

**MUNICIPAL DISTRICT OF
BONNYVILLE NO. 87**
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of the Municipal District of Bonnyville No. 87 (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2019 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2019, the results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the 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 those 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 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.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

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Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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:

- 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies 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 Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Municipality 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
June 10, 2020



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. The responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibility for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The elected Reeve and Council of the Municipal District of Bonnyville No. 87 are composed entirely of individuals who are neither management nor employees of the Municipality. The Reeve and Council have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Reeve and Council are also responsible for the appointment of the Municipality's external auditors.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with both the Reeve and Council and management to discuss their audit findings.

Luc Mercier
Chief Administrative Officer

Maraiyesa
Tolulope Maraiyesa, CPA, CGA
General Manager of Corporate Services

June 10, 2020
Bonnyville, Alberta

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Statement of Financial Position
As at December 31, 2019

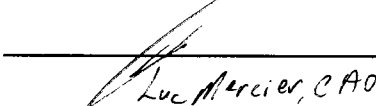
	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 52,074,571	\$ 93,208,911
Taxes and grants in place of taxes (Note 3)	1,767,755	1,496,202
Trade and other (Note 4)	7,272,356	6,222,087
Debt recoverable - local improvements (Note 5)	476,285	529,020
Land held for resale	345,090	345,090
Investments (Note 6)	<u>44,396,929</u>	<u>3,839,551</u>
	<u>106,332,986</u>	<u>105,640,861</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	6,071,545	11,777,541
Deposit liabilities (Note 8)	1,372,268	1,337,647
Deferred revenue (Note 9)	2,589,557	1,327,522
Employee benefit obligations (Note 10)	904,245	1,014,349
Long-term debt (Note 11)	12,781,117	13,529,020
Landfill closure and post-closure liability (Note 12)	<u>2,378,639</u>	<u>2,183,625</u>
	<u>26,097,371</u>	<u>31,169,704</u>
NET FINANCIAL ASSETS	<u>80,235,615</u>	<u>74,471,157</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	270,902,692	261,042,905
Inventory for consumption (Note 13)	33,946,683	31,531,724
Prepaid expenses	<u>482,076</u>	<u>462,699</u>
	<u>305,331,451</u>	<u>293,037,328</u>
ACCUMULATED SURPLUS (SCHEDULE 2, NOTE 14)	<u>\$ 385,567,066</u>	<u>\$ 367,508,485</u>

Guarantee (Note 15)

Commitment (Note 18)

ON BEHALF OF COUNCIL:





 Luc Mercier, CAO

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2019

	<u>2019</u> (Budget) (Note 22)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
REVENUE			
Net municipal taxes (Schedule 3)	\$ 62,769,167	\$ 62,646,484	\$ 64,591,071
User fees and sales of goods (Schedule 5)	4,526,922	4,827,738	4,761,409
Government transfers for operating (Schedule 4)	3,288,873	1,674,862	1,119,670
Investment income	1,214,000	2,420,069	1,759,897
Penalties on taxes	262,000	391,703	347,749
Licenses and permits	496,300	490,177	670,755
Development levies	-	8,716	23,241
Sales to other governments	337,722	345,803	331,966
Fines	265,700	162,554	201,281
Other	<u>2,099,293</u>	<u>2,306,476</u>	<u>2,254,584</u>
	<u>75,259,977</u>	<u>75,274,582</u>	<u>76,061,623</u>
EXPENSES			
Council	704,700	657,312	655,944
Administration	5,502,572	4,986,403	5,131,682
General government services	11,593,333	7,076,739	7,450,531
Firefighting services	2,075,730	1,658,220	1,520,789
Ambulance	2,044,064	1,823,660	1,942,515
Disaster and emergency measures	552,220	592,311	538,376
Bylaws enforcement	2,625,802	2,405,164	2,355,786
Roads, streets, walks and lighting	33,392,509	34,398,472	32,821,927
Water supply and distribution	1,116,829	984,659	937,233
Wastewater treatment and disposal	583,292	525,781	614,818
Waste management	2,732,035	2,805,543	2,896,340
Family and Community Support Services	490,280	490,726	491,441
Community services	100,000	131,150	144,922
Land use planning, zoning and development	2,688,580	1,760,536	1,833,061
Agricultural services	2,727,076	2,295,171	2,124,114
Economic development and other planning	538,957	498,139	503,398
Recreation boards	1,460,312	1,358,526	1,509,125
Parks and recreation	3,777,834	3,518,720	3,376,189
Library	<u>355,602</u>	<u>355,602</u>	<u>343,204</u>
	<u>75,061,727</u>	<u>68,322,834</u>	<u>67,191,395</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>198,250</u>	<u>6,951,748</u>	<u>8,870,228</u>
OTHER INCOME			
Government transfers for capital (Schedule 4)	8,052,445	8,665,232	9,109,612
Contributed assets (Schedule 1)	300,000	2,196,873	1,431,735
Gain (loss) on disposal of tangible capital assets	<u>1,219,313</u>	<u>244,728</u>	<u>(305,906)</u>
	<u>9,571,758</u>	<u>11,106,833</u>	<u>10,235,441</u>
ANNUAL SURPLUS	9,770,008	18,058,581	19,105,669
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>367,508,485</u>	<u>367,508,485</u>	<u>348,402,816</u>
ACCUMULATED SURPLUS, END OF YEAR (SCHEDULE 2, NOTE 14)	<u>\$ 377,278,493</u>	<u>\$ 385,567,066</u>	<u>\$ 367,508,485</u>

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Statement of Change in Net Financial Assets
For the Year Ended December 31, 2019

	<u>2019</u> (Budget) (Note 22)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
ANNUAL SURPLUS	\$ <u>9,770,008</u>	\$ <u>18,058,581</u>	\$ <u>19,105,669</u>
Acquisition of tangible capital assets	(51,377,237)	(28,832,247)	(35,869,300)
Contributed tangible capital assets	(300,000)	(2,196,873)	(1,431,735)
Proceeds on disposal of tangible capital assets	1,629,024	1,117,711	794,048
Amortization of tangible capital assets	18,834,048	20,296,349	19,024,949
Loss (gain) on disposal of tangible capital assets	<u>351,759</u>	<u>(244,728)</u>	<u>305,906</u>
	<u>(30,862,406)</u>	<u>(9,859,788)</u>	<u>(17,176,132)</u>
Net change in prepaid expenses	-	(19,377)	(67,972)
Net change in inventory for consumption	<u>-</u>	<u>(2,414,958)</u>	<u>(6,148,949)</u>
	<u>-</u>	<u>(2,434,335)</u>	<u>(6,216,921)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(21,092,398)	5,764,458	(4,287,384)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>74,471,157</u>	<u>74,471,157</u>	<u>78,758,541</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u><u>53,378,759</u></u>	\$ <u><u>80,235,615</u></u>	\$ <u><u>74,471,157</u></u>

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Cash from operations:		
Annual surplus	\$ 18,058,581	\$ 19,105,669
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	20,296,349	19,024,949
Acquisition of contributed capital assets	(2,196,873)	(1,431,735)
Loss (gain) on disposal of tangible capital assets	<u>(244,728)</u>	<u>305,906</u>
	<u>35,913,329</u>	<u>37,004,789</u>
 Change in non-cash working capital balances:		
Accounts receivable	(1,321,821)	(3,088,274)
Inventory for consumption	(2,414,956)	(6,148,950)
Prepaid expenses	(19,377)	(67,971)
Local improvements - recoverable	52,735	49,575
Provision for landfill closure and post-closure	195,014	342,114
Accounts payable and accrued liabilities	(5,705,997)	4,511,225
Employee benefit obligations	(110,104)	124,880
Deposit liabilities	34,620	(43,238)
Deferred revenue	<u>1,262,035</u>	<u>995,928</u>
	<u>(8,027,851)</u>	<u>(3,324,711)</u>
	<u>27,885,478</u>	<u>33,680,078</u>
FINANCING ACTIVITIES		
Issued long-term debt	-	13,000,000
Repayment of long-term debt	<u>(747,904)</u>	<u>(49,575)</u>
	<u>(747,904)</u>	<u>12,950,425</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(28,832,247)	(35,869,300)
Proceeds on disposal of tangible capital assets	<u>1,117,711</u>	<u>794,048</u>
	<u>(27,714,536)</u>	<u>(35,075,252)</u>
INVESTING ACTIVITIES		
Proceeds on sale of investments	687,148	14,420,917
Purchase of investments	<u>(41,244,526)</u>	<u>(12,143,873)</u>
	<u>(40,557,378)</u>	<u>2,277,044</u>
 CHANGE IN CASH AND TEMPORARY INVESTMENTS, DURING THE YEAR	 (41,134,340)	 13,832,295
 CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	 <u>93,208,911</u>	 <u>79,376,616</u>
 CASH AND TEMPORARY INVESTMENTS, END OF YEAR (NOTE 2)	 <u>\$ 52,074,571</u>	 <u>\$ 93,208,911</u>

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2019

Schedule 1

	<u>Land</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Construction in Progress*</u>	<u>2019</u>	<u>2018</u>
COST:								
Balance, Beginning of Year	\$ 10,263,712	\$ 45,774,322	\$ 631,775,378	\$ 30,964,030	\$ 15,098,275	\$ 2,972,223	\$ 736,847,940	\$ 701,932,848
Additions	603,962	1,470,275	14,336,101	2,818,787	3,186,845	6,416,277	28,832,247	35,869,300
Contributed assets	1,581,304	483,175	27,368	105,026	-	-	2,196,873	1,431,735
Disposals	-	-	-	(1,574,098)	(895,557)	(26,195)	(2,495,850)	(2,385,943)
Transfers	-	-	2,258,747	-	-	(2,258,747)	-	-
Balance, End of Year	<u>12,448,978</u>	<u>47,727,772</u>	<u>648,397,594</u>	<u>32,313,745</u>	<u>17,389,563</u>	<u>7,103,558</u>	<u>765,381,210</u>	<u>736,847,940</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	6,747,832	445,466,154	13,794,938	9,796,111	-	475,805,035	458,066,076
Amortization expense	-	934,040	16,037,722	2,236,389	1,088,198	-	20,296,349	19,024,949
Disposals	-	-	-	(757,417)	(865,449)	-	(1,622,866)	(1,285,990)
Balance, End of Year	-	<u>7,681,872</u>	<u>461,503,876</u>	<u>15,273,910</u>	<u>10,018,860</u>	-	<u>494,478,518</u>	<u>475,805,035</u>
NET BOOK VALUE, END OF YEAR	<u>\$ 12,448,978</u>	<u>\$ 40,045,900</u>	<u>\$ 186,893,718</u>	<u>\$ 17,039,835</u>	<u>\$ 7,370,703</u>	<u>\$ 7,103,558</u>	<u>\$ 270,902,692</u>	<u>\$ 261,042,905</u>
NET BOOK VALUE, BEGINNING OF YEAR	<u>\$ 10,263,712</u>	<u>\$ 39,026,490</u>	<u>\$ 186,309,224</u>	<u>\$ 17,169,092</u>	<u>\$ 5,302,164</u>	<u>\$ 2,972,223</u>	<u>\$ -</u>	<u>\$ -</u>
*Construction in progress is comprised of	<u>\$ -</u>	<u>\$ 880,963</u>	<u>\$ 6,130,575</u>	<u>\$ 92,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,103,558</u>	<u>\$ 2,972,223</u>

Consolidated Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2019

	Unrestricted Surplus	Restricted Cash Flow	Restricted Equipment Pool	Restricted Other	Equity in Tangible Capital Assets	2019	2018
BALANCE, BEGINNING OF YEAR	\$ <u>29,621,509</u>	\$ <u>41,000,000</u>	\$ <u>19,792,541</u>	\$ <u>29,051,531</u>	\$ <u>248,042,904</u>	\$ 367,508,485	\$ <u>348,402,816</u>
Annual surplus	18,058,581	-	-	-	-	18,058,581	19,105,669
Current year funds designated for future equipment - net	(1,749,680)	-	1,749,680	-	-	-	-
Restricted funds designated for cash flow	1,675,000	(1,675,000)	-	-	-	-	-
Current year funds designated for future use	(9,355,892)	-	-	9,355,892	-	-	-
Current year funds used for tangible capital assets	(28,832,247)	-	-	-	28,832,247	-	-
Contributed tangible capital assets	(2,196,873)	-	-	-	2,196,873	-	-
Disposal of tangible capital assets (net of amortization)	872,984	-	-	-	(872,984)	-	-
Annual amortization expense	20,296,349	-	-	-	(20,296,349)	-	-
Levied portion of debt recoverable - local improvements	52,734	-	-	-	(52,734)	-	-
Long term debt repaid	<u>(747,904)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>747,904</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(1,926,948)</u>	<u>(1,675,000)</u>	<u>1,749,680</u>	<u>9,355,892</u>	<u>10,554,957</u>	18,058,581	<u>19,105,669</u>
BALANCE, END OF YEAR (NOTE 14)	\$ <u>27,694,561</u>	\$ <u>39,325,000</u>	\$ <u>21,542,221</u>	\$ <u>38,407,423</u>	\$ <u>258,597,861</u>	\$ 385,567,066	\$ <u>367,508,485</u>

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Schedule of Property and Other Taxes
For the Year Ended December 31, 2019

Schedule 3

	<u>2019</u> (Budget) (Note 22)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
TAXATION			
Real property taxes	\$ 44,835,320	\$ 42,762,756	\$ 45,721,229
Linear property taxes	31,763,955	33,713,528	32,644,519
Local improvement taxes (Note 5)	33,725	33,726	36,886
Government grants in lieu of property taxes	<u>33,740</u>	<u>25,138</u>	<u>34,545</u>
	<u>76,666,740</u>	<u>76,535,148</u>	<u>78,437,179</u>
REQUISITIONS			
Alberta School Foundation Fund	12,522,272	12,447,677	12,547,890
Lakeland Roman Catholic Separate School District #150	703,414	641,348	677,795
Lakeland Lodge and Housing Foundation	500,441	500,441	492,621
Designated Industrial Property	<u>171,446</u>	<u>299,198</u>	<u>127,802</u>
	<u>13,897,573</u>	<u>13,888,664</u>	<u>13,846,108</u>
NET MUNICIPAL TAXES	<u>\$ 62,769,167</u>	<u>\$ 62,646,484</u>	<u>\$ 64,591,071</u>

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Schedule of Government Transfers
For the Year Ended December 31, 2019

Schedule 4

	<u>2019</u> (Budget) (Note 22)	<u>2019</u> (Actual)	<u>2018</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 2,438,873	\$ 1,173,011	\$ 1,097,095
Local governments	-	500,000	-
Federal government	<u>850,000</u>	<u>1,851</u>	<u>22,575</u>
	<u>3,288,873</u>	<u>1,674,862</u>	<u>1,119,670</u>
TRANSFERS FOR CAPITAL			
Provincial government	8,052,445	8,476,122	8,123,395
Federal government	<u>-</u>	<u>189,110</u>	<u>986,217</u>
	<u>8,052,445</u>	<u>8,665,232</u>	<u>9,109,612</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 11,341,318</u>	<u>\$ 10,340,094</u>	<u>\$ 10,229,282</u>

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Schedule of Segmented Information
For the Year Ended December 31, 2019

Schedule 5

	Council Administration and General Government	Protective Services	Municipal Planning, Agricultural Services and Economic Development	FCSS and Community Services	Roads Streets, Walks and Lighting	Water, Sewer and Waste Management	Parks, Recreation and Library	Total
REVENUE								
Taxation	\$ 62,646,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,646,484
User fees and sales of goods	10,050	2,707,398	362,675	-	-	445,281	1,302,334	4,827,738
All other	713,748	432,994	74,206	-	1,794,644	53,477	146,183	3,215,252
Investment income	2,371,628	23,811	-	-	-	-	24,630	2,420,069
Government transfers	500,000	234,944	284,185	534,329	-	6,544	114,860	1,674,862
Licenses and permits	<u>293,062</u>	<u>3,326</u>	<u>137,709</u>	<u>-</u>	<u>56,080</u>	<u>-</u>	<u>-</u>	<u>490,177</u>
	<u>66,534,972</u>	<u>3,402,473</u>	<u>858,775</u>	<u>534,329</u>	<u>1,850,724</u>	<u>505,302</u>	<u>1,588,007</u>	<u>75,274,582</u>
EXPENSES								
Salaries, wages, and benefits	4,200,405	4,283,206	2,336,679	2,850	6,621,007	1,324,032	1,684,674	20,452,853
Contracted and general services	896,102	548,844	979,596	596	1,352,229	837,732	944,302	5,559,401
Transfers to other governments	6,938,771	-	-	487,280	-	676,419	-	8,102,470
Transfers to local boards and organizations	-	-	362,268	131,150	-	-	655,512	1,148,930
Materials, goods, supplies and utilities	235,648	858,109	644,152	-	8,683,280	688,332	1,059,161	12,168,682
Other (recovery)	111,986	51,708	-	-	-	-	12,173	175,867
Interest on long term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,359</u>	<u>32,923</u>	<u>-</u>	<u>418,282</u>
	<u>12,382,912</u>	<u>5,741,867</u>	<u>4,322,695</u>	<u>621,876</u>	<u>17,041,875</u>	<u>3,559,438</u>	<u>4,355,822</u>	<u>48,026,485</u>
ANNUAL SURPLUS BEFORE AMORTIZATION	54,152,060	(2,339,394)	(3,463,920)	(87,547)	(15,191,151)	(3,054,136)	(2,767,815)	27,248,097
Amortization of tangible capital assets	<u>337,542</u>	<u>737,488</u>	<u>231,151</u>	<u>-</u>	<u>17,356,597</u>	<u>756,545</u>	<u>877,026</u>	<u>20,296,349</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>53,814,518</u>	<u>(3,076,882)</u>	<u>(3,695,071)</u>	<u>(87,547)</u>	<u>(32,547,748)</u>	<u>(3,810,681)</u>	<u>(3,644,841)</u>	<u>6,951,748</u>
Government transfers for capital	134,009	-	-	-	8,342,113	-	189,110	8,665,232
Contributed assets	-	-	-	-	109,617	-	2,087,256	2,196,873
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>211,157</u>	<u>1,883</u>	<u>-</u>	<u>8,448</u>	<u>-</u>	<u>23,240</u>	<u>244,728</u>
ANNUAL SURPLUS	<u>\$ 53,948,527</u>	<u>\$ (2,865,725)</u>	<u>\$ (3,693,188)</u>	<u>\$ (87,547)</u>	<u>\$(24,087,570)</u>	<u>\$(3,810,681)</u>	<u>\$(1,345,235)</u>	<u>\$ 18,058,581</u>

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

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Schedule of Segmented Information
For the Year Ended December 31, 2018

Schedule 5

	Council Administration and General Government	Protective Services	Municipal Planning, Agricultural Services and Economic Development	FCSS and Community Services	Roads Streets, Walks and Lighting	Water, Sewer and Waste Management	Parks, Recreation and Library	Total
REVENUE								
Taxation	\$ 64,591,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,591,071
User fees and sales of goods	9,750	2,756,395	145,721	-	-	434,561	1,414,982	4,761,409
All other	436,829	658,982	86,044	-	1,849,085	100,972	26,909	3,158,821
Investment income	1,732,111	7,598	-	-	-	-	20,188	1,759,897
Government transfers	69,215	(4,851)	294,628	590,313	22,575	33,064	114,726	1,119,670
Licenses and permits	<u>472,319</u>	<u>2,499</u>	<u>115,802</u>	<u>-</u>	<u>80,135</u>	<u>-</u>	<u>-</u>	<u>670,755</u>
	<u>67,311,295</u>	<u>3,420,623</u>	<u>642,195</u>	<u>590,313</u>	<u>1,951,795</u>	<u>568,597</u>	<u>1,576,805</u>	<u>76,061,623</u>
EXPENSES								
Salaries, wages, and benefits	4,475,135	4,235,851	2,326,433	4,161	6,713,866	1,299,132	1,670,232	20,724,810
Contracted and general services	918,162	385,108	1,074,113	-	1,667,040	933,935	943,367	5,921,725
Transfers to other governments	7,174,970	-	-	506,832	-	751,415	-	8,433,217
Transfers to local boards and organizations	-	-	383,812	124,935	-	-	815,175	1,323,922
Materials, goods, supplies and utilities	199,301	1,024,431	475,152	435	8,022,680	707,210	955,314	11,384,523
Other (recovery)	166,037	49,090	-	-	1,004	-	11,901	228,032
Interest on long term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,007</u>	<u>36,210</u>	<u>-</u>	<u>150,217</u>
	<u>12,933,605</u>	<u>5,694,480</u>	<u>4,259,510</u>	<u>636,363</u>	<u>16,518,597</u>	<u>3,727,902</u>	<u>4,395,989</u>	<u>48,166,446</u>
ANNUAL SURPLUS BEFORE AMORTIZATION	54,377,690	(2,273,857)	(3,617,315)	(46,050)	(14,566,802)	(3,159,305)	(2,819,184)	27,895,177
Amortization of tangible capital assets	<u>304,553</u>	<u>662,987</u>	<u>201,567</u>	<u>-</u>	<u>16,303,328</u>	<u>719,985</u>	<u>832,529</u>	<u>19,024,949</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>54,073,137</u>	<u>(2,936,844)</u>	<u>(3,818,882)</u>	<u>(46,050)</u>	<u>(30,870,130)</u>	<u>(3,879,290)</u>	<u>(3,651,713)</u>	<u>8,870,228</u>
Government transfers for capital	-	-	-	-	8,123,395	-	986,217	9,109,612
Contributed assets	-	-	-	-	1,407,875	-	23,860	1,431,735
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>(54,469)</u>	<u>37,142</u>	<u>-</u>	<u>(296,392)</u>	<u>-</u>	<u>7,813</u>	<u>(305,906)</u>
ANNUAL SURPLUS	<u>\$ 54,073,137</u>	<u>\$ (2,991,313)</u>	<u>\$ (3,781,740)</u>	<u>\$ (46,050)</u>	<u>\$ (21,635,252)</u>	<u>\$ (3,879,290)</u>	<u>\$ (2,633,823)</u>	<u>\$ 19,105,669</u>

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

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

Notes to Consolidated Financial Statements

Year Ended December 31, 2019

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 71%.

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 consolidated 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 amortized cost. Investment premiums and discounts are amortized 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. Gains on principal protected notes are recognized as income when sold.

Investment income is reported as revenue in the period earned. When required by the funding government or related act, investment income earned on deferred revenue is added to the investment, and forms part of the deferred revenue balance.

(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.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Pension Expenses

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

(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 consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenditure during the period. Where management uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The Municipality has used estimates to determine an allowance for doubtful accounts, accrued liabilities, employment benefit obligations, and the useful lives of tangible capital assets.

(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 are the result of a direct financial return.

Government transfers are recognized in the consolidated 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.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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	
Bridges	40-95 years
Sidewalks	30 years
Water system	40 years
Wastewater system	40 years
Roadways	10-40 years
Machinery and Equipment	5-20 years
Heavy Machinery and Equipment	10% declining balance
Vehicles	4-15 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 Consolidated Financial Statements
Year Ended December 31, 2019

2. CASH AND TEMPORARY INVESTMENTS

	<u>2019</u>	<u>2018</u>
Cash	\$ 24,146,350	\$ 3,336,140
Temporary investments	<u>27,928,221</u>	<u>89,872,771</u>
	<u>\$ 52,074,571</u>	<u>\$ 93,208,911</u>

Temporary investments are short-term deposits with original maturities of three months or less bearing interest at rates ranging from 2.10% to 2.60% maturing in 2020.

Included in term deposits is a restricted amount of \$298,661 (2018 - \$938,223) received from money-in-place of municipal reserves and held exclusively for municipal and public recreation purposes.

3. TAXES AND GRANTS IN PLACE OF TAXES

	<u>2019</u>	<u>2018</u>
Taxes and grants in place of taxes		
Current taxes	\$ 1,163,294	\$ 1,006,080
Arrears taxes	<u>724,780</u>	<u>834,906</u>
	1,888,074	1,840,986
Less: Allowance for doubtful accounts	<u>(120,319)</u>	<u>(344,784)</u>
	<u>\$ 1,767,755</u>	<u>\$ 1,496,202</u>

4. TRADE AND OTHER RECEIVABLES

	<u>2019</u>	<u>2018</u>
Trade and other		
Receivable from other governments	\$ 5,716,006	\$ 4,612,328
Trade and other	1,090,642	1,059,699
Receivable from other governments - GST	<u>664,930</u>	<u>747,506</u>
	7,471,578	6,419,533
Less: Allowance for doubtful accounts	<u>(199,222)</u>	<u>(197,446)</u>
	<u>\$ 7,272,356</u>	<u>\$ 6,222,087</u>

5. DEBT RECOVERABLE - LOCAL IMPROVEMENTS

The Municipality passed Bylaw No. 1253 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, and 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 Consolidated Financial Statements
Year Ended December 31, 2019

6. INVESTMENTS

	<u>2019</u>		<u>2018</u>	
	<u>Carrying value</u>	<u>Market value</u>	<u>Carrying value</u>	<u>Market value</u>
Fixed income securities	\$ 25,255,455	\$ 24,617,017	\$ -	\$ -
Principal protected notes	15,000,000	14,975,515	-	-
Term deposits	4,085,093	4,085,093	3,768,853	3,768,853
Landfill reclamation security deposits	35,207	35,207	35,250	35,250
Other	<u>21,174</u>	<u>21,174</u>	<u>35,448</u>	<u>35,448</u>
	<u>\$ 44,396,929</u>	<u>\$ 43,734,006</u>	<u>\$ 3,839,551</u>	<u>\$ 3,839,551</u>

The fixed income securities have effective interest rates ranging from 2.52%% to 2.57% with maturity dates from January 18, 2024 to September 17, 2024.

The market value of the fixed income securities and principal protected notes are based on quoted market values. The market value of the fixed income securities and principal protected notes fluctuate with changes in market interest rates and indices. 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. Market values are based on market conditions at a certain point in time and as such, may not be reflective of the future fair values.

Included in term deposits Bonnyville Regional Fire Authority term deposits totaling \$907,922 (2018 - \$672,831). Term deposits have interest rates ranging from 1.45% to 2.75% with maturity dates ranging from March 29, 2020 to August 2, 2022.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2019</u>	<u>2018</u>
Trade	\$ 4,874,752	\$ 9,705,718
Other governments	1,082,390	1,950,609
Accrued interest payable	<u>114,403</u>	<u>121,214</u>
	<u>\$ 6,071,545</u>	<u>\$ 11,777,541</u>

8. DEPOSIT LIABILITIES

	<u>2019</u>	<u>2018</u>
Subdivision deposits	\$ 1,264,310	\$ 1,247,410
Water meter deposits	68,522	61,551
Other deposits	<u>39,436</u>	<u>28,686</u>
	<u>\$ 1,372,268</u>	<u>\$ 1,337,647</u>

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87**Notes to Consolidated Financial Statements**

Year Ended December 31, 2019

9. 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>2018</u>	Additions	Revenue Recognized	<u>2019</u>
Municipal Sustainability Initiative	\$ 297,743	\$ 5,694,724	\$ (4,960,342)	\$ 1,032,125
Improvement District No. 349	-	834,540	-	834,540
Alberta Community Partnership	338,174	133,724	(94,505)	377,393
Other	191,594	177,500	(23,605)	345,489
Willow Prairie Agricultural Society lease agreement	11	-	(1)	10
Cold Lake - land annexation	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>
	<u>\$ 1,327,522</u>	<u>\$ 6,840,488</u>	<u>\$(5,578,453)</u>	<u>\$ 2,589,557</u>

The Willow Prairie Agricultural Society lease agreement is being amortized into revenue at \$1 per year.

10. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2019</u>	<u>2018</u>
Vacation and overtime	<u>\$ 904,245</u>	<u>\$ 1,014,349</u>

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring. 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 their employees.

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

11. LONG-TERM DEBT

	<u>2019</u>	<u>2018</u>
Tax supported debentures	\$ <u>12,781,117</u>	\$ <u>13,529,020</u>

The current portion of the long-term debt amounts to \$772,637 (2018 - \$747,904).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 772,637	\$ 400,359	\$ 1,172,996
2021	798,241	374,755	1,172,996
2022	824,751	348,245	1,172,996
2023	852,201	320,795	1,172,996
2024	880,629	292,367	1,172,996
Thereafter	<u>8,652,658</u>	<u>1,299,091</u>	<u>9,951,749</u>
	<u>\$ 12,781,117</u>	<u>\$ 3,035,612</u>	<u>\$ 15,816,729</u>

Debenture debt is repayable to Alberta Capital Finance Authority and consists of two amounts, bearing interest at a rate of 6.375% and 3.051% per annum maturing in the year 2026 and 2033 respectively.

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

Interest on long-term debt amounted to \$418,282 (2018 - \$150,217).

The Municipality's total cash payments for interest is \$425,093 (2018 - \$36,885).

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87**Notes to Consolidated Financial Statements**

Year Ended December 31, 2019

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 2.69% (2018 - 3.00%) and assuming annual inflation of 2.00% (2018 - 2.00%).

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 618,047 (2018 - 625,969) 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>2019</u>	<u>2018</u>
Estimated closure liability Class 2 landfills	\$ 300,430	\$ 282,684
Estimated post-closure liability Class 2 landfills	1,954,506	1,818,712
Estimated closure liability Class 3 landfills	620,779	378,684
Estimated post-closure liability Class 3 landfills	<u>421,049</u>	<u>298,159</u>
Estimated total liability	<u>\$ 3,296,764</u>	<u>\$ 2,778,239</u>
Estimated capacity remaining Class 3 landfills	89%	90%
Portion of total liability remaining to be recognized Class 3 landfills	<u>\$ 918,125</u>	<u>\$ 594,613</u>
Estimated capacity used Class 2 landfills	100%	100%
Estimated capacity used Class 3 landfills	11%	10%
Accrued liability portion Class 2 landfills	\$ 2,254,936	\$ 2,101,395
Accrued liability portion Class 3 landfills	<u>123,703</u>	<u>82,230</u>
Accrued liability portion	<u>\$ 2,378,639</u>	<u>\$ 2,183,625</u>

13. INVENTORY FOR CONSUMPTION

	<u>2019</u>	<u>2018</u>
Gravel	\$ 32,633,032	\$ 30,408,603
Parts, culverts and other	<u>1,313,651</u>	<u>1,123,121</u>
	<u>\$ 33,946,683</u>	<u>\$ 31,531,724</u>

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

14. ACCUMULATED SURPLUS

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

	<u>2019</u>	<u>2018</u>
Unrestricted surplus	\$ <u>27,694,561</u>	\$ <u>29,621,509</u>
Restricted surplus		
Cash flow	39,325,000	41,000,000
General equipment replacement	21,542,221	19,792,541
Other	<u>38,407,423</u>	<u>29,051,531</u>
	<u>99,274,644</u>	<u>89,844,072</u>
Equity in tangible capital assets	<u>258,597,861</u>	<u>248,042,904</u>
	<u>\$385,567,066</u>	<u>\$367,508,485</u>

15. GUARANTEE

The Municipality has guaranteed up to \$500,000 of an overdraft protection for the Bonnyville and District Leisure Facility Corporation. As at December 31, 2019, no amounts had been drawn on the bank overdraft (2018 - \$NIL).

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>2019</u>	<u>2018</u>
Total debt limit	\$ <u>112,911,873</u>	\$ 114,092,435
Total debt	<u>12,781,117</u>	<u>13,529,020</u>
Amount of total debt limit unused	<u>\$100,130,756</u>	<u>\$100,563,415</u>
Debt servicing limit	\$ <u>18,818,646</u>	\$ 19,015,406
Debt servicing	<u>1,172,996</u>	<u>1,172,996</u>
Amount of debt servicing limit unused	<u>\$ 17,645,650</u>	<u>\$ 17,842,410</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 consolidated financial statements must be interpreted as a whole.

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87**Notes to Consolidated Financial Statements**

Year Ended December 31, 2019

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 and Allowances (2)</u>	<u>2019 Total</u>	<u>2018 Total</u>
Elected Officials:				
Reeve	\$ 92,350	\$ 31,287	\$ 123,637	\$ 111,680
Ward #1	62,050	26,108	88,158	84,135
Ward #2	52,100	11,265	63,365	68,892
Ward #3	58,480	28,265	86,745	89,267
Ward #4	51,840	22,260	74,100	73,520
Ward #5	61,400	20,628	82,028	83,509
Ward #6	<u>63,550</u>	<u>30,457</u>	<u>94,007</u>	<u>87,108</u>
	<u>\$ 441,770</u>	<u>\$ 170,270</u>	<u>\$ 612,040</u>	<u>\$ 598,111</u>
Chief Administrative Officer (3)				
	<u>\$ 230,000</u>	<u>\$ 42,059</u>	<u>\$ 272,059</u>	<u>\$ 501,651</u>

(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) The 2018 figure include the former, interim and current Chief Administrative Officer's salaries, severance and benefits.

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

Notes to Consolidated Financial Statements

Year Ended December 31, 2019

18. COMMITMENT

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.

19. 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 9.39% (2018 - 10.39%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 13.84% (2018 - 14.84%) for the excess. Employees of the Municipality are required to make current service contributions of 8.39% (2018 - 9.39%) of pensionable earnings up to the year's maximum pensionable earnings and 12.84% (2018 - 13.84%) on pensionable earnings above this amount.

Total current and past service contributions made by the Municipality to the LAPP in 2019 were \$1,441,761 (2018 - \$1,600,953). Total current and past service contributions made by the employees of the Municipality to the LAPP in 2019 were \$1,309,472 (2018 - \$1,466,915).

At December 31, 2018, the LAPP disclosed an actuarial surplus of \$3.47 billion (2017 - \$4.84 billion).

20. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, debt recoverable local improvements 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.

21. 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 Segmented Information.

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

Notes to Consolidated Financial Statements

Year Ended December 31, 2019

22. BUDGET

The budget figures presented in these consolidated financial statements are based on the budget approved by the Municipality's council on June 5, 2019 and include the Municipality's proportionate share of the Bonnyville Regional Fire Authority's budget. Amortization was included in the budget but was removed for the calculation of the taxation requirement.

23. SUBSEQUENT EVENTS

On March 17, 2020, the Government of Alberta declared a public health emergency in response to the coronavirus disease 2019 ("COVID-19") outbreak. The measures implemented by governments, businesses, and other organizations to safeguard against COVID-19 may have a significant effect on the Municipality's future operations. An estimate of the financial effects, if any, cannot be made at this time.

24. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by Council and Management.

25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.