

TOWN OF BONNYVILLE
Annual Financial Statements
Year Ended December 31, 2022



Wilde Advisory Group
Accounting | Law | Consulting



Wilde and Company
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 consolidated statement of financial position as at December 31, 2022, and the consolidated statements of changes in net assets and revenues and expenditures 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 consolidated financial position of the Town as at December 31, 2022, and the consolidated results of its operations and consolidated 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.

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:

(continues)

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

- 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 11, 2023

Chartered Professional Accountants

TOWN OF BONNYVILLE
Consolidated Statement of Financial Position
As at December 31, 2022

	2022	2021
Financial assets		
Cash (Note 3)	\$ 24,027,161	\$ 23,853,688
Receivables		
Taxes and grants in place of taxes receivable (Note 4)	1,355,237	1,208,019
Due from governments	1,860,730	2,194,484
Trade and other receivables	2,227,513	2,185,691
Local improvement receivable (Note 5)	11,226,522	12,228,757
Investments (Note 6)	10,758	71,219
	40,707,921	41,741,858
Liabilities		
Accounts payable and accrued liabilities (Note 7)	3,976,575	3,773,071
Deposit liabilities	441,786	413,284
Deferred revenue (Note 8)	3,148,741	4,471,601
Long term debt (Note 9)	13,258,908	14,206,830
	20,826,010	22,864,786
Net financial assets	19,881,911	18,877,072
Non-financial assets		
Tangible capital assets (Schedule 2)	140,071,432	136,553,657
Inventory	443,092	250,747
Prepaid expenses	98,773	74,134
	140,613,297	136,878,538
Accumulated surplus (Schedule 1)	\$ 160,495,208	\$ 155,755,610
Commitment (Note 17)		

TOWN OF BONNYVILLE
Consolidated Statement of Operations
Year Ended December 31, 2022

	Budget (Unaudited)	2022	2021
Revenues			
Net municipal taxes (<i>Schedule 3</i>)	\$ 8,138,892	\$ 8,110,550	\$ 7,965,015
Local improvements	-	-	(2,297)
User fees and sales of goods	4,398,051	4,423,682	4,106,041
Government transfers for operating (<i>Schedule 4</i>)	9,380,889	9,942,148	3,855,585
Investment income	175,000	565,245	205,379
Penalties and costs on taxes	259,500	287,629	220,892
Loss on disposal of tangible capital assets	-	(19,039)	(36,152)
Other	2,026,718	2,307,261	1,872,243
	24,379,050	25,617,476	18,186,706
Expenses			
Administration and legislative	3,692,366	3,381,390	3,270,676
Protective services	2,886,043	2,996,935	2,752,660
Bylaw enforcement	259,392	213,943	282,361
Roads, streets, walks, lighting	6,506,488	7,011,674	7,015,877
Airport services	-	-	1,495
Water supply and distribution	2,711,324	2,751,373	3,153,756
Wastewater treatment and disposal	1,257,109	1,212,874	1,349,044
Waste management	1,275,847	1,211,358	1,123,230
Family and community support	968,618	829,311	839,781
Land use planning, zoning and development	291,734	199,118	164,689
Parks and recreation	3,223,077	3,176,275	2,752,863
Culture	533,417	230,759	224,704
	23,605,415	23,215,010	22,931,136
Excess of revenue over expenses - before other	773,635	2,402,466	(4,744,430)
Other			
Government transfers for capital (<i>Schedule 4</i>)	7,705,700	2,147,394	16,305,939
Contribution of capital received	-	167,072	1,321,497
Transfer of capital assets	-	-	(92,531,721)
Donations and funding for capital	540,980	22,666	12,295
Excess of revenues over expenses	9,020,315	4,739,598	(79,636,420)
Accumulated surplus - beginning of the year	155,755,610	155,755,610	235,392,030
Accumulated surplus - end of the year	\$ 164,775,925	\$ 160,495,208	\$ 155,755,610

TOWN OF BONNYVILLE

Consolidated Statement of Change in Net Financial Assets
Year Ended December 31, 2022

	Budget (Unaudited)	2022	2021
Excess of revenues over expenses	\$ 9,020,315	\$ 4,739,598	\$ (79,636,420)
Acquisition of tangible capital assets	(18,600,342)	(9,187,813)	(9,753,095)
Contributed tangible capital assets	-	(167,072)	(1,321,497)
Proceeds on disposal of tangible capital assets	-	55,000	90,103
Transfer of tangible capital assets	-	-	92,531,721
Amortization of tangible capital assets	5,906,582	5,763,071	5,552,331
Loss on sale of tangible capital assets	-	19,039	36,152
	(12,693,760)	(3,517,775)	87,135,715
Use (acquisition) of supplies inventories	-	(192,345)	53,186
Use (acquisition) of prepaid assets	-	(24,639)	6,846
	-	(216,984)	60,032
Decrease (increase) in net financial assets	(3,673,445)	1,004,839	7,559,327
Net financial assets, beginning of year	18,877,072	18,877,072	11,317,745
Net financial assets, end of year	\$ 15,203,627	\$ 19,881,911	\$ 18,877,072

TOWN OF BONNYVILLE
Consolidated Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
Operating		
Excess of revenues over expenses	\$ 4,739,598	\$ (79,636,420)
Net changes in non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	5,763,071	5,552,331
Contributed tangible capital assets	(167,072)	(1,321,497)
Transfer of tangible capital assets	-	92,531,721
Loss on disposal of tangible capital assets	19,039	36,152
Net changes in non-cash charges to operation:		
Increase in taxes and grants in lieu receivable	(147,218)	(24,205)
Decrease in government receivables	333,754	1,838,575
Increase (decrease) in trade and other receivables	(41,822)	137
Decrease in local improvements receivable	1,002,235	1,027,622
Decrease (increase) in inventory	(192,345)	53,186
Decrease (increase) in prepaid expenses	(24,639)	6,846
Increase (decrease) in accounts payable and accrued liabilities	203,504	(2,689,744)
Increase in deposit liabilities	28,502	4,900
Decrease in deferred revenues	(1,322,860)	(5,874,600)
<i>Cash provided by operating transactions</i>	10,193,747	11,505,004
Capital		
Acquisition of tangible capital assets	(9,187,813)	(9,753,095)
Proceeds from sale of tangible capital assets	55,000	90,103
<i>Cash applied to capital transactions</i>	(9,132,813)	(9,662,992)
Investing		
Decrease in restricted cash or cash equivalents	1,321,422	6,333,265
Decrease in investments	60,461	247,688
<i>Cash provided by investing transactions</i>	1,381,883	6,580,953
Financing		
Long term debt repaid	(947,922)	(918,509)
<i>Cash applied to financing transactions</i>	(947,922)	(918,509)
Change in cash and cash equivalents during the year	1,494,895	7,504,456
Cash and cash equivalents, beginning of year	20,011,748	12,507,292
Cash and cash equivalents, end of year	\$ 21,506,643	\$ 20,011,748
Cash and cash equivalents is made up of:		
Cash (Note 3)	\$ 24,027,161	\$ 23,853,688
Less: restricted portion of cash (Note 3)	(2,520,518)	(3,841,940)
	\$ 21,506,643	\$ 20,011,748

TOWN OF BONNYVILLE

(Schedule 1)

Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2022

					2022	2021
	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Tangible Capital Assets	\$	\$
Balance, beginning of year	36,155	16,751,949	16,620,679	122,346,827	155,755,610	235,392,030
Excess of revenues over expenses	4,739,598			-	4,739,598	(79,636,420)
Unrestricted funds designated for future use	(254,869)	(650,607)	905,476	-	-	-
Capital debt repayment	(947,922)			947,922	-	-
Current year funds used for tangible capital assets	(9,187,813)			9,187,813	-	-
Contributed asset received	(167,072)			167,072	-	-
Capital debt issued	-			-	-	-
Transferred tangible capital assets	-			-	-	-
Disposal of tangible capital assets	74,039			(74,039)	-	-
Annual amortization expense	5,763,071			(5,763,071)	-	-
	19,032	(650,607)	905,476	4,465,697	4,739,598	(79,636,420)
Balance, end of year	55,187	16,101,342	17,526,155	126,812,524	160,495,208	155,755,610

TOWN OF BONNYVILLE
Schedule of Tangible Capital Assets
Year Ended December 31, 2022

(Schedule 2)

							2022	2021
							\$	\$
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles		
Cost:								
Balance, beginning of year	10,974,194	7,075,563	43,320,568	152,210,971	7,586,103	3,518,335	224,685,734	306,911,257
Acquisition of tangible capital assets		784,214	382,286	7,038,818	53,762	928,733	9,187,813	9,753,095
Contributed tangible capital assets		-	-	-	167,072	-	167,072	1,321,497
Transfer of tangible capital assets		-	-	-	-	-	-	(92,531,721)
Disposal of tangible capital assets		(50,163)	-	(277,150)	-	(261,660)	(588,973)	(768,394)
Balance, end of year	10,974,194	7,809,614	43,702,854	158,972,639	7,806,937	4,185,408	233,451,646	224,685,734
Accumulated amortization:								
Balance, beginning of year	-	3,813,103	15,367,354	62,927,541	3,757,650	2,266,429	88,132,077	83,221,885
Annual amortization	-	257,276	922,937	3,917,719	479,162	185,977	5,763,071	5,552,331
Accumulated amortization on disposals	-	(50,163)	-	(228,111)	-	(236,660)	(514,934)	(642,139)
Balance, end of year	-	4,020,216	16,290,291	66,617,149	4,236,812	2,215,746	93,380,214	88,132,077
Net Book Value of tangible capital assets	10,974,194	3,789,398	27,412,563	92,355,490	3,570,125	1,969,662	140,071,432	136,553,657
2021 Net Book Value of tangible capital assets	10,974,194	3,262,460	27,953,214	89,283,430	3,828,453	1,251,906		136,553,657

TOWN OF BONNYVILLE
Schedule of Property and Other Taxes
Year Ended December 31, 2022

(Schedule 3)

	Budget	2022	2021
	(Unaudited)		
Taxation			
Real property taxes	\$ 11,067,936	\$ 11,033,982	\$ 10,829,854
Government grants in place of property taxes	69,421	69,421	61,331
	11,137,357	11,103,403	10,891,185
Requisitions			
Alberta School Foundation Fund	2,933,303	2,927,338	2,872,611
Lakeland Seniors Foundation	65,162	65,515	53,559
	2,998,465	2,992,853	2,926,170
Net municipal taxes	\$ 8,138,892	\$ 8,110,550	\$ 7,965,015

TOWN OF BONNYVILLE
Schedule of Government Transfers
Year Ended December 31, 2022

(Schedule 4)

	Budget (Unaudited)	2022	2021
Transfers for operating			
Provincial Government	\$ 7,273,725	\$ 8,874,511	\$ 1,366,845
Other Local Governments	2,107,164	1,067,637	2,488,740
	9,380,889	9,942,148	3,855,585
Transfers for Capital			
Provincial Government	7,705,700	2,147,394	16,185,939
Other Local Governments	-	-	120,000
	7,705,700	2,147,394	16,305,939
Total government transfers	\$ 17,086,589	\$ 12,089,542	\$ 20,161,524

TOWN OF BONNYVILLE**(Schedule 5)****Schedule of Consolidated Expenses by Object
Year Ended December 31, 2022**

	Budget (Unaudited)	2022	2021
Consolidated expenses by object			
Salaries, wages and benefits	\$ 6,768,568	\$ 6,199,557	\$ 5,794,183
Contracted and general services	6,452,677	6,767,691	6,817,215
Materials, goods, supplies and utilities	2,607,454	2,004,026	1,907,632
Transfers to individuals and organizations	1,421,204	2,036,137	2,385,826
Bank charges and short term interest	5,000	3,697	3,607
Amortization of tangible capital assets	5,906,582	5,763,071	5,552,331
Interest on long term debt	443,930	440,831	470,342
	\$ 23,605,415	\$ 23,215,010	\$ 22,931,136

TOWN OF BONNYVILLE
Schedule of Segmented Disclosure
Year Ended December 31, 2022

(Schedule 6)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
Revenue								
Net municipal taxes	8,110,550	-	-	-	-	-	-	8,110,550
Government transfers	201,788	619,014	8,127,580	-	1,458,909	944,598	737,653	12,089,542
User fees and sales of goods	46,568	864	32,617	7,650	185,499	4,138,760	11,724	4,423,682
Investment income	565,245	-	-	-	-	-	-	565,245
Other revenues	1,675,785	311,651	583	415,075	274,917	21,356	71,733	2,771,100
	10,599,936	931,529	8,160,780	422,725	1,919,325	5,104,714	821,110	27,960,119
Expenses								
Contracted and general services	900,158	2,416,633	994,299	56,279	292,565	1,960,022	147,735	6,767,691
Salaries, wages and benefits	1,916,925	308,359	1,412,105	140,309	863,038	1,033,763	525,058	6,199,557
Materials, goods, supplies and utilities	198,418	79,060	1,127,771	2,530	321,323	202,985	71,939	2,004,026
Transfers to local boards and agencies	137,795	50,000	-	-	1,228,607	567,917	51,818	2,036,137
Interest on long term debt	-	113,254	305,479	-	-	22,098	-	440,831
Other expenses	3,697	-	5,511	-	-	-	-	9,208
	3,156,993	2,967,306	3,845,165	199,118	2,705,533	3,786,785	796,550	17,457,450
Net revenue before amortization	7,442,943	(2,035,777)	4,315,615	223,607	(786,208)	1,317,929	24,560	10,502,669
Amortization of tangible capital assets	224,397	243,572	3,273,665	-	701,501	1,287,175	32,761	5,763,071
Net revenue	7,218,546	(2,279,349)	1,041,950	223,607	(1,487,709)	30,754	(8,201)	4,739,598
Net revenue - 2021	6,958,890	(2,101,041)	8,611,631	5,747	(853,509)	(92,275,537)	17,399	(79,636,420)

TOWN OF BONNYVILLE

Notes to Consolidated Financial Statements

Year Ended December 31, 2022

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.

(continues)

TOWN OF BONNYVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

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.

(*continues*)

TOWN OF BONNYVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

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, 2022

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, 2022

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 1201 – Financial Statement Presentation

Section PS1201 and section PS2601 have been amended to introduce an irrevocable accounting policy election arising from a foreign currency transaction. These amendments are effective for fiscal periods beginning on or after April 1, 2022. Earlier adoption is permitted.

Section PS 2601 – Foreign Currency Translation

This section has been amended to introduce an irrevocable accounting policy election available to financial assets and financial liabilities arising from a foreign currency transaction. This allows public sector entities to elect on initial recognition to recognize their exchange gains and losses on a financial asset or financial liability directly in the statement of operations. This amendment is effective for fiscal periods beginning on or after April 1, 2022. Earlier adoption is permitted.

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. Earlier adoption is permitted.

Section PS 3041 – Portfolio Investments

This section applies in the period section PS 1201 Financial Statement Presentation, section PS 2601 Foreign Currency Translation and section PS 3450 Financial Instruments are adopted (fiscal years 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, 2023.

Guideline PSG-8 – Purchased Intangibles

This new guideline explains the scope of intangibles allowed to be recognized in financial statements given the removal of the recognition prohibition relating to purchased intangibles in section PS 1000. This new guideline is effective for fiscal periods beginning on or after April 1, 2023.

Section PS 3160 – Public Private Partnerships

This new section establishes standards on how to account for public private partnership arrangements. This new section is effective for fiscal periods beginning on or after April 1, 2023. Earlier adoption is permitted.

TOWN OF BONNYVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

3. Cash

	2022	2021
Cash	\$ 24,027,161	\$ 23,853,688

Included in cash is a restricted amount of \$2,520,518 (2021 - \$3,841,940) received from grants which are held exclusively for restrictive purposes (Note 8).

Council has designated funds of \$17,526,155 (2021 - \$16,620,679) 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 0.25%. Prime rate was 6.45% at December 31, 2022.

4. Taxes and grants in place of taxes receivable

	2022	2021
Current taxes and grants in place of taxes	\$ 632,429	\$ 534,402
Arrears taxes	722,808	673,617
	\$ 1,355,237	\$ 1,208,019

5. Local improvement receivable

	2022	2021
Local improvements	\$ 11,226,522	\$ 12,228,757

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

	2022	2021
Credit Union term deposits	\$ -	\$ 60,817
Lakeland Credit Union common shares	10,758	10,402
	\$ 10,758	\$ 71,219

Credit Union term deposits matured in the year.

TOWN OF BONNYVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

7. Accounts payable and accrued liabilities

	2022	2021
Trade accounts payable and accrued liabilities	\$ 2,564,652	\$ 2,566,026
Landfill closure and post closure liability	925,312	804,320
Accrued wages	486,611	402,725
	\$ 3,976,575	\$ 3,773,071

8. Deferred revenue

	2022	2021
Improvement District No. 349 Grant	\$ 2,207,745	\$ 3,244,656
First Nations Water Tie-In Program Grant	274,362	442,146
Social Housing Grant	38,411	38,411
Alberta Community Partnership Grants	-	116,727
Canada Community Building Fund	-	-
Other deferred revenue	628,223	629,661
	\$ 3,148,741	\$ 4,471,601

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 \$2,520,518 held exclusively for these projects (Note 3).

TOWN OF BONNYVILLE**Notes to Consolidated Financial Statements****Year Ended December 31, 2022****9. Long-term debt**

	2022	2021
Tax supported debentures	\$ 13,258,908	\$ 14,206,830

Principal and interest repayments are as follows:

	Principal	Interest	Total
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
2026	1,075,405	316,444	1,391,849
2027	1,109,898	281,951	1,391,849
Thereafter	8,043,691	983,055	9,026,746
	\$ 13,258,908	\$ 2,727,082	\$ 15,985,990

Debenture debt is repayable to the Government of Alberta and bears interest at rates ranging from 2.831% to 4.124% per annum and matures in periods 2030 through 2036. The average annual interest rate is 3.18% for 2022 and 3.18% for 2021. 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 \$443,926 (2021 - \$473,338).

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 Town be disclosed as follows:

	2022	2021
Total debt limit	\$ 38,426,214	\$ 27,280,059
Total debt	13,258,908	14,206,830
Amount of debt limit unused	\$ 25,167,306	\$ 13,073,229
Debt servicing limit	\$ 6,404,369	\$ 4,546,677
Debt servicing	1,391,848	1,391,848
Amount of debt servicing limit unused	\$ 5,012,521	\$ 3,154,829

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, 2022****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 2022, the Town made payments totalling \$475,114 (2021 - \$421,914) 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.

	2022	2021
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	\$ 925,312	\$ 804,320
Portion of total liability remaining to be recognized	\$ 2,336,736	\$ 2,457,729

12. Equity in tangible capital assets

	2022	2021
Tangible capital assets (Schedule 2)	\$233,451,646	\$224,685,734
Accumulated amortization (Schedule 2)	(93,380,214)	(88,132,077)
Long-term debt (Note 9)	(13,258,908)	(14,206,830)
	\$126,812,524	\$122,346,827

TOWN OF BONNYVILLE**Notes to Consolidated Financial Statements****Year Ended December 31, 2022****13. Accumulated surplus**

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

	2022	2021
Unrestricted surplus	\$ 55,187	\$ 36,155
Restricted surplus		
Restricted operating surplus	16,101,342	16,751,949
Restricted capital surplus	17,526,155	16,620,679
Equity in tangible capital assets	126,812,524	122,346,827
	\$ 160,495,208	\$ 155,755,610

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, 2022****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:

			2022	2021
	Salary	Benefits & allowances		Total
	(1)	(2)		
Elisa Brosseau (Mayor)	\$ 76,296	\$ 4,046	\$ 80,342	\$ 52,562
Kayla Blanchette	46,517	2,638	49,155	8,118
Byron Johnson	41,282	2,301	43,583	8,240
Brian McEvoy	45,635	2,577	48,212	37,215
Philip Kushnir	41,117	490	41,607	8,725
Neil Langridge	33,552	1,804	35,356	7,587
David Sharun	37,502	2,066	39,568	8,229
CAO - Bill Rogers	188,539	31,668	220,207	214,341
Gene Sobolewski (Former Mayor)	-	-	-	79,262
Ray Prevost (Former Council)	-	-	-	26,763
Lorna Mae Storoschuk (Former Council)	-	-	-	33,489
Rene Van Brabant (Former Council)	-	-	-	19,047
Chadwick Colbourne (Former Council)	-	-	-	31,415
	\$ 510,440	\$ 47,590	\$ 558,030	\$ 534,993

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, 2022

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 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.8% on pensionable earnings above this amount.

Total current service contributions by the municipality to the LAPP in 2022 were \$342,025 (2021 - \$360,871). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2022 were \$305,012 (2021 - \$325,716).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 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 balance has \$62,203 owing as of December 31st, 2022 (2021 - \$70,731).

The Town of Bonnyville is responsible for cost overruns related to the water line asset in the Bonnyville Regional Water Services Commission at 80.2% of the total costs with the remainder the responsibility of the MD of Bonnyville. In 2022, this totalled \$567,917.

18. 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.

TOWN OF BONNYVILLE

Notes to Consolidated Financial Statements

Year Ended December 31, 2022

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 \$27,462,987 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.

There is an outstanding utility receivable of \$2,072 (2021 - \$1,878) from the Centennial Centre. During the year, the Town contributed \$945,648 (2021 - \$945,648) to the Bonnyville & District Leisure Facility Corporation for the 2022 requisition. Included in payables is the 2022 under funding of \$64,967 (2021 included a receivable for over funding of \$1,059).

20. Approval of financial statements

Council and Management have approved these financial statements.

21. Budget amounts

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

22. Comparative figures

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