of Town of Bonnyville

### *Opinion*

We have audited the consolidated financial statements of Town of Bonnyville (the town), which comprise the statement of financial position at December 31, 2020 and statement of operations, change in net financial assets and cash flow for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the town as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the town in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

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

In preparing the consolidated financial statements, management is responsible for assessing the town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the town's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent Auditor's Report to the Mayor and Council of Town of Bonnyville *(continued)*

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Wilde & Company*

Vegreville, AB  
April 13, 2021

Chartered Professional Accountants

**TOWN OF BONNYVILLE**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2020**

	2020	2019
<b>Financial assets</b>		
Cash (Note 3)	\$ 22,682,497	\$ 16,557,440
Receivables		
Taxes and grants in place of taxes receivable (Note 4)	1,183,814	1,135,876
Due from governments	4,033,059	19,602,574
Trade and other receivables	2,185,828	2,193,152
Local improvement receivable (Note 5)	13,256,379	14,271,676
Investments (Note 6)	318,907	317,305
	<b>43,660,484</b>	<b>54,078,023</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	6,462,815	14,584,640
Deposit liabilities	408,384	443,272
Deferred revenue (Note 8)	10,346,201	13,472,619
Long term debt (Note 9)	15,125,339	16,015,359
	<b>32,342,739</b>	<b>44,515,890</b>
<b>Net financial assets</b>	<b>11,317,745</b>	<b>9,562,133</b>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 2)	223,689,372	200,028,174
Inventory	303,933	276,549
Prepaid expenses	80,980	26,119
	<b>224,074,285</b>	<b>200,330,842</b>
<b>Accumulated surplus (Schedule 1)</b>	<b>\$ 235,392,030</b>	<b>\$ 209,892,975</b>
Commitment (Note 17)		
Contingencies (Note 18)		



**TOWN OF BONNYVILLE**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2020**

	<b>Budget (Unaudited)</b>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>			
Net municipal taxes (Schedule 3)	\$ 7,919,507	\$ 7,920,640	\$ 7,843,096
Local improvements	-	-	(4,809)
Recreation local improvement	-	-	250,883
User fees and sales of goods	4,585,475	3,956,896	4,502,104
Government transfers for operating (Schedule 4)	2,099,500	2,506,596	2,087,450
Investment income	176,000	166,464	150,615
Penalties and costs on taxes	229,500	87,743	310,033
Loss on disposal of tangible capital assets	-	(613,822)	(41,459)
Other	1,936,481	2,058,325	1,923,716
	<b>16,946,463</b>	<b>16,082,842</b>	<b>17,021,629</b>
<b>Expenses</b>			
Administration and legislative	2,899,487	2,588,932	2,755,867
Protective services	2,624,670	2,635,230	2,471,244
Bylaw enforcement	308,377	306,253	249,325
Roads, streets, walks, lighting	6,159,413	6,184,430	6,241,596
Airport services	263,542	239,769	260,677
Water supply and distribution	2,523,647	2,030,578	2,012,444
Wastewater treatment and disposal	1,468,983	1,278,008	1,278,741
Waste management	1,267,706	1,206,898	1,316,327
Family and community support	900,785	775,630	813,308
Land use planning, zoning and development	440,611	296,236	326,462
Parks and recreation	3,032,896	2,528,276	2,954,081
Culture	501,261	461,607	507,646
	<b>22,391,378</b>	<b>20,531,847</b>	<b>21,187,718</b>
<b>Excess of revenue over expenses - before other</b>	<b>(5,444,915)</b>	<b>(4,449,005)</b>	<b>(4,166,089)</b>
<b>Other</b>			
Government transfers for capital (Schedule 4)	10,628,789	29,842,356	62,994,405
Contribution of capital received	-	33,611	62,302
Donations and funding for capital	-	72,093	647,958
<b>Excess of revenues over expenses</b>	<b>5,183,874</b>	<b>25,499,055</b>	<b>59,538,576</b>
<b>Accumulated surplus - beginning of the year</b>	<b>209,892,975</b>	<b>209,892,975</b>	<b>150,354,399</b>
<b>Accumulated surplus - end of the year</b>	<b>\$ 215,076,849</b>	<b>\$ 235,392,030</b>	<b>\$ 209,892,975</b>

**TOWN OF BONNYVILLE****Consolidated Statement of Change in Net Financial Assets****Year Ended December 31, 2020**

	<b>Budget (Unaudited)</b>	<b>2020</b>	<b>2019</b>
<b>Excess of revenues over expenses</b>	\$ 5,183,874	\$ 25,499,055	\$ 59,538,576
Acquisition of tangible capital assets	(13,768,360)	(29,587,338)	(63,568,382)
Contributed tangible capital assets	-	(33,611)	(62,302)
Proceeds on disposal of tangible capital assets	-	60,509	85,221
Amortization of tangible capital assets	5,611,991	5,285,420	5,300,383
Loss on sale of tangible capital assets	-	613,822	41,459
	(8,156,369)	(23,661,198)	(58,203,621)
Acquisition of supplies inventories	-	(27,384)	(20,536)
Acquisition (use) of prepaid assets	-	(54,861)	41,704
	-	(82,245)	21,168
<b>Decrease (increase) in net financial assets</b>	(2,972,495)	1,755,612	1,356,123
<b>Net financial assets, beginning of year</b>	9,562,133	9,562,133	8,206,010
<b>Net financial assets, end of year</b>	\$ 6,589,638	\$ 11,317,745	\$ 9,562,133



**TOWN OF BONNYVILLE**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2020**

	2020	2019
<b>Operating</b>		
Excess of revenues over expenses	\$ 25,499,055	\$ 59,538,576
Net changes in non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	5,285,420	5,300,383
Contributed tangible capital assets	(33,611)	(62,302)
Loss on disposal of tangible capital assets	613,822	41,459
Net changes in non-cash charges to operation:		
Increase in taxes and grants in lieu receivable	(47,938)	243,547
Increase in government receivables	15,569,515	(14,246,375)
Decrease (increase) in trade and other receivables	7,324	39,948
Decrease in local improvements receivable	1,015,297	1,045,635
(Increase) decrease in inventory	(27,384)	(20,536)
(Increase) decrease in prepaid expenses	(54,861)	41,703
Increase in accounts payable and accrued liabilities	(8,121,825)	9,982,385
Decrease in trust liabilities	-	-
Decrease in deposit liabilities	(34,888)	8,350
Increase in deferred revenues	(3,126,418)	(3,480,161)
<i>Cash provided by operating transactions</i>	<b>36,543,508</b>	<b>58,432,612</b>
<b>Capital</b>		
Acquisition of tangible capital assets	(29,587,338)	(63,568,382)
Proceeds from sale of tangible capital assets	60,509	85,221
<i>Cash applied to capital transactions</i>	<b>(29,526,829)</b>	<b>(63,483,161)</b>
<b>Investing</b>		
Increase in restricted cash or cash equivalents	3,297,414	3,480,161
Decrease (increase) in investments	(1,602)	260,324
<i>Cash provided by investing transactions</i>	<b>3,295,812</b>	<b>3,740,485</b>
<b>Financing</b>		
Long term debt repaid	(890,020)	(1,129,575)
<i>Cash applied to financing transactions</i>	<b>(890,020)</b>	<b>(1,129,575)</b>
<b>Change in cash and cash equivalents during the year</b>	<b>9,422,471</b>	<b>(2,439,639)</b>
Cash and cash equivalents, beginning of year	3,084,821	5,524,460
<b>Cash and cash equivalents, end of year</b>	<b>\$ 12,507,292</b>	<b>\$ 3,084,821</b>
Cash and cash equivalents is made up of:		
Cash (Note 3)	\$ 22,682,497	\$ 16,557,440
Less: restricted portion of cash (Note 3)	(10,175,205)	(13,472,619)
	<b>\$ 12,507,292</b>	<b>\$ 3,084,821</b>

**TOWN OF BONNYVILLE**  
**Schedule of Changes in Accumulated Surplus**  
**Year Ended December 31, 2020**

**(Schedule 1)**

					<b>2020</b>	<b>2019</b>
	<b>Unrestricted Surplus</b>	<b>Restricted Operating Reserves</b>	<b>Restricted Capital Reserves</b>	<b>Equity in Tangible Capital Assets</b>	<b>\$</b>	<b>\$</b>
Balance, beginning of year	65,091	18,047,694	7,767,375	184,012,815	<b>209,892,975</b>	150,354,399
Excess of revenues over expenses	25,499,055	-	-	-	<b>25,499,055</b>	59,538,576
Unrestricted funds designated for future use	(399,080)	(313,276)	712,356	-	-	-
Capital debt repayment	(890,020)	-	-	890,020	-	-
Current year funds used for tangible capital assets	(29,587,338)	-	-	29,587,338	-	-
Contributed asset received	(33,611)	-	-	33,611	-	-
Capital debt issued	-	-	-	-	-	-
Disposal of tangible capital assets	674,331	-	-	(674,331)	-	-
Annual amortization expense	5,285,420	-	-	(5,285,420)	-	-
	548,757	(313,276)	712,356	24,551,218	<b>25,499,055</b>	59,538,576
Balance, end of year	613,848	17,734,418	8,479,731	208,564,033	<b>235,392,030</b>	209,892,975



**TOWN OF BONNYVILLE**  
**Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2020**

**(Schedule 2)**

							2020	2019
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	\$	\$
<b>Cost:</b>								
Balance, beginning of year	10,981,194	6,150,603	43,052,437	208,017,939	7,547,931	2,989,256	<b>278,739,360</b>	215,781,795
Acquisition of tangible capital assets	-	45,307	143,281	28,244,634	598,526	589,201	<b>29,620,949</b>	63,630,684
Contributed tangible capital assets								
Disposal of tangible capital assets	(7,000)	(285,925)	(62,116)	(14,114)	(994,275)	(85,622)	<b>(1,449,052)</b>	(673,119)
Balance, end of year	10,974,194	5,909,985	43,133,602	236,248,459	7,152,182	3,492,835	<b>306,911,257</b>	278,739,360
<b>Accumulated amortization:</b>								
Balance, beginning of year	-	3,489,556	13,598,206	56,024,825	3,556,270	2,042,329	<b>78,711,186</b>	73,957,241
Annual amortization	-	258,874	911,447	3,553,519	419,685	141,895	<b>5,285,420</b>	5,300,383
Accumulated amortization on disposals	-	(192,370)	(62,116)	(14,114)	(421,499)	(84,622)	<b>(774,721)</b>	(546,438)
Balance, end of year	-	3,556,060	14,447,537	59,564,230	3,554,456	2,099,602	<b>83,221,885</b>	78,711,186
<b>Net Book Value of tangible capital assets</b>	10,974,194	2,353,925	28,686,065	176,684,229	3,597,726	1,393,233	<b>223,689,372</b>	200,028,174
2019 Net Book Value of tangible capital assets	10,981,194	2,661,047	29,454,231	151,993,114	3,991,661	946,927		200,028,174

**TOWN OF BONNYVILLE**  
**Schedule of Property and Other Taxes**  
**Year Ended December 31, 2020**

**(Schedule 3)**

	<b>Budget</b> <b>(Unaudited)</b>	<b>2020</b>	<b>2019</b>
<b>Taxation</b>			
Real property taxes	\$ 10,898,726	\$ 10,876,445	\$ 11,226,470
Government grants in place of property taxes	60,302	60,302	55,965
	<b>10,959,028</b>	<b>10,936,747</b>	<b>11,282,435</b>
<b>Requisitions</b>			
Alberta School Foundation Fund	2,954,364	2,930,519	3,351,180
Lakeland Seniors Foundation	85,157	85,588	88,159
	<b>3,039,521</b>	<b>3,016,107</b>	<b>3,439,339</b>
<b>Net municipal taxes</b>	<b>\$ 7,919,507</b>	<b>\$ 7,920,640</b>	<b>\$ 7,843,096</b>



**TOWN OF BONNYVILLE**  
**Schedule of Government Transfers**  
**Year Ended December 31, 2020**

**(Schedule 4)**

	<b>Budget</b> (Unaudited)	<b>2020</b>	<b>2019</b>
<b>Transfers for operating</b>			
Provincial Government	\$ 1,105,449	\$ 1,574,307	\$ 881,496
Other Local Governments	994,051	932,289	1,205,954
	2,099,500	2,506,596	2,087,450
<b>Transfers for Capital</b>			
Provincial Government	5,321,571	26,543,740	61,835,366
Other Local Governments	5,307,218	3,298,616	1,159,039
	10,628,789	29,842,356	62,994,405
<b>Total government transfers</b>	\$ 12,728,289	\$ 32,348,952	\$ 65,081,855

**TOWN OF BONNYVILLE****(Schedule 5)****Schedule of Consolidated Expenses by Object  
Year Ended December 31, 2020**

	<b>Budget</b> <b>(Unaudited)</b>	<b>2020</b>	<b>2019</b>
<b>Consolidated expenses by object</b>			
Salaries, wages and benefits	\$ 6,696,111	\$ 5,876,923	\$ 5,978,670
Contracted and general services	5,510,822	5,101,945	5,442,565
Materials, goods, supplies and utilities	2,652,185	2,521,592	2,557,271
Transfers to individuals and organizations	1,336,220	1,243,575	1,366,281
Bank charges and short term interest	5,000	3,463	7,111
Amortization of tangible capital assets	5,611,991	5,285,420	5,300,383
Interest on long term debt	579,049	498,929	535,437
	\$ 22,391,378	\$ 20,531,847	\$ 21,187,718



**TOWN OF BONNYVILLE**  
**Schedule of Segmented Disclosure**  
**Year Ended December 31, 2020**

(Schedule 6)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
<b>Revenue</b>								
Net municipal taxes	7,920,640	-	-	-	-	-	-	7,920,640
Local improvements	-	-	-	-	-	-	-	-
Recreation local improvement	-	-	-	-	-	-	-	-
Government transfers	1,654,646	472,897	2,397,814	-	688,218	26,394,446	740,931	32,348,952
User fees and sales of goods	18,122	-	32,622	41,850	58,612	3,801,797	3,893	3,956,896
Investment income	166,464	-	-	-	-	-	-	166,464
Other revenues	1,348,637	345,084	(546,082)	160,498	158,325	121,019	50,469	1,637,950
	11,108,509	817,981	1,884,354	202,348	905,155	30,317,262	795,293	46,030,902
<b>Expenses</b>								
Contracted and general services	807,349	1,943,711	1,011,690	22,256	144,886	1,013,919	158,134	5,101,945
Salaries, wages and benefits	1,374,638	479,623	1,133,125	270,812	885,291	1,282,784	450,650	5,876,923
Materials, goods, supplies and utilities	91,394	101,074	1,174,098	1,578	218,958	853,899	80,591	2,521,592
Transfers to local boards and agencies	86,242	50,000	-	-	1,057,414	-	49,919	1,243,575
Interest on long term debt	-	125,002	348,494	-	-	25,433	-	498,929
Other expenses	3,463	-	-	-	-	-	-	3,463
	2,363,086	2,699,410	3,667,407	294,646	2,306,549	3,176,035	739,294	15,246,427
<b>Net revenue before amortization</b>	8,745,423	(1,881,429)	(1,783,053)	(92,298)	(1,401,394)	27,141,227	55,999	30,784,475
Amortization of tangible capital assets	225,846	242,073	2,844,021	1,590	683,334	1,252,220	36,336	5,285,420
<b>Net revenue</b>	8,519,577	(2,123,502)	(4,627,074)	(93,888)	(2,084,728)	25,889,007	19,663	25,499,055
<b>Net revenue - 2019</b>	6,898,024	(1,857,557)	(4,073,820)	(141,468)	(2,251,816)	60,973,248	(8,035)	59,538,576



## TOWN OF BONNYVILLE

### Notes to Consolidated Financial Statements

Year Ended December 31, 2020

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#### 1. Significant accounting policies

##### Basis of presentation

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. 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, therefore, accountable to Council for the administration of their financial affairs and resources. Included with the corporation are the following:

Town of Bonnyville Waterworks System

Town of Bonnyville Library Board

Town of Bonnyville Waste Disposal

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, 2020

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1. Significant accounting policies (*continued*)

Use of estimates

The preparation of the 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 of tangible capital assets
- Estimated useful life of tangible capital assets
- Allowance for doubtful accounts
- Inventory valuation
- Local improvements receivable
- Landfill (closure and post closure) liability

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. 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.

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## TOWN OF BONNYVILLE

### Notes to Consolidated Financial Statements

Year Ended December 31, 2020

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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 for resale

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

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.

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, 2020

#### 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 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

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

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

##### 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, 2020

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

The following accounting standards have been issued by the Chartered Professional Accountants of Canada (CPAC) 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

The new Section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. In conjunction with this new Section, Section PS1201, Section PS 2601 and Section 3041 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, 2022.

##### Section PS 3280 - Asset Retirement Obligations

This new Section establishes standards on how to account for and report a liability for asset retirement obligations. This Section applies to fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted. As a consequence of the issuance of Section PS3280, Solid Waste Landfill Closure and Post-Closure Liability, Section PS3270, has been withdrawn. Section PS3270 will remain in effect until the adoption of Section PS3280.

##### Section 3400 - Revenue

This new Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. This Section applies to fiscal years beginning on or after April 1, 2022.

#### 3. Cash and temporary investments

	2020	2019
Cash	\$ 22,682,497	\$ 16,557,440

Included in cash is a restricted amount of \$10,175,205 (2019 - \$13,472,619) received from grants which are held exclusively for restrictive purposes (Note 8).

Council has designated funds of \$8,171,075 (2019 - \$7,460,320) included in the above amounts for capital replacement.

The bank account has an overdraft authorized to \$2,500,000 and bears interest at prime less 1.55%. Prime rate was 2.45% at December 31, 2020.



**TOWN OF BONNYVILLE****Notes to Consolidated Financial Statements****Year Ended December 31, 2020****4. Taxes and grants in place of taxes receivable**

	2020	2019
Current taxes and grants in place of taxes	\$ 630,817	\$ 578,178
Arrears taxes	552,997	557,698
	<b>\$ 1,183,814</b>	<b>\$ 1,135,876</b>

**5. Local improvement receivable**

	2020	2019
Local improvements	<b>\$ 13,256,379</b>	<b>\$ 14,271,676</b>

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**

	2020	2019
Credit Union term deposits	\$ 170,169	\$ 168,568
ATB Financial term deposits	138,487	138,487
Lakeland Credit Union common shares	10,251	10,250
	<b>\$ 318,907</b>	<b>\$ 317,305</b>

Credit Union term deposits have effective interest rates of 1.45% to 2.24% (2020 - 1.45% to 2.24%) and maturity dates from January 2021 to December 2022. ATB Financial term deposits have an effective interest rate of 2.49% (2019 - 2.491%) with a maturity date of May 2021.

Council has designated funds of \$308,656 (2019 - \$307,055) included in investments for capital replacement.

**7. Accounts payable and accrued liabilities**

	2020	2019
Trade accounts payable and accrued liabilities	\$ 5,367,747	\$ 13,482,331
Landfill closure and post closure liability	684,890	567,002
Accrued wages	410,178	535,307
	<b>\$ 6,462,815</b>	<b>\$ 14,584,640</b>

**TOWN OF BONNYVILLE****Notes to Consolidated Financial Statements****Year Ended December 31, 2020****8. Deferred revenue**

	<b>2020</b>	<b>2019</b>
Water For Life Grant	\$ -	\$ 9,044,233
Improvement District No. 349 Grant	<b>9,027,919</b>	-
First Nations Water Tie-In Program Grant	<b>707,888</b>	1,006,378
Implementation of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)	-	771,382
Municipal Sustainability Initiative Grant	-	164,119
Inter-Municipal Cooperation Program	-	2,181,298
Alberta Community Partnership Grants	<b>130,727</b>	166,342
Social Housing Grant	<b>45,911</b>	60,911
Municipal Stimulus Program Grant	<b>129,888</b>	-
Municipal Operating Support Transfer Grant	<b>132,872</b>	-
Other deferred revenue	<b>170,996</b>	77,956
	<b>\$ 10,346,201</b>	<b>\$ 13,472,619</b>

Funding received from the various grant programs noted above are restricted to the eligible operating and capital projects as approved in the funding agreements. Unexpended funds related to the funding advances are supported by restricted cash of \$10,175,205 held exclusively for these projects (Note 3).



**TOWN OF BONNYVILLE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2020**

9. Long-term debt

	2020	2019
Tax supported debentures	\$ 15,125,339	\$ 16,015,359

Principal and interest repayments are as follows:

	Principal	Interest	Total
2021	\$ 918,511	\$ 473,338	\$ 1,391,849
2022	947,922	443,926	1,391,848
2023	978,286	413,562	1,391,848
2024	1,009,633	382,216	1,391,849
2025	1,041,995	349,854	1,391,849
Thereafter	10,228,992	1,581,449	11,810,441
	<u>\$ 15,125,339</u>	<u>\$ 3,644,345</u>	<u>\$ 18,769,684</u>

The current portion of the long term debt amounts to \$918,511 (2019 - \$890,020).

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 0% to 4.124% per annum and matures in periods 2012 through 2036. The average annual interest rate is 3.15% for 2020 and 3.15% for 2019. 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 \$498,929 (2019 - \$535,437).

The municipalities total interest paid in 2020 were \$501,828 (2019 - \$538,788).

**TOWN OF BONNYVILLE****Notes to Consolidated Financial Statements****Year Ended December 31, 2020****10. Debt limits**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the municipality be disclosed as follows:

	2020	2019
Total debt limit	\$ 24,124,263	\$ 25,532,444
Total debt	15,125,339	16,015,359
Amount of debt limit unused	\$ 8,998,924	\$ 9,517,085
Debt servicing limit	\$ 4,020,711	\$ 4,255,407
Debt servicing	1,391,849	1,391,849
Amount of debt servicing limit unused	\$ 2,628,862	\$ 2,863,558

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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.



**TOWN OF BONNYVILLE****Notes to Consolidated Financial Statements****Year Ended December 31, 2020****11. 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 2020, the Town made payments totalling \$415,955 (2019 - \$560,823) 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 Class II landfill site which has already been closed. The Town has not designated assets for setting closure and post-closure liabilities of the new Class III site. The life expectancy of the new site is in excess of 40 years.

	2020	2019
Estimated closure costs	\$ 3,101,852	\$ 3,101,852
Estimated post-closure costs	160,196	160,196
Estimated total liability	\$ 3,262,048	\$ 3,262,048
Accrued liability	\$ 684,890	\$ 567,002
Portion of total liability remaining to be recognized	\$ 2,577,158	\$ 2,695,046

**12. Equity in tangible capital assets**

	2020	2019
Tangible capital assets (Schedule 2)	\$306,911,257	\$278,739,360
Accumulated amortization (Schedule 2)	(83,221,885)	(78,711,186)
Long-term debt (Note 9)	(15,125,339)	(16,015,359)
	\$208,564,033	\$184,012,815

**TOWN OF BONNYVILLE****Notes to Consolidated Financial Statements****Year Ended December 31, 2020****13. Accumulated surplus**

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

	<b>2020</b>	<b>2019</b>
Unrestricted surplus	<b>\$ 613,848</b>	<b>\$ 65,091</b>
Restricted surplus		
Restricted operating surplus	<b>17,734,418</b>	<b>18,047,694</b>
Restricted capital surplus	<b>8,479,731</b>	<b>7,767,375</b>
Equity in tangible capital assets	<b>208,564,033</b>	<b>184,012,815</b>
	<b>\$235,392,030</b>	<b>\$209,892,975</b>

**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).



**TOWN OF BONNYVILLE****Notes to Consolidated Financial Statements****Year Ended December 31, 2020****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:

			<b>2020</b>		<b>2019</b>
	Salary	Benefits & allowances (1)			
Gene Sobolewski (Mayor)	\$ 90,553	\$ 3,477	\$ <b>94,030</b>	\$	92,585
Brian McEvoy	33,976	1,717	<b>35,693</b>		38,780
Ray Prevost	35,902	224	<b>36,126</b>		31,862
Elisa Brosseau	38,235	1,968	<b>40,203</b>		45,128
Lorna Mae Storoschuk	41,673	580	<b>42,253</b>		49,816
Rene Van Brabant	30,045	448	<b>30,493</b>		30,959
Chadwick Colbourne	33,135	1,679	<b>34,814</b>		41,519
Former CAO - Mark Power	116,261	-	<b>116,261</b>		168,708
CAO - Bill Rogers	100,225	14,555	<b>114,780</b>		-
Former Assistant CAO - Bill Rogers	63,370	14,026	<b>77,396</b>		158,137
	<b>\$ 583,375</b>	<b>\$ 38,674</b>	<b>\$ 622,049</b>	<b>\$</b>	<b>657,494</b>

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, 2020

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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 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 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount.

Total current service contributions by the municipality to the LAPP in 2020 were \$398,613 (2019 - \$385,264). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2020 were \$360,450 (2019 - \$347,797).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.9 billion.

#### 17. Commitments

The Town of Bonnyville is the guarantor on a loan for the Bonnyville & District Sports and Recreation Society. The loan is to fund operations of the Junior A Pontiac's hockey club. The loan had a balance of \$79,559 as of December 31, 2020 (2019 - \$87,908).

The Town of Bonnyville is the guarantor on a loan for the Bonnyville Bingo Association. The loan is to fund renovations to the building that the association is leasing. The loan was initially disbursed at \$140,000 and had a balance of \$111,081 as of December 31, 2020 (2019 - \$129,683).

The Town of Bonnyville has a commitment with the Bonnyville Regional Water Services Commission ("the Commission") to fund a portion of the project to build the water line. The total project cost is estimated at \$93,400,000 of which \$3,234,161 is for the Cold Lake First Nations and is funded 100% by government grants. The remaining portion is funded by government grants and municipalities. Included in the \$93,400,000 are cost over runs of approximately \$10,300,000 of which 50% is covered by the province. For the remaining 50%, the Town of Bonnyville is responsible for 80.2% and the Municipal District of Bonnyville No. 87 is responsible for the remaining portion. The remaining balance is funded 90% by the province and 10% by the Town of Bonnyville and Municipal District of Bonnyville No. 87. The Town of Bonnyville is responsible for 80.2% of the 10% and the Municipal District of Bonnyville No. 87 is responsible for the remaining portion.

The Town of Bonnyville is managing the project for the Bonnyville Regional Water Services Commission as the organization was not established until late 2018. Council has committed to transferring water line assets of \$92,531,721 (2019 - \$58,379,958) and deferred revenue of \$nil (2019 - \$11,885,550) to the Commission in 2020.



## **TOWN OF BONNYVILLE**

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

**Year Ended December 31, 2020**

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#### **18. Contingent liabilities**

The Town of Bonnyville was named as a defendant in a lawsuit where Urlacher Construction Ltd. is suing 683416 Alberta Ltd. of contract to pay for services to complete a land development project. The plaintiff is suing for \$60,156 in damages. This liability has not been recognized on the 2019 financial statements as there is insufficient knowledge on the outcome of this claim. Any liability resulting from the legal claim will be fully funded by insurance.

#### **19. Financial instruments**

The Town's financial instruments consist of cash and temporary investments, accounts receivable, debt charges recoverable, 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 risk arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable 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.

#### **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 \$27,462,987 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 \$4,320 (2019 - \$3,573) from the Centennial Centre. The outstanding debenture was paid off in 2019. During the year, the Town contributed \$945,648 (2019 - \$945,648) to the Bonnyville & District Leisure Facility Corporation for the 2020 requisition. Included in the receivables is the 2020 over funding of \$78,661 (2019 - \$9,869).

#### **21. Approval of financial statements**

Council and Management have approved these financial statements.

#### **22. Budget amounts**

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

## **TOWN OF BONNYVILLE**

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

**Year Ended December 31, 2020**

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#### **23. Pandemic risk**

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and measures put in place are having multiple impacts on local, provincial, national and global economies. As at April 13, 2021, the Municipality is aware of these changes in its operations as a result of the COVID-19 crisis. Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance. As a result, we are unable to estimate the potential impact on the Municipality's operations as of the date of these financial statements.

#### **24. Comparative figures**

Some of the comparative figures have been reclassified to conform to the current year's presentation.