

**MUNICIPAL DISTRICT OF  
BONNYVILLE NO. 87**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**INDEPENDENT AUDITORS' REPORT**

To the Reeve and Council of the Municipal District of Bonnyville No. 87

*Report on the Consolidated Financial Statements*

We have audited the consolidated statement of financial position of the Municipal District of Bonnyville No. 87 as at December 31, 2013 and the consolidated statements of operations, change in net financial assets (debt) 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.

*Auditors' Responsibility*


Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have 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 of 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 auditors' judgement, 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Municipal District of Bonnyville No. 87 as at December 31, 2013 and the results of its operations, the change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Hawkings Epp Dumont LLP  
Chartered Accountants

Edmonton, Alberta  
April 23, 2014

**EDMONTON**  
Mayfield Square I  
10476 – Mayfield Road  
Edmonton, AB T5P 4P4  
T: 780.489.9606  
F: 780.484.9689

**STONY PLAIN**  
#101, 5300 – 50 Street  
PO Box 3188, Station Main  
Stony Plain, AB T7Z 1T8  
T: 780.963.2727  
F: 780.963.1294

**LLOYDMINSTER**  
5102 – 48 Street  
PO Box 10099  
Lloydminster, AB T9V 3A2  
T: 780.875.7433  
F: 780.875.5304

HAWKINGS.COM





**MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL REPORTING**

To His Worship the Reeve and Members of Council of the Municipal District of Bonnyville No. 87  
Bonnyville, Alberta

The management of the Municipal District of Bonnyville No. 87 prepared these consolidated financial statements and is responsible for their reliability, completeness and integrity. They conform, in all material respects, with accounting principles for local governments established by the Canadian Institute of Chartered Accountants.

Management maintains the necessary accounting and internal control systems designed to ensure: the timely production of reliable and accurate financial information, the protection of assets (to a reasonable extent) against loss or unauthorized use, and the promotion of operational efficiency. The Reeve and Council oversee management's responsibilities for the financial reporting and internal control systems.

The auditors, appointed by the Reeve and Council, conducted an audit of these consolidated financial statements in accordance with Canadian generally accepted auditing standards. The Chief Administrative Officer and the Municipal Administrator reviewed these consolidated financial statements with the auditors in detail before recommending their approval to the Reeve and Council.

  
\_\_\_\_\_  
Ryan Poole  
Chief Administrative Officer

  
\_\_\_\_\_  
Gordon Fullerton  
Municipal Administrator

Bonnyville, Alberta  
April 23, 2014

**MUNICIPAL DISTRICT OF BONNYVILLE NO. 87**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2013**

|   | <u><b>2013</b></u>          | <u><b>2012</b></u><br>(Restated)<br>(Note 25) |
|---|-----------------------------|---|
| <b>FINANCIAL ASSETS</b>                           |                             |   |
| Cash and temporary investments (Note 2)           | \$ 56,199,090               | \$ 59,464,809                                 |
| Accounts receivable                               |                             |   |
| Taxes and grants in place of taxes (Note 3)       | 1,046,605                   | 699,778                                       |
| Trade and other (Note 3)                          | 5,096,800                   | 7,968,230                                     |
| Debt recoverable - local improvements (Note 4)    | 748,911                     | 785,308                                       |
| Land held for resale                              | 345,090                     | 345,090                                       |
| Investments (Note 5)                              | <u>58,086</u>               | <u>80,851</u>                                 |
|   | <u><b>63,494,582</b></u>    | <u><b>69,344,066</b></u>                      |
| <b>LIABILITIES</b>                                |                             |   |
| Accounts payable and accrued liabilities          | 5,470,259                   | 5,791,852                                     |
| Deposit liabilities (Note 7)                      | 1,939,122                   | 944,507                                       |
| Deferred revenue (Note 8)                         | 421,185                     | 257,246                                       |
| Employee benefit obligations (Note 9)             | 671,511                     | 643,761                                       |
| Callable debt (Note 10)                           | 38,388                      | 51,184  |
| Long-term debt (Note 11)                          | 1,387,990                   | 1,662,471                                     |
| Landfill closure and post-closure costs (Note 12) | <u>2,206,096</u>            | <u>2,325,152</u>                              |
|   | <u><b>12,134,551</b></u>    | <u><b>11,676,173</b></u>                      |
| <b>NET FINANCIAL ASSETS</b>                       | <u><b>51,360,031</b></u>    | <u><b>57,667,893</b></u>                      |
| <b>NON-FINANCIAL ASSETS</b>                       |                             |   |
| Tangible capital assets (Schedule 1)              | 180,630,842                 | 145,401,984                                   |
| Inventory for consumption (Note 13)               | 5,695,548                   | 4,461,047                                     |
| Prepaid expenses                                  | <u>429,519</u>              | <u>383,407</u>                                |
|   | <u><b>186,755,909</b></u>   | <u><b>150,246,438</b></u>                     |
| <b>ACCUMULATED SURPLUS (Note 14)</b>              | <u><b>\$238,115,940</b></u> | <u><b>\$207,914,331</b></u>                   |

ON BEHALF OF COUNCIL:

  
 \_\_\_\_\_

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2013

|   | <u>2013</u><br>(Budget)<br>(Note 24) | <u>2013</u><br>(Actual) | <u>2012</u><br>(Actual)<br>(Restated)<br>(Note 25) |
|---|--------------------------------------|-------------------------|--|
| <b>REVENUE</b>  |                                      |                         |  |
| Net municipal taxes (Schedule 3)  | \$ 48,798,706                        | \$ 48,944,524           | \$ 46,405,351                                      |
| User fees and sales of goods (Schedule 5)                                 | 2,193,221                            | 2,424,731               | 2,278,924  |
| Government transfers for operating (Schedule 4)                           | 2,826,086                            | 2,141,633               | 2,106,156  |
| Interest  | 810,598                              | 949,589                 | 768,886  |
| Penalties on taxes  | 175,000                              | 226,258                 | 182,032  |
| Licenses and permits  | 208,000                              | 842,740                 | 543,178  |
| Development levies  | 50,000                               | 54,520                  | 62,393   |
| Sales to other governments  | 71,700                               | 71,558                  | 83,101   |
| Fines   | 205,000                              | 240,585                 | 165,150  |
| Other   | <u>5,609,502</u>                     | <u>7,192,250</u>        | <u>3,582,486</u>                                   |
|   | <u>60,947,813</u>                    | <u>63,088,388</u>       | <u>56,177,657</u>                                  |
| <b>EXPENSES</b>   |                                      |                         |  |
| Council   | 584,921                              | 534,901                 | 536,097  |
| Administration  | 4,008,335                            | 3,695,471               | 3,284,840  |
| Firefighting services   | 1,411,012                            | 1,369,564               | 1,132,448  |
| Disaster and emergency measures   | 437,170                              | 359,756                 | 362,993  |
| Bylaws enforcement  | 1,374,396                            | 1,340,297               | 1,200,902  |
| Roads, streets, walks and lighting  | 25,982,451                           | 22,114,678              | 20,449,129   |
| Water supply and distribution   | 832,563                              | 688,358                 | 731,550  |
| Wastewater treatment and disposal   | 609,614                              | 352,610                 | 298,382  |
| Waste management  | 1,662,001                            | 1,383,941               | 880,150  |
| Family and Community Support Services                                     | 267,084                              | 267,121                 | 266,209  |
| Community services  | 1,414,989                            | 2,260,761               | 1,112,140  |
| Land use planning, zoning and development                                 | 1,299,166                            | 1,204,425               | 1,055,694  |
| Agricultural services   | 1,536,234                            | 1,524,062               | 946,137  |
| Economic development and other planning                                   | 518,200                              | 481,552                 | 376,691  |
| Recreation boards   | 4,469,752                            | 2,113,583               | 2,368,565  |
| Parks and recreation  | 2,673,613                            | 2,625,156               | 2,428,359  |
| Culture: Library  | <u>332,626</u>                       | <u>322,185</u>          | <u>281,914</u>                                     |
|   | <u>49,414,127</u>                    | <u>42,638,421</u>       | <u>37,712,200</u>                                  |
| <b>EXCESS OF REVENUE OVER EXPENSES BEFORE<br/>OTHER INCOME</b>            | <u>11,533,686</u>                    | <u>20,449,967</u>       | <u>18,465,457</u>                                  |
| <b>OTHER INCOME</b>   |                                      |                         |  |
| Government transfers for capital (Schedule 4)                             | 3,946,767                            | 4,205,259               | 3,475,563  |
| Contributed assets  | <u>-</u>                             | <u>5,546,383</u>        | <u>3,813,415</u>                                   |
|   | <u>3,946,767</u>                     | <u>9,751,642</u>        | <u>7,288,978</u>                                   |
| <b>EXCESS OF REVENUE OVER EXPENSES</b>                                    | <u>15,480,453</u>                    | <u>30,201,609</u>       | <u>25,754,435</u>                                  |
| <b>ACCUMULATED SURPLUS, BEGINNING OF YEAR,<br/>AS PREVIOUSLY REPORTED</b> | 207,914,331                          | 207,129,023             | 181,340,371  |
| Change in accounting policy (Note 25)                                     | <u>-</u>                             | <u>785,308</u>          | <u>819,525</u>                                     |
| <b>ACCUMULATED SURPLUS, BEGINNING OF YEAR,<br/>AS RESTATED</b>            | <u>207,914,331</u>                   | <u>207,914,331</u>      | <u>182,159,896</u>                                 |
| <b>ACCUMULATED SURPLUS, END OF YEAR</b>                                   | <u>\$ 223,394,784</u>                | <u>\$ 238,115,940</u>   | <u>\$ 207,914,331</u>                              |

The accompanying notes are an integral part of these financial statements.

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2013

|  | <u>2013</u><br>(Budget)<br>(Note 24) | <u>2013</u><br>(Actual)            | <u>2012</u><br>(Actual)<br>(Restated)<br>(Note 25) |
|--|--------------------------------------|------------------------------------|--|
| <b>EXCESS OF REVENUE OVER EXPENSES</b>             | \$ <u>15,480,453</u>                 | \$ <u>30,201,609</u>               | \$ <u>25,754,435</u>                               |
| Acquisition of tangible capital assets             | (45,858,065)                         | <b>(40,826,371)</b>                | (24,495,570)                                       |
| Contributed tangible capital assets                | -                                    | <b>(5,546,383)</b>                 | (3,813,415)  |
| Proceeds on disposal of tangible capital assets    | 1,101,000                            | <b>1,308,445</b>                   | 342,790  |
| Amortization of tangible capital assets            | 9,974,082                            | <b>9,735,791</b>                   | 7,756,153  |
| Loss (gain) on disposal of tangible capital assets | <u>203,598</u>                       | <u><b>99,659</b></u>               | <u>(44,862)</u>                                    |
|  | <u>(34,579,385)</u>                  | <u><b>(35,228,859)</b></u>         | <u>(20,254,904)</u>                                |
| Net change in prepaid expenses                     | -                                    | <b>(46,112)</b>                    | (57,400)   |
| Net change in inventory for consumption            | <u>-</u>                             | <u><b>(1,234,500)</b></u>          | <u>1,091,015</u>                                   |
|  | <u>-</u>                             | <u><b>(1,280,612)</b></u>          | <u>1,033,615</u>                                   |
| <b>INCREASE IN NET FINANCIAL ASSETS</b>            | (19,098,932)                         | <b>(6,307,862)</b>                 | 6,533,146  |
| <b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>     | <u>57,667,893</u>                    | <u><b>57,667,893</b></u>           | <u>51,134,747</u>                                  |
| <b>NET FINANCIAL ASSETS, END OF YEAR</b>           | \$ <u><u>38,568,961</u></u>          | \$ <u><u><b>51,360,031</b></u></u> | \$ <u><u>57,667,893</u></u>                        |

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

|   | <u>2013</u>                 | <u>2012</u>                 |
|---|-----------------------------|-----------------------------|
| <b>OPERATING ACTIVITIES</b>   |                             |                             |
| Cash from operations:   |                             |                             |
| Excess of revenue over expenses   | \$ 30,201,609               | \$ 25,754,435               |
| Non-cash items included in excess of revenue over expenses:             |                             |                             |
| Amortization of tangible capital assets                                 | 9,735,791                   | 7,756,153                   |
| Acquisition of contributed capital assets                               | (5,546,383)                 | (3,813,415)                 |
| Loss (gain) on disposal of tangible capital assets                      | <u>99,659</u>               | <u>(44,862)</u>             |
|   | <u>34,490,676</u>           | <u>29,652,311</u>           |
| <br>Change in non-cash working capital balances:                        |                             |                             |
| Accounts receivable   | 2,524,603                   | 3,480,295                   |
| Inventory for consumption   | (1,234,500)                 | 1,091,017                   |
| Prepaid expenses  | (46,112)                    | (57,400)                    |
| Local improvements - recoverable  | 36,397                      | 34,215                      |
| Provision for landfill closure and post-closure                         | (119,056)                   | (870,307)                   |
| Accounts payable and accrued liabilities                                | (321,593)                   | 3,580,670                   |
| Employee benefit obligations  | 27,750                      | 93,870                      |
| Deposit liabilities   | 994,615                     | (65,393)                    |
| Deferred revenue  | <u>163,939</u>              | <u>159,458</u>              |
|   | <u>2,026,043</u>            | <u>7,446,425</u>            |
|   | <u>36,516,719</u>           | <u>37,098,736</u>           |
| <b>FINANCING ACTIVITIES</b>   |                             |                             |
| Repayment of long-term debt   | (274,481)                   | (267,659)                   |
| Repayment of callable debt  | <u>(12,796)</u>             | <u>(12,796)</u>             |
|   | <u>(287,277)</u>            | <u>(280,455)</u>            |
| <b>CAPITAL ACTIVITIES</b>   |                             |                             |
| Acquisition of tangible capital assets                                  | (40,826,371)                | (24,495,570)                |
| Proceeds on disposal of tangible capital assets                         | <u>1,308,445</u>            | <u>342,790</u>              |
|   | <u>(39,517,926)</u>         | <u>(24,152,780)</u>         |
| <b>INVESTING ACTIVITIES</b>   |                             |                             |
| Decrease (increase) in investments                                      | <u>22,765</u>               | <u>(3,026)</u>              |
| <br><b>CHANGE IN CASH AND TEMPORARY INVESTMENTS<br/>DURING THE YEAR</b> | <br><b>(3,265,719)</b>      | <br><b>12,662,475</b>       |
| <b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>                | <b><u>59,464,809</u></b>    | <b><u>46,802,334</u></b>    |
| <b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>                      | <b><u>\$ 56,199,090</u></b> | <b><u>\$ 59,464,809</u></b> |

The accompanying notes are an integral part of these financial statements.

**MUNICIPAL DISTRICT OF BONNYVILLE NO. 87**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**SCHEDULE 1**

|   | <u>Land</u>                | <u>Buildings</u>            | <u>Engineered<br/>Structures</u> | <u>Machinery and<br/>Equipment</u> | <u>Vehicles</u>            | <u>Construction in<br/>Progress*</u> | <u>2013</u>                  | <u>2012</u>                  |
|---|----------------------------|-----------------------------|----------------------------------|------------------------------------|----------------------------|--------------------------------------|------------------------------|------------------------------|
| <b>COST:</b>                              |                            |                             |                                  |                                    |                            |                                      |                              |                              |
| Balance, Beginning of Year                | \$ 6,939,627               | \$ 33,584,053               | \$ 460,904,749                   | \$ 21,496,464                      | \$ 10,969,702              | \$ 22,017,414                        | \$ 555,912,009               | \$ 528,246,637               |
| Additions                                 | 67,004                     | -                           | 27,790,353                       | 5,986,031                          | 757,784                    | 6,225,199                            | 40,826,371                   | 24,495,570                   |
| Contributed assets                        | 844,371                    | -                           | 4,702,012                        | -                                  | -                          | -                                    | 5,546,383                    | 3,813,415                    |
| Disposals                                 | (8)                        | -                           | (8,489,443)                      | (2,631,698)                        | (193,328)                  | -                                    | (11,314,477)                 | (643,613)                    |
| Transfers                                 | -                          | 6,087,872                   | 9,761,848                        | -                                  | -                          | (15,849,720)                         | -                            | -                            |
| Balance, End of Year                      | <u>7,850,994</u>           | <u>39,671,925</u>           | <u>494,669,519</u>               | <u>24,850,797</u>                  | <u>11,534,158</u>          | <u>12,392,893</u>                    | <u>590,970,286</u>           | <u>555,912,009</u>           |
| <b>ACCUMULATED AMORTIZATION:</b>          |                            |                             |                                  |                                    |                            |                                      |                              |                              |
| Balance, Beginning of Year                | -                          | 1,887,223                   | 396,257,596                      | 7,242,816                          | 5,122,390                  | -                                    | 410,510,025                  | 403,099,558                  |
| Amortization expense                      | -                          | 732,154                     | 6,283,533                        | 1,823,602                          | 896,502                    | -                                    | 9,735,791                    | 7,756,153                    |
| Disposals                                 | -                          | -                           | (8,489,443)                      | (1,236,407)                        | (180,522)                  | -                                    | (9,906,372)                  | (345,686)                    |
| Balance, End of Year                      | <u>-</u>                   | <u>2,619,377</u>            | <u>394,051,686</u>               | <u>7,830,011</u>                   | <u>5,838,370</u>           | <u>-</u>                             | <u>410,339,444</u>           | <u>410,510,025</u>           |
| <b>NET BOOK VALUE, END OF YEAR</b>        | <b><u>\$ 7,850,994</u></b> | <b><u>\$ 37,052,548</u></b> | <b><u>\$ 100,617,833</u></b>     | <b><u>\$ 17,020,786</u></b>        | <b><u>\$ 5,695,788</u></b> | <b><u>\$ 12,392,893</u></b>          | <b><u>\$ 180,630,842</u></b> | <b><u>\$ 145,401,984</u></b> |
| <hr/>                                     |                            |                             |                                  |                                    |                            |                                      |                              |                              |
| *Construction in progress is comprised of | <u>\$ -</u>                | <u>\$ -</u>                 | <u>\$ 12,209,146</u>             | <u>\$ 183,747</u>                  | <u>\$ -</u>                | <u>\$ -</u>                          | <u>\$ 12,392,893</u>         | <u>\$ 22,017,414</u>         |

The accompanying notes are an integral part of these financial statements.



**MUNICIPAL DISTRICT OF BONNYVILLE NO. 87**  
**SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**SCHEDULE 2**

|  | <u><b>2013</b></u>          | <u><b>2012</b></u><br>(Restated)<br>(Note 25) |
|--|-----------------------------|---|
| <b>BALANCE, BEGINNING OF YEAR</b>                            | <b>\$144,673,637</b>        | <b>\$124,222,492</b>                          |
| Acquisition of tangible capital assets                       | <b>40,826,371</b>           | 24,495,570                                    |
| Acquisition of contributed capital assets                    | <b>5,546,383</b>            | 3,813,415                                     |
| Amortization of tangible capital assets                      | <b>(9,735,791)</b>          | (7,756,153)                                   |
| Repayment of long-term debt and callable debt                | <b>237,277</b>              | 230,455                                       |
| Levied portion of debt recoverable - local improvements      | <b>(36,397)</b>             | (34,215)                                      |
| Cost of tangible capital assets disposed                     | <b>(11,314,477)</b>         | (643,613)                                     |
| Accumulated amortization of tangible capital assets disposed | <u><b>9,906,372</b></u>     | <u>345,686</u>                                |
| <b>BALANCE, END OF YEAR</b>                                  | <u><b>\$180,103,375</b></u> | <u><b>\$144,673,637</b></u>                   |

Equity in Tangible Capital Assets is Comprised of the Following:

|   |                             |                             |
|---|-----------------------------|-----------------------------|
| Tangible capital assets (net book value) (Schedule I) | \$180,630,842               | \$145,401,984               |
| Debt recoverable - local improvements (Note 4)        | 748,911                     | 785,308                     |
| Long-term debt (tax supported) (Note 11)              | <b>(1,237,990)</b>          | (1,462,471)                 |
| Callable debt (Note 10)                               | <u><b>(38,388)</b></u>      | <u>(51,184)</u>             |
|   | <u><b>\$180,103,375</b></u> | <u><b>\$144,673,637</b></u> |

## MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

## SCHEDULE 3

## SCHEDULE OF PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2013

|  | <u>2013</u><br>(Budget)<br>(Note 24) | <u>2013</u><br>(Actual)     | <u>2012</u><br>(Actual)<br>(Restated)<br>(Note 25) |
|--|--------------------------------------|-----------------------------|--|
| <b>TAXATION</b>  |                                      |                             |  |
| Real property taxes                                      | \$ 30,760,846                        | \$ <b>31,083,037</b>        | \$ 28,634,118                                      |
| Linear property taxes                                    | 29,263,458                           | <b>29,113,991</b>           | 27,854,942   |
| Local improvement taxes (Note 4)                         | 90,000                               | <b>50,063</b>               | 52,245   |
| Government grants in lieu of property taxes              | <u>71,880</u>                        | <u><b>72,119</b></u>        | <u>70,395</u>                                      |
|  | <u>60,186,184</u>                    | <u><b>60,319,210</b></u>    | <u>56,611,700</u>                                  |
| <b>REQUISITIONS</b>                                      |                                      |                             |  |
| Alberta School Foundation Fund                           | 10,549,952                           | <b>10,549,952</b>           | 9,328,591  |
| Lakeland Roman Catholic Separate<br>School District #150 | 618,800                              | <b>618,800</b>              | 581,427  |
| Lakeland Lodge and Housing Foundation                    | 258,842                              | <b>258,842</b>              | 256,215  |
| Requisition transfers                                    | <u>(40,116)</u>                      | <u><b>(52,908)</b></u>      | <u>40,116</u>                                      |
|  | <u>11,387,478</u>                    | <u><b>11,374,686</b></u>    | <u>10,206,349</u>                                  |
| <b>NET MUNICIPAL TAXES</b>                               | <u>\$ 48,798,706</u>                 | <u>\$ <b>48,944,524</b></u> | <u>\$ 46,405,351</u>                               |

## MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

## SCHEDULE 4

## SCHEDULE OF GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2013

|                                   | <u>2013</u><br>(Budget)<br>(Note 24) | <u>2013</u><br>(Actual) | <u>2012</u><br>(Actual) |
|-----------------------------------|--------------------------------------|-------------------------|-------------------------|
| <b>TRANSFERS FOR OPERATING</b>    |                                      |                         |                         |
| Provincial government             | \$ 2,623,789                         | \$ 2,032,938            | \$ 1,962,263            |
| Local governments                 | <u>202,297</u>                       | <u>108,695</u>          | <u>143,893</u>          |
|                                   | <u>2,826,086</u>                     | <u>2,141,633</u>        | <u>2,106,156</u>        |
| <b>TRANSFERS FOR CAPITAL</b>      |                                      |                         |                         |
| Provincial government             | <u>3,946,767</u>                     | <u>4,205,259</u>        | <u>3,475,563</u>        |
| <b>TOTAL GOVERNMENT TRANSFERS</b> | <u>\$ 6,772,853</u>                  | <u>\$ 6,346,892</u>     | <u>\$ 5,581,719</u>     |

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

SCHEDULE 5

FOR THE YEAR ENDED DECEMBER 31, 2013

|   | Council and<br>Administration | Protective<br>Services | Municipal Planning,<br>Agricultural Services<br>and Economic<br>Development | FCSS and<br>Community<br>Services | Roads<br>Streets, Walks<br>and Lighting | Water,<br>Sewer and<br>Waste Management | Parks,<br>Recreation<br>and Library | Total                |
|---|-------------------------------|------------------------|---|-----------------------------------|---|---|-------------------------------------|----------------------|
| <b>REVENUE</b>  |                               |                        |   |                                   |   |   |                                     |                      |
| Taxation  | \$ 3,317,289                  | \$ 1,787,488           | \$ 1,897,781  | \$ 1,991,960                      | \$ 33,781,653                           | \$ 1,875,987                            | \$ 4,292,366                        | \$ 48,944,524        |
| All other   | 1,204,827                     | 451,228                | 240,125   | -                                 | 6,671,915                               | 91,447                                  | 75,218                              | 8,734,760            |
| User fees and sales of goods  | 15,203                        | 615,053                | 208,393   | -                                 | -                                       | 382,785                                 | 1,203,297                           | 2,424,731            |
| Government transfers  | -                             | 121,105                | 255,979   | 245,467                           | 1,223,722                               | -                                       | 295,360                             | 2,141,633            |
| Licenses and permits  | 304,519                       | 3,105                  | 535,116   | -                                 | -                                       | -                                       | -                                   | 842,740              |
|   | <u>4,841,838</u>              | <u>2,977,979</u>       | <u>3,137,394</u>  | <u>2,237,427</u>                  | <u>41,677,290</u>                       | <u>2,350,219</u>                        | <u>5,866,241</u>                    | <u>63,088,388</u>    |
| <b>EXPENSES</b>   |                               |                        |   |                                   |   |   |                                     |                      |
| Salaries, wages, and benefits   | 2,886,782                     | 1,911,602              | 1,616,334   | 3,600                             | 5,897,592                               | 764,491                                 | 1,335,307                           | 14,415,708           |
| Contracted and general services   | 885,591                       | 223,467                | 607,668   | 437                               | 2,001,408                               | 253,072                                 | 841,740                             | 4,813,383            |
| Transfers to other governments  | -                             | -                      | -   | 2,300,260                         | 137,994                                 | 665,301                                 | -                                   | 3,103,555            |
| Transfers to local boards and organizations                             | -                             | -                      | 137,861   | 223,585                           | -                                       | -                                       | 1,553,520                           | 1,914,966            |
| Materials, goods, supplies and utilities                                | 201,635                       | 514,114                | 719,789   | -                                 | 6,593,090                               | 324,139                                 | 627,662                             | 8,980,429            |
| Other   | 93,929                        | -                      | -   | -                                 | -                                       | -                                       | 9,101                               | 103,030              |
| Loss (gain) on disposal of tangible capital assets                      | -                             | -                      | 3,085   | -                                 | 106,226                                 | -                                       | (9,651)                             | 99,660               |
| Interest on long term debt  | -                             | 14,698                 | -   | -                                 | -                                       | 50,063                                  | -                                   | 64,761               |
|   | <u>4,067,937</u>              | <u>2,663,881</u>       | <u>3,084,737</u>  | <u>2,527,882</u>                  | <u>14,736,310</u>                       | <u>2,057,066</u>                        | <u>4,357,679</u>                    | <u>33,495,492</u>    |
| <b>EXCESS OF REVENUE OVER EXPENSES BEFORE AMORTIZATION</b>              | 773,901                       | 314,098                | 52,657  | (290,455)                         | 26,940,980                              | 293,153                                 | 1,508,562                           | 29,592,896           |
| Amortization of tangible capital assets                                 | 162,435                       | 405,735                | 125,302   | -                                 | 7,971,230                               | 367,842                                 | 703,247                             | 9,735,791            |
| Capital recovery of amortization  | -                             | -                      | -   | -                                 | (592,862)                               | -                                       | -                                   | (592,862)            |
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER INCOME</b> | 611,466                       | (91,637)               | (72,645)  | (290,455)                         | 19,562,612                              | (74,689)                                | 805,315                             | 20,449,967           |
| Government transfers  | 1,099,981                     | -                      | -   | -                                 | 3,090,115                               | 16,963                                  | (1,800)                             | 4,205,259            |
| Contributed assets  | -                             | -                      | -   | -                                 | 4,711,383                               | -                                       | 835,000                             | 5,546,383            |
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>                     | <u>\$ 1,711,447</u>           | <u>\$ (91,637)</u>     | <u>\$ (72,645)</u>  | <u>\$ (290,455)</u>               | <u>\$ 27,364,110</u>                    | <u>\$ (57,726)</u>                      | <u>\$ 1,638,515</u>                 | <u>\$ 30,201,609</u> |

The accompanying notes are an integral part of these financial statements.

**MUNICIPAL DISTRICT OF BONNYVILLE NO. 87**  
**CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

SCHEDULE 5

|   | Council and<br>Administration | Protective<br>Services | Municipal Planning<br>Agricultural Services<br>and Economic<br>Development | FCSS and<br>Community<br>Services | Roads<br>Streets, Walks<br>and Lighting | Water,<br>Sewer and<br>Waste Management | Parks,<br>Recreation<br>and Library | Total                |
|---|-------------------------------|------------------------|--|-----------------------------------|---|---|-------------------------------------|----------------------|
| <b>REVENUE</b>  |                               |                        |  |                                   |   |   |                                     |                      |
| Taxation  | \$ 3,433,098                  | \$ 1,734,792           | \$ 2,248,861   | \$ 1,055,664                      | \$ 32,897,760                           | \$ 1,982,204                            | \$ 3,052,972                        | \$ 46,405,351        |
| All other   | 1,005,328                     | 416,698                | 21,867   | 45,208                            | 3,109,341                               | 150,673                                 | 94,933                              | 4,844,048            |
| User fees and sales of goods  | 15,657                        | 624,015                | 68,010   | -                                 | -                                       | 466,797                                 | 1,104,445                           | 2,278,924            |
| Government transfers  | -                             | 168,905                | 255,979  | 245,467                           | 1,131,722                               | -                                       | 304,083                             | 2,106,156            |
| Licenses and permits  | <u>192,031</u>                | <u>1,737</u>           | <u>349,410</u>   | <u>-</u>                          | <u>-</u>                                | <u>-</u>                                | <u>-</u>                            | <u>543,178</u>       |
|   | <u>4,646,114</u>              | <u>2,946,147</u>       | <u>2,944,127</u>   | <u>1,346,339</u>                  | <u>37,138,823</u>                       | <u>2,599,674</u>                        | <u>4,556,433</u>                    | <u>56,177,657</u>    |
| <b>EXPENSES</b>   |                               |                        |  |                                   |   |   |                                     |                      |
| Salaries, wages, and benefits   | 2,344,613                     | 1,623,899              | 1,435,780  | 2,550                             | 4,327,211                               | 781,985                                 | 1,166,600                           | 11,682,638           |
| Contracted and general services   | 1,046,931                     | 218,177                | 497,013  | 575                               | 1,827,892                               | (160,807)                               | 681,874                             | 4,111,655            |
| Transfers to other governments  | -                             | -                      | -  | 1,121,932                         | 2,134,000                               | 638,779                                 | -                                   | 3,894,711            |
| Transfers to local boards and organizations                             | -                             | -                      | 136,252  | 253,253                           | -                                       | -                                       | 1,811,386                           | 2,200,891            |
| Materials, goods, supplies and utilities                                | 210,332                       | 446,584                | 299,505  | 40                                | 6,402,353                               | 253,845                                 | 732,433                             | 8,345,092            |
| Other   | 120,262                       | -                      | -  | -                                 | -                                       | -                                       | 8,685                               | 128,947              |
| Loss (gain) on disposal of tangible capital assets                      | -                             | (2,321)                | (79,585)   | -                                 | 41,874                                  | -                                       | (4,831)                             | (44,863)             |
| Interest on long term debt  | <u>-</u>                      | <u>18,852</u>          | <u>-</u>   | <u>-</u>                          | <u>-</u>                                | <u>51,295</u>                           | <u>-</u>                            | <u>70,147</u>        |
|   | <u>3,722,138</u>              | <u>2,305,191</u>       | <u>2,288,965</u>   | <u>1,378,350</u>                  | <u>14,733,330</u>                       | <u>1,565,097</u>                        | <u>4,396,147</u>                    | <u>30,389,218</u>    |
| <b>EXCESS OF REVENUE OVER EXPENSES BEFORE AMORTIZATION</b>              | 923,976                       | 640,956                | 655,162  | (32,011)                          | 22,405,493                              | 1,034,577                               | 160,286                             | 25,788,439           |
| Amortization of tangible capital assets                                 | 98,799                        | 391,153                | 89,557   | -                                 | 6,148,970                               | 344,986                                 | 682,688                             | 7,756,153            |
| Capital recovery of amortization  | <u>-</u>                      | <u>-</u>               | <u>-</u>   | <u>-</u>                          | <u>(433,171)</u>                        | <u>-</u>                                | <u>-</u>                            | <u>(433,171)</u>     |
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER INCOME</b> | 825,177                       | 249,803                | 565,605  | (32,011)                          | 16,689,694                              | 689,591                                 | (522,402)                           | 18,465,457           |
| Government transfers  | 2,933,613                     | -                      | -  | -                                 | 517,950                                 | -                                       | 24,000                              | 3,475,563            |
| Contributed assets  | <u>-</u>                      | <u>-</u>               | <u>-</u>   | <u>-</u>                          | <u>2,452,380</u>                        | <u>-</u>                                | <u>1,361,035</u>                    | <u>3,813,415</u>     |
| <b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>                     | <u>\$ 3,758,790</u>           | <u>\$ 249,803</u>      | <u>\$ 565,605</u>  | <u>\$ (32,011)</u>                | <u>\$ 19,660,024</u>                    | <u>\$ 689,591</u>                       | <u>\$ 862,633</u>                   | <u>\$ 25,754,435</u> |

The accompanying notes are an integral part of these financial statements.

**MUNICIPAL DISTRICT OF BONNYVILLE NO. 87**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Municipal District of Bonnyville No. 87 (the "Municipality") are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

**(a) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and change in net financial assets and cash flows of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. They include the Municipal District of Bonnyville No. 87 Library Board and the Municipality's proportionate share of the Bonnyville Regional Fire Authority (79.975%).

The schedule of taxes levied also includes requisitions for education and seniors foundations 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.

**(b) Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and 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.

**(c) Land Held 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 leveling 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 their respective function.

**(d) Investments**

Investments are recorded at cost. 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.

**(e) 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.

**(f) Pension Expenses**

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

(CONT'D)

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(g) Tax Revenue

Property tax revenue is based on assessments determined in accordance with the *Municipal Government Act*. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the Municipality. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

(h) 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 management uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(i) Government Transfers

Government transfers are the transfer of assets from all levels of governments 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 that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the Municipality, and reasonable estimates of the amounts can be made.

(j) Requisition Over-Levies and Under-Levies

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. In situations 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.

(k) Allowances for Operating and Physical Assets

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as expenditures, while decreases in allowances are recorded as revenues.

(CONT'D)

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(l) 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.

i) 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 or 10% declining balance over the estimated useful life as follows:

|                               |                       |
|-------------------------------|-----------------------|
| Buildings                     | 50 years              |
| Engineered Structures         |                       |
| Water system                  | 40 years              |
| Wastewater system             | 40 years              |
| Other engineered structures   | 10-40 years           |
| Machinery and Equipment       | 5-20 years            |
| Heavy Machinery and Equipment | 10% declining balance |
| Vehicles                      | 10-25 years           |

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) 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.

iii) 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.

iv) Inventory for Consumption

Inventory held for consumption is recorded at the lower of cost and replacement cost with cost determined using the average cost method.

v) Cultural and Historical Tangible Capital Assets

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



MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

**2. CASH AND TEMPORARY INVESTMENTS**

|                       | <u>2013</u>          | <u>2012</u>          |
|-----------------------|----------------------|----------------------|
| Cash                  | \$ 3,484,876         | \$ 805,359           |
| Temporary investments | <u>52,714,214</u>    | <u>58,659,450</u>    |
|                       | <u>\$ 56,199,090</u> | <u>\$ 59,464,809</u> |

Temporary investments are short-term deposits with original maturities of three months or less bearing interest at rates ranging from 1.25% to 1.93% maturing during 2014.

Included in term deposits is a restricted amount of \$672,529 (2012 - \$612,205) received from money-in-place of municipal reserves and held exclusively for municipal and public recreation purposes.

**3. ACCOUNTS RECEIVABLE**

|   | <u>2013</u>         | <u>2012</u>         |
|---|---------------------|---------------------|
| Taxes and grants in place of taxes      |                     |                     |
| Current taxes                           | \$ 809,955          | \$ 473,018          |
| Arrears taxes                           | 460,205             | 414,264             |
| Grants in place of taxes                | <u>50,518</u>       | <u>50,518</u>       |
|   | 1,320,678           | 937,800             |
| Less: Allowance for doubtful accounts   | <u>(274,073)</u>    | <u>(238,022)</u>    |
|   | <u>\$ 1,046,605</u> | <u>\$ 699,778</u>   |
| Trade and other                         |                     |                     |
| Receivable from other governments       | \$ 1,639,098        | \$ 1,910,291        |
| Receivable from other governments - GST | 1,702,627           | 420,966             |
| Trade and other                         | <u>1,755,075</u>    | <u>5,636,973</u>    |
|   | <u>\$ 5,096,800</u> | <u>\$ 7,968,230</u> |

Included in trade and other is \$856,603 (2012 - \$1,714,284) designated for road construction receivable to be repaid in equal payments of \$571,428 over the next year.

**4. DEBT RECOVERABLE - LOCAL IMPROVEMENTS**

The Municipality passed Bylaw No. 1254 authorizing Council to provide for a local improvement to install a water supply pipeline to the Hamlet of Ardmore and the construction of water storage and pumping facilities for each of the Hamlets of Ardmore and Fort Kent. The total cost of the local improvement was \$1,126,681, is repayable in 25 annual installments of \$86,460 including interest at a fixed rate of 6.375% per annum maturing October 15, 2026.

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

**5. INVESTMENTS**

|  | <u>2013</u>      | <u>2012</u>      |
|--|------------------|------------------|
| Landfill reclamation security deposits | \$ 35,173        | \$ 35,253        |
| Other                                  | <u>22,913</u>    | <u>45,598</u>    |
|  | <u>\$ 58,086</u> | <u>\$ 80,851</u> |

**6. LINE OF CREDIT**

The Municipality has a \$5,000,000 revolving line of credit bearing interest at prime less 0.25% per annum and is due on demand. The line of credit was not in use as of the year end date. Collateral lodged in support of the line of credit includes a revolving line of credit agreement, a related demand promissory note, and a Municipal Borrowing By-Law.

**7. DEPOSIT LIABILITIES**

|                      | <u>2013</u>         | <u>2012</u>       |
|----------------------|---------------------|-------------------|
| Subdivision deposits | \$ 1,890,613        | \$ 902,284        |
| Water meter deposits | 27,519              | 23,639            |
| Other deposits       | <u>20,990</u>       | <u>18,584</u>     |
|                      | <u>\$ 1,939,122</u> | <u>\$ 944,507</u> |

**8. DEFERRED REVENUE**

Deferred revenue consists of the following amounts, which have been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

|   | <u>2013</u>       | <u>2012</u>       |
|---|-------------------|-------------------|
| Provincial government conditional grants            | \$ 418,597        | \$ 254,656        |
| Other   | 2,572             | 2,572             |
| Willow Prairie Agricultural Society lease agreement | <u>16</u>         | <u>18</u>         |
|   | <u>\$ 421,185</u> | <u>\$ 257,246</u> |

The Willow Prairie Agricultural Society lease agreements are being amortized to revenue at \$1 per year.

**9. EMPLOYEE BENEFIT OBLIGATIONS**

|                       | <u>2013</u>       | <u>2012</u>       |
|-----------------------|-------------------|-------------------|
| Vacation and overtime | <u>\$ 671,511</u> | <u>\$ 643,761</u> |

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

The Municipality does not provide post-employment benefits to the employees.

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

10. CALLABLE DEBT

|   | <u>2013</u>      | <u>2012</u>      |
|---|------------------|------------------|
| Loan, principal repayable at \$12,796 annually plus interest at Lakeland Credit Union Ltd. term deposit rates adjusted annually; unsecured; due on demand | \$ <u>38,388</u> | \$ <u>51,184</u> |

Principal payments are due as follows:

|      |                  |
|------|------------------|
| 2014 | \$ 12,796        |
| 2015 | 12,796           |
| 2016 | <u>12,796</u>    |
|      | \$ <u>38,388</u> |

11. LONG-TERM DEBT

|  | <u>2013</u>         | <u>2012</u>         |
|--|---------------------|---------------------|
| Tax supported debentures                               | \$ 1,237,990        | \$ 1,462,471        |
| Agreement payable, The Bonnyville Agricultural Society | <u>150,000</u>      | <u>200,000</u>      |
|  | \$ <u>1,387,990</u> | \$ <u>1,662,471</u> |

The current portion of the long-term debt amounts to \$281,065 (2012 - \$274,481).

Principal and interest repayments:

|            | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|------------|---------------------|-------------------|---------------------|
| 2014       | \$ 281,065          | \$ 57,691         | \$ 338,756          |
| 2015       | 287,895             | 50,862            | 338,757             |
| 2016       | 193,831             | 43,777            | 237,608             |
| 2017       | 46,604              | 39,856            | 86,460              |
| 2018       | 49,575              | 36,885            | 86,460              |
| Thereafter | <u>529,020</u>      | <u>162,660</u>    | <u>691,680</u>      |
|            | \$ <u>1,387,990</u> | \$ <u>391,731</u> | \$ <u>1,779,721</u> |

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.255% to 6.375% per annum and matures in years 2016 through 2026.

Debenture debt is issued on the credit and security of the Municipality at large.

The agreement payable to The Bonnyville Agricultural Society is non-interest bearing.

Interest on long-term debt amounted to \$64,762 (2012 - \$70,147).

The Municipality's total cash payments for interest is \$64,276 (2012 - \$70,627).

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

**12. 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, ongoing environmental monitoring, and site inspections and maintenance.

The estimated total liability represents the net present value of the discounted cash flows of the total estimated cost for closure and post-closure activities for 25 years after closing using a discount rate of 5% and assuming annual inflation of 2%.

The accrued liability is based on the cumulative capacity used at year end compared to the total estimated landfill capacity. The estimated remaining capacity of the landfill sites is 667,905 (2012 - 676,094) cubic metres.

The Municipality transferred waste management activities to the Beaver River Regional Waste Management Commission effective April 1, 2009. As part of this transfer several existing landfills stopped receiving municipal solid waste and were closed. Some of the closed landfills were converted to waste transfer stations and some were restricted to receiving inert wastes only.

|   | <u>2013</u>         | <u>2012</u>         |
|---|---------------------|---------------------|
| Estimated closure costs Class 2 landfills                               | \$ 445,425          | \$ 505,425          |
| Estimated post-closure costs Class 2 landfills                          | 1,744,864           | 1,809,189           |
| Estimated closure costs Class 3 landfills                               | 196,255             | 190,012             |
| Estimated post-closure costs Class 3 landfills                          | <u>117,818</u>      | <u>113,594</u>      |
| Estimated total liability   | <u>\$ 2,504,362</u> | <u>\$ 2,618,220</u> |
| Estimated capacity remaining Class 3 landfills                          | 97%                 | 97%                 |
| Portion of total liability remaining to be recognized Class 3 landfills | <u>\$ 298,266</u>   | <u>\$ 293,068</u>   |
| Estimated capacity used Class 2 landfills                               | 100%                | 100%                |
| Estimated capacity used Class 3 landfills                               | 3%                  | 3%                  |
| Accrued liability portion Class 2 landfills                             | \$ 2,190,289        | \$ 2,314,614        |
| Accrued liability portion Class 3 landfills                             | <u>15,807</u>       | <u>10,538</u>       |
| Accrued liability portion   | <u>\$ 2,206,096</u> | <u>\$ 2,325,152</u> |

**13. INVENTORY FOR CONSUMPTION**

|                           | <u>2013</u>         | <u>2012</u>         |
|---------------------------|---------------------|---------------------|
| Gravel                    | \$ 4,724,700        | \$ 3,679,869        |
| Parts, culverts and other | <u>970,848</u>      | <u>781,178</u>      |
|                           | <u>\$ 5,695,548</u> | <u>\$ 4,461,047</u> |

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

**14. ACCUMULATED SURPLUS**

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

|                                   | <u>2013</u>          | <u>2012</u><br>(Restated)<br>(Note 25) |
|-----------------------------------|----------------------|--|
| Unrestricted surplus              | \$ <u>46,480,241</u> | \$ <u>52,607,515</u>                   |
| Restricted surplus                |                      |  |
| General equipment replacement     | 10,277,405           | 9,756,470                              |
| Other                             | <u>1,254,919</u>     | <u>876,709</u>                         |
|                                   | <u>11,532,324</u>    | <u>10,633,179</u>                      |
| Equity in tangible capital assets | <u>180,103,375</u>   | <u>144,673,637</u>                     |
|                                   | <u>\$238,115,940</u> | <u>\$207,914,331</u>                   |

**15. TRUST FUNDS**

The Municipality administers a trust for tax sale surplus accounts. Details are as follows:

| <u>2013</u>      | <u>2012</u>      |
|------------------|------------------|
| \$ <u>81,178</u> | \$ <u>81,178</u> |

**16. 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:

|                                       | <u>2013</u>          | <u>2012</u>          |
|---------------------------------------|----------------------|----------------------|
| Total debt limit                      | \$ <u>94,632,582</u> | \$ 84,266,486        |
| Total debt                            | <u>1,426,378</u>     | <u>1,713,655</u>     |
| Amount of total debt limit unused     | <u>\$ 93,206,204</u> | <u>\$ 82,552,831</u> |
| Debt servicing limit                  | \$ <u>15,772,097</u> | \$ 14,044,414        |
| Debt servicing                        | <u>351,553</u>       | <u>351,553</u>       |
| Amount of debt servicing limit unused | <u>\$ 15,420,544</u> | <u>\$ 13,692,861</u> |

The debt limit is calculated at 1.50 times revenue of the Municipality (as defined in the Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities that could be at a 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.

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

**17. SALARIES AND BENEFITS DISCLOSURE**

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

|                                  | <u>Salary (1)</u> | <u>Benefits, Travel<br/>and Allowances (2)</u> | <u>2013<br/>Total</u> | <u>2012<br/>Total</u> |
|----------------------------------|-------------------|--|-----------------------|-----------------------|
| Elected Officials:               |                   |  |                       |                       |
| Reeve                            | \$ 69,200         | \$ 18,093                                      | \$ 87,293             | \$ 76,275             |
| Ward #1                          | 50,750            | 16,955   | 67,705                | 79,463                |
| Ward #2                          | 55,700            | 25,115   | 80,815                | 86,138                |
| Ward #3                          | 44,330            | 21,185   | 65,515                | 66,779                |
| Ward #4                          | 34,700            | 9,025  | 43,725                | 46,153                |
| Ward #5                          | 9,200             | 2,519  | 11,719                | -                     |
| Ward #6                          | <u>56,660</u>     | <u>19,452</u>                                  | <u>76,112</u>         | <u>67,493</u>         |
| Former Elected Officials         |                   |  |                       |                       |
| Ward #5                          | <u>46,260</u>     | <u>18,503</u>                                  | <u>64,763</u>         | <u>80,348</u>         |
|                                  | <u>\$ 366,800</u> | <u>\$ 130,847</u>                              | <u>\$ 497,647</u>     | <u>\$ 502,649</u>     |
| Chief Administrative Officer (2) |                   |  |                       |                       |
|                                  | \$ 185,000        | \$ 43,847                                      | \$ 228,847            | \$ 190,295            |
| Designated Officer (3)           |                   |  |                       |                       |
|                                  | \$ 112,000        | \$ 27,428                                      | \$ 139,428            | \$ 120,933            |
| Designated Officer (4)           |                   |  |                       |                       |
|                                  | \$ 104,686        | \$ 24,610                                      | \$ 129,296            | under contract        |
| Designated Officer (5)           |                   |  |                       |                       |

(1) Salary includes gross honoraria, regular base pay, bonuses, overtime, lump sum payments, and any other direct cash remuneration.

(2) Employer's share of all employee benefits, travel and allowances or payments made on behalf of employees including travel and subsistence, pension, health care, dental coverage, vision coverage, group life disability plans, professional memberships and tuition.

(3) An automobile is provided and a taxable benefit is calculated in accordance with the rules of the Canada Revenue Agency.

(4) The second Designated Officer, by virtue of Bylaw 1212, is an assessor who is under contract with the Municipality to provide assessment services. Effective April 1, 2014, the assessor was no longer under contract.

(5) The duties of the third Designated Officer, are to act as the clerk of the assessment review board falls under the duties of the Municipal Administrator. There is no remuneration for acting as clerk of the assessment review board.

**MUNICIPAL DISTRICT OF BONNYVILLE NO. 87**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

**18. CONTINGENCIES**

The Municipality is a member of the Alberta Local Authorities Reciprocal Insurance Exchange ("ALARIE") and the Genesis Reciprocal Insurance Exchange ("Genesis"). Under the terms of 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.

Once all claims and other financial obligations have been satisfied, there will be funds remaining to be distributed among the members. The process to determine the member's individual share of the expected surplus is being developed and will be distributed on a fair and timely basis.

**19. COMMITMENTS**

The Municipality has committed \$14,000 per year to the Bonnyville and District Chamber of Commerce for the Shaw House Centre under a cost-sharing arrangement with the Town of Bonnyville. This commitment remains in effect until the mortgage is paid out.

**20. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Municipality participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

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

Total current and past service contributions made by the Municipality to the LAPP in 2013 were \$943,247 (2012 - \$750,929). Total current and past service contributions made by the employees of the Municipality to the LAPP in 2013 were \$864,344 (2012 - \$684,144).

At December 31, 2012, the LAPP disclosed an actuarial deficit of of \$4,977.3 million (2011 - \$4,639.4 million).

**21. FINANCIAL INSTRUMENTS**

The Municipality's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, callable debt and long-term debt. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments.

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

Unless otherwise noted, the carrying value of these financial instruments approximates their fair value.

**MUNICIPAL DISTRICT OF BONNYVILLE NO. 87**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

**22. SEGMENTED INFORMATION**

The Municipality provides a range of services to its residents. 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 consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedules of Segment Disclosure.

**23. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and Management.

**24. BUDGET**

Budgeted figures are presented for information purposes only and are unaudited.

**25. CHANGE IN ACCOUNTING POLICY**

Effective January 1, 2013 the Municipality adopted *Public Sector Accounting Standards 3510 - Tax Revenue* and commenced recognizing tax revenue from local improvement assessments in full in the period the local improvement tax imposition by-laws are passed. This change has been applied retroactively and prior periods have been restated.

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

The effect on the financial statements has been to decrease the 2012 excess of revenue over expenses by \$34,217, increase local improvement taxes - recoverable by \$785,308, and increase opening accumulated surplus (equity in tangible capital assets) and net financial assets by \$819,525.