

APPENDIX B

**MUNICIPAL DISTRICT OF
BONNYVILLE NO. 87
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

DRAFT

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, 2023 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, 2023, the results of its operations, changes in net financial assets, 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.

Emphasis of Matter

We draw attention to Note 27 of the consolidated financial statements, which describes the effects of Canadian public sector accounting standards adopted by the Municipality. Our opinion is not modified in respect of this matter.

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.

Chartered Professional Accountants

Edmonton, Alberta
April 9, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation and presentation of the accompanying consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Al Hoggan, CLGM
Chief Administrative Officer

Susan Walker
General Manager of Corporate Services

April 9, 2024
Bonnyville, Alberta

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Statement of Financial Position
As at December 31, 2023

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 27,444,807	\$ 19,868,211
Taxes and grants in place of taxes receivable (Note 3)	1,949,196	1,652,821
Trade and other receivables (Note 4)	2,429,358	4,769,199
Debt recoverable - local improvements (Note 5)	229,515	297,038
Loan receivable (Note 6)	2,149,159	929,859
Land held for resale	344,395	345,090
Portfolio Investments (Note 7)	<u>106,175,232</u>	<u>99,193,391</u>
	<u>140,721,662</u>	<u>127,055,609</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	16,371,469	4,826,472
Deposit liabilities (Note 9)	1,482,116	3,427,172
Deferred revenue (Note 10)	3,974,350	7,769,190
Employee benefit obligations (Note 11)	1,060,914	1,057,482
Asset retirement obligations (Note 12)	4,356,873	-
Landfill closure and post-closure liability (Note 13)	-	3,105,871
Long-term debt (Note 14)	<u>9,533,286</u>	<u>10,385,487</u>
	<u>36,779,008</u>	<u>30,571,674</u>
NET FINANCIAL ASSETS	<u>103,942,654</u>	<u>96,483,935</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	275,850,406	274,605,315
Inventory for consumption (Note 15)	44,608,005	47,305,353
Prepaid expenses	<u>842,883</u>	<u>704,217</u>
	<u>321,301,294</u>	<u>322,614,885</u>
ACCUMULATED SURPLUS (NOTE 16)	<u>\$425,243,948</u>	<u>\$419,098,820</u>
Accumulated Surplus is comprised of:		
Accumulated surplus from operations (Schedule 2)	425,476,550	419,098,820
Accumulated remeasurement gains and (losses)	<u>(232,602)</u>	<u>-</u>
	<u>\$425,243,948</u>	<u>\$419,098,820</u>
Guarantee (Note 17)		
Commitment (Note 22)		

ON BEHALF OF COUNCIL:

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2023

	<u>2023</u> (Budget) (Note 25)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
REVENUE			
Net municipal taxes (Schedule 3)	\$ 85,428,918	\$ 85,901,634	\$ 82,429,973
Investment income	1,679,000	4,667,519	2,325,519
User fees and sales of goods (Schedule 5)	5,603,475	6,589,215	5,431,251
Government transfers for operating (Schedule 4)	2,113,347	1,564,795	1,680,052
Sales to other governments	161,311	380,061	420,861
Penalties on taxes	357,000	352,872	377,785
Fines	106,000	211,506	64,386
Licenses and permits	148,000	154,602	195,051
Development levies	-	5,731	13,375
Other	838,508	2,032,173	2,346,441
	<u>96,435,559</u>	<u>101,860,108</u>	<u>95,284,694</u>
EXPENSES			
Council	633,963	611,689	591,902
Administration	5,971,412	5,454,994	5,550,050
General government services	31,403,873	38,610,973	27,249,088
Firefighting services	1,552,061	2,429,297	2,154,621
Ambulance	2,356,951	1,992,352	2,033,544
Disaster and emergency measures	1,176,436	822,006	530,145
Bylaws enforcement	3,962,221	3,285,878	3,219,695
Roads, streets, walks and lighting	15,785,636	32,560,762	28,564,137
Water supply and distribution	755,065	1,046,918	1,108,149
Wastewater treatment and disposal	552,749	407,429	357,282
Waste management	2,457,451	4,168,461	2,483,639
Family and Community Support Services	490,280	499,124	491,216
Community services	842,013	689,587	113,206
Land use planning, zoning and development	1,666,523	1,586,520	1,996,631
Agricultural services	2,165,659	2,135,764	2,387,369
Economic development and other planning	323,989	282,877	431,779
Recreation boards	190,077	659,731	1,114,499
Parks and recreation	7,935,909	7,248,413	6,139,889
Library	417,012	417,053	394,988
	<u>80,639,280</u>	<u>104,909,828</u>	<u>86,911,829</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	<u>15,796,279</u>	<u>(3,049,720)</u>	<u>8,372,865</u>
OTHER INCOME			
Government transfers for capital (Schedule 4)	-	6,214,870	2,291,600
Asset retirement obligation adoption (Note 12, 13)	-	3,105,871	-
Gain (loss) on disposal of tangible capital assets	-	93,009	(758,256)
Contributed assets (Schedule 1)	-	13,700	187,166
	<u>-</u>	<u>9,427,450</u>	<u>1,720,510</u>
ANNUAL SURPLUS	15,796,279	6,377,730	10,093,375
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>419,098,820</u>	<u>419,098,820</u>	<u>409,005,445</u>
ACCUMULATED SURPLUS, END OF YEAR (SCHEDULE 2, NOTE 16)	<u>\$ 434,895,099</u>	<u>\$ 425,476,550</u>	<u>\$ 419,098,820</u>

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

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Statement of Remeasurement Gains and Losses
For the Year Ended December 31, 2023

	<u>2023</u> (Actual)	<u>2022</u> (Actual)
ACCUMULATED REMEASUREMENT GAIN (LOSS) - BEGINNING OF YEAR	\$ -	\$ -
Unrealized loss from adoption of PS 3450: Designated at fair value	(268,827)	-
Amounts reclassified to consolidated statement of operations Designated at fair value	-	-
Unrealized gain attributed to: Designated at fair value	<u>36,225</u>	<u>-</u>
Net remeasurement gain (loss) for the year	<u>(232,602)</u>	<u>-</u>
ACCUMULATED REMEASUREMENT GAIN (LOSS) - END OF YEAR	\$ <u>(232,602)</u>	\$ <u>-</u>

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Statement of Change in Net Financial Assets
For the Year Ended December 31, 2023

	<u>2023</u> (Budget) (Note 25)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
ANNUAL SURPLUS	\$ 15,796,279	\$ 6,377,730	\$ 10,093,375
Acquisition of tangible capital assets	(11,448,206)	(21,577,318)	(17,205,376)
Contributed tangible capital assets	-	(13,700)	(187,166)
Decrease in accumulated remeasurement gain (loss)	-	(232,602)	-
Proceeds on disposal of tangible capital assets	-	203,368	3,558,694
Amortization of tangible capital assets	(44,644)	20,235,570	19,934,192
Loss (gain) on disposal of tangible capital assets	-	(93,009)	758,256
	<u>(11,492,850)</u>	<u>(1,477,691)</u>	<u>6,858,600</u>
Net change in prepaid expenses	-	(138,666)	(16,300)
Net change in inventory for consumption	-	2,697,346	(10,291,889)
	<u>-</u>	<u>2,558,680</u>	<u>(10,308,189)</u>
INCREASE IN NET FINANCIAL ASSETS	4,303,429	7,458,719	6,643,786
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>96,483,935</u>	<u>96,483,935</u>	<u>89,840,149</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$100,787,364</u>	<u>\$103,942,654</u>	<u>\$ 96,483,935</u>

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Cash from operations:		
Annual surplus	\$ 6,377,730	\$ 10,093,375
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	20,235,570	19,934,192
Accretion of asset retirement obligation	1,979,151	-
Acquisition of contributed capital assets	(13,700)	(187,166)
Loss (gain) on disposal of tangible capital assets	(93,009)	758,256
Amortization of investment premium/discount	(704,063)	(104,408)
	<u>27,781,679</u>	<u>30,494,249</u>
Change in non-cash working capital balances:		
Accounts receivable	2,043,466	5,213,876
Inventory for consumption	2,697,348	(10,291,887)
Prepaid expenses	(138,666)	(16,300)
Local improvements - recoverable	67,524	63,477
Loan receivable	(1,219,300)	(929,859)
Provision for landfill closure and post-closure	(3,105,871)	286,690
Asset retirement obligation	2,377,722	-
Land held for resale	695	-
Accounts payable and accrued liabilities	11,544,997	(3,415,737)
Deposit liabilities	(1,945,056)	114,460
Deferred revenue	(3,794,840)	(5,085)
Employee benefit obligations	3,432	170,366
	<u>8,531,451</u>	<u>(8,809,999)</u>
	<u>36,313,130</u>	<u>21,684,250</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(852,201)</u>	<u>(824,751)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(21,577,318)	(17,205,376)
Proceeds on disposal of tangible capital assets	203,368	3,558,694
	<u>(21,373,950)</u>	<u>(13,646,682)</u>
INVESTING ACTIVITIES		
Proceeds on sale of investments	39,151,086	16,964,571
Purchase of investments	(45,661,469)	(72,770,560)
	<u>(6,510,383)</u>	<u>(55,805,989)</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS, DURING THE YEAR	7,576,596	(48,593,172)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>19,868,211</u>	<u>68,461,383</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR (NOTE 2)	<u>\$ 27,444,807</u>	<u>\$ 19,868,211</u>

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

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2023

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>2023</u>	<u>2022</u>
COST:								
Balance, Beginning of Year	\$ 14,087,955	\$ 55,395,549	\$ 685,438,031	\$ 31,033,064	\$ 16,363,286	\$ 20,080,000	\$ 822,397,885	\$ 810,045,197
Additions	1,000	1,558,071	10,263,488	1,566,718	3,734,552	4,453,489	21,577,318	17,205,376
Contributed assets	13,700	-	-	-	-	-	13,700	187,166
Disposals	-	(7,457)	(67,025)	(1,203,385)	(271,312)	(42,371)	(1,591,550)	(5,039,854)
Transfers	-	486,530	10,851,394	-	-	(11,337,924)	-	-
Balance, End of Year	<u>14,102,655</u>	<u>57,432,693</u>	<u>706,485,888</u>	<u>31,396,397</u>	<u>19,826,526</u>	<u>13,153,194</u>	<u>842,397,353</u>	<u>822,397,885</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	10,689,969	509,020,450	16,851,189	11,230,962	-	547,792,570	528,581,284
Amortization expense	-	1,276,677	16,094,877	1,798,184	1,065,832	-	20,235,570	19,934,192
Disposals	-	(7,457)	(67,025)	(1,135,399)	(271,312)	-	(1,481,193)	(722,906)
Balance, End of Year	-	<u>11,959,189</u>	<u>525,048,302</u>	<u>17,513,974</u>	<u>12,025,482</u>	-	<u>566,546,947</u>	<u>547,792,570</u>
NET BOOK VALUE, END OF YEAR	\$ <u>14,102,655</u>	\$ <u>45,473,504</u>	\$ <u>181,437,586</u>	\$ <u>13,882,423</u>	\$ <u>7,801,044</u>	\$ <u>13,153,194</u>	\$ <u>275,850,406</u>	\$ <u>274,605,315</u>
NET BOOK VALUE, BEGINNING OF YEAR	\$ <u>14,087,955</u>	\$ <u>44,705,580</u>	\$ <u>176,417,581</u>	\$ <u>14,181,875</u>	\$ <u>5,132,324</u>	\$ <u>20,080,000</u>	\$ <u>274,605,315</u>	\$ _____
*Construction in progress is comprised of	\$ _____	\$ <u>2,395,950</u>	\$ <u>10,464,689</u>	\$ <u>292,555</u>	\$ _____	\$ _____	\$ <u>13,153,194</u>	\$ <u>20,080,000</u>

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

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2023

Schedule 2

	Unrestricted Surplus	Restricted Cash Flow	Restricted Equipment Pool	Restricted Other	Equity in Tangible Capital Assets	2023	2022
BALANCE, BEGINNING OF YEAR	<u>\$ 65,934,462</u>	<u>\$ 20,130,758</u>	<u>\$ 31,317,962</u>	<u>\$ 37,198,774</u>	<u>\$264,516,864</u>	<u>\$419,098,820</u>	<u>\$409,005,445</u>
Annual surplus	6,377,730	-	-	-	-	6,377,730	10,093,375
Current year funds designated for future equipment - net	(12,502)	-	12,502	-	-	-	-
Restricted funds designated for cash flow	(1,412,938)	1,412,938	-	-	-	-	-
Current year funds designated from other	2,899,764	-	-	(2,899,764)	-	-	-
Current year funds used for tangible capital assets	(21,577,318)	-	-	-	21,577,318	-	-
Contributed tangible capital assets	(13,700)	-	-	-	13,700	-	-
Disposal of tangible capital assets (net of amortization)	110,359	-	-	-	(110,359)	-	-
Annual amortization expense	20,235,570	-	-	-	(20,235,570)	-	-
Asset retirement obligations adoption	4,356,873	-	-	-	(4,356,873)	-	-
Levied portion of debt recoverable - local improvements	67,519	-	-	-	(67,519)	-	-
Long term debt repaid	(852,201)	-	-	-	852,201	-	-
Change in accumulated surplus	<u>10,179,156</u>	<u>1,412,938</u>	<u>12,502</u>	<u>(2,899,764)</u>	<u>(2,327,102)</u>	<u>6,377,730</u>	<u>10,093,375</u>
BALANCE, END OF YEAR (NOTE 16)	<u>\$ 76,113,618</u>	<u>\$ 21,543,696</u>	<u>\$ 31,330,464</u>	<u>\$ 34,299,010</u>	<u>\$262,189,762</u>	<u>\$425,476,550</u>	<u>\$419,098,820</u>

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

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Schedule of Property and Other Taxes
For the Year Ended December 31, 2023

Schedule 3

	<u>2023</u> (Budget) (Note 25)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
TAXATION			
Real property taxes	\$ 59,398,558	\$ 59,710,920	\$ 57,964,028
Linear property taxes	43,389,576	43,617,454	42,152,909
Government grants in lieu of property taxes	77,271	77,271	69,319
Local improvement taxes (Note 5)	<u>86,461</u>	<u>18,937</u>	<u>22,984</u>
	<u>102,951,866</u>	<u>103,424,582</u>	<u>100,209,240</u>
REQUISITIONS			
Alberta School Foundation Fund	15,722,679	15,722,679	16,209,075
Lakeland Lodge and Housing Foundation	573,533	573,533	381,021
Lakeland Roman Catholic Separate School District #150	473,922	473,922	469,869
Designated Industrial Property	442,774	442,774	442,041
Greater North Foundation	<u>310,040</u>	<u>310,040</u>	<u>277,261</u>
	<u>17,522,948</u>	<u>17,522,948</u>	<u>17,779,267</u>
NET MUNICIPAL TAXES	<u>\$ 85,428,918</u>	<u>\$ 85,901,634</u>	<u>\$ 82,429,973</u>

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Consolidated Schedule of Government Transfers
For the Year Ended December 31, 2023

Schedule 4

	<u>2023</u> (Budget) (Note 25)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 2,113,347	\$ 1,564,795	\$ 1,337,170
Local governments	<u>-</u>	<u>-</u>	<u>342,882</u>
	<u>2,113,347</u>	<u>1,564,795</u>	<u>1,680,052</u>
TRANSFERS FOR CAPITAL			
Provincial government	-	6,181,472	2,126,491
Federal government	<u>-</u>	<u>33,398</u>	<u>165,109</u>
	<u>-</u>	<u>6,214,870</u>	<u>2,291,600</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 2,113,347</u>	<u>\$ 7,779,665</u>	<u>\$ 3,971,652</u>

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
 Consolidated Schedule of Segmented Information
 For the Year Ended December 31, 2023

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	\$ 85,901,634	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,901,634
User fees and sales of goods	13,175	3,404,113	77,393	-	105	572,230	2,522,201	6,589,217
All other	826,585	472,620	175,507	-	1,200,535	107,391	199,703	2,982,341
Investment income	4,503,656	145,820	-	-	-	-	18,043	4,667,519
Government transfers	-	428,582	268,747	452,981	1,800	-	412,685	1,564,795
Licenses and permits	-	1,725	110,042	-	42,835	-	-	154,602
	<u>91,245,050</u>	<u>4,452,860</u>	<u>631,689</u>	<u>452,981</u>	<u>1,245,275</u>	<u>679,621</u>	<u>3,152,632</u>	<u>101,860,108</u>
EXPENSES								
Salaries, wages, and benefits	5,700,564	4,517,456	2,631,482	53,601	7,257,550	1,470,700	3,616,738	25,248,091
Contracted and general services	1,664,112	640,758	468,517	360	1,104,375	423,674	1,130,845	5,432,641
Transfers to other governments	26,412,998	1,214,035	-	496,269	-	624,722	-	28,748,024
Transfers to local boards and organizations	-	-	133,629	628,264	-	-	417,053	1,178,946
Materials, goods, supplies and utilities	359,624	1,193,029	514,088	10,217	7,174,531	542,627	1,556,409	11,350,525
Other	10,297,251	85,912	-	-	17,771	-	22,945	10,423,879
Interest on long term debt	-	-	-	-	294,972	18,029	-	313,001
	<u>44,434,549</u>	<u>7,651,190</u>	<u>3,747,716</u>	<u>1,188,711</u>	<u>15,849,199</u>	<u>3,079,752</u>	<u>6,743,990</u>	<u>82,695,107</u>
ANNUAL SURPLUS BEFORE AMORTIZATION AND ACCRETION	46,810,501	(3,198,330)	(3,116,027)	(735,730)	(14,603,924)	(2,400,131)	(3,591,358)	19,165,001
Amortization of tangible capital assets	243,107	878,343	257,445	-	16,635,263	808,298	1,413,114	20,235,570
Accretion expense	-	-	-	-	76,301	1,734,757	168,093	1,979,151
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	46,567,394	(4,076,673)	(3,373,472)	(735,730)	(31,315,488)	(4,943,186)	(5,172,565)	(3,049,720)
Government transfers for capital	-	-	-	-	6,214,870	-	-	6,214,870
Asset retirement obligation adoption	-	-	-	-	-	3,105,871	-	3,105,871
Contributed assets	-	-	-	-	13,700	-	-	13,700
Gain (loss) on disposal of tangible capital assets	(695)	13,000	106,809	-	(15,267)	-	(10,838)	93,009
ANNUAL SURPLUS	<u>\$ 46,566,699</u>	<u>\$ (4,063,673)</u>	<u>\$ (3,266,663)</u>	<u>\$ (735,730)</u>	<u>\$ (25,102,185)</u>	<u>\$ (1,837,315)</u>	<u>\$ (5,183,403)</u>	<u>\$ 6,377,730</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, 2022

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	\$ 82,429,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,429,973
User fees and sales of goods	13,100	2,965,402	39,761	-	534	554,895	1,857,559	5,431,251
All other	863,189	235,684	96,926	-	1,910,120	94,626	22,303	3,222,848
Investment income	2,270,515	51,828	-	-	-	-	3,176	2,325,519
Government transfers	90,557	486,698	346,663	439,824	49,905	-	266,405	1,680,052
Licenses and permits	100	2,718	113,943	-	78,290	-	-	195,051
	<u>85,667,434</u>	<u>3,742,330</u>	<u>597,293</u>	<u>439,824</u>	<u>2,038,849</u>	<u>649,521</u>	<u>2,149,443</u>	<u>95,284,694</u>
EXPENSES								
Salaries, wages, and benefits	5,520,995	4,461,284	2,766,529	3,755	7,175,103	1,391,453	3,019,550	24,338,669
Contracted and general services	1,445,744	660,473	1,172,986	181	1,025,892	680,803	1,104,881	6,090,960
Transfers to other governments	25,707,133	884,025	-	487,280	-	604,504	-	27,682,942
Transfers to local boards and organizations	-	-	133,952	113,206	-	-	995,715	1,242,873
Materials, goods, supplies and utilities	316,663	990,290	489,102	-	3,329,455	490,145	1,400,069	7,015,724
Other (recovery)	161,942	70,424	-	-	20,748	-	12,648	265,762
Interest on long term debt	-	-	-	-	318,581	22,126	-	340,707
	<u>33,152,477</u>	<u>7,066,496</u>	<u>4,562,569</u>	<u>604,422</u>	<u>11,869,779</u>	<u>3,189,031</u>	<u>6,532,863</u>	<u>66,977,637</u>
ANNUAL SURPLUS BEFORE AMORTIZATION	52,514,957	(3,324,166)	(3,965,276)	(164,598)	(9,830,930)	(2,539,510)	(4,383,420)	28,307,057
Amortization of tangible capital assets	<u>238,563</u>	<u>871,509</u>	<u>253,210</u>	<u>-</u>	<u>16,694,359</u>	<u>760,039</u>	<u>1,116,512</u>	<u>19,934,192</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>52,276,394</u>	<u>(4,195,675)</u>	<u>(4,218,486)</u>	<u>(164,598)</u>	<u>(26,525,289)</u>	<u>(3,299,549)</u>	<u>(5,499,932)</u>	<u>8,372,865</u>
Government transfers for capital	-	-	50,000	-	671,685	-	1,569,915	2,291,600
Contributed assets	-	12,538	-	-	7,556	-	167,072	187,166
Gain (loss) on disposal of tangible capital assets	<u>(881,776)</u>	<u>(3,059,302)</u>	<u>13,730</u>	<u>-</u>	<u>3,205,509</u>	<u>(16,291)</u>	<u>(20,126)</u>	<u>(758,256)</u>
ANNUAL SURPLUS	<u>\$ 51,394,618</u>	<u>\$ (7,242,439)</u>	<u>\$ (4,154,756)</u>	<u>\$ (164,598)</u>	<u>\$ (22,640,539)</u>	<u>\$ (3,315,840)</u>	<u>\$ (3,783,071)</u>	<u>\$ 10,093,375</u>

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

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%.

Interdepartmental and inter-organizational transactions and balances between these entities and organizations are eliminated.

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) Investment Income

Investment income includes dividends, interest income, and realized gains or losses on the sale of portfolio investments and term deposits.

Realized gains and losses on disposal of portfolio investments are recorded in the Municipality's accounts and are included in income on the consolidated statement of operations and accumulated surplus. Realized gains and losses on disposal of portfolio investments are determined on an average cost basis.

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.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement tangible capital assets. Asset retirement activities include all activities related to an asset retirement obligation. These may include, but are not limited to:

- Decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- Remediation of contamination of a tangible capital asset created by its normal use;
- Post-retirement activities such as monitoring; and
- Constructing other tangible capital assets to perform post-retirement activities.

Asset retirement obligations are initially measured at the later of the date of acquisition or legislative obligation. When a liability for an asset retirement obligation is recognized, the asset retirement costs are added to the carrying amount of the related tangible capital asset in productive use and are amortized over the estimated useful life of the related tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets or for tangible capital assets no longer in productive use are expensed in the consolidated statement of operations.

When the future retirement date is unknown, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. When the future retirement date is known, a present value technique is used to measure the liability. Subsequent to the initial measurement, the asset retirement obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation and is recognized as an accretion expense in the consolidated statement of operations.

(f) Valuation of financial assets and liabilities

The Municipality's financial assets and liabilities are generally measured as follows:

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and temporary investments	Cost
Receivables	Lower of cost and net realizable value
Debt recoverable - local improvements	Amortized cost
Investments	Fair value or amortized cost
Accounts payable and accrued liabilities	Cost
Employee benefit obligations	Cost
Long-term debt	Amortized cost

All financial assets are annually assessed for impairment. If an impairment deemed other-than-temporary is identified, the cost of the financial asset is written down to its realizable value. Any impairment losses are included in the consolidated statement of operations and accumulated surplus. A write-down of a financial asset to reflect a loss in value is not reversed for a subsequent increase in value.

For financial assets and liabilities measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are expensed as they are incurred.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Cash and Temporary Investments

Cash and temporary investments include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of three months or less at acquisition.

(h) 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.

(i) 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.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, future cash flows associated with asset retirement obligations, and accrued liabilities are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

(j) 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.

(k) 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)

(l) Pension Expenses

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

(m) 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.

(n) 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, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Remeasurement gains and losses

Accumulated remeasurement gains and losses primarily represent the excess or shortfall of the fair value of the portfolio investments at period end over the cost of the portfolio investments. Changes in accumulated remeasurement gains and losses are recognized in the consolidated statement of remeasurement gains and losses. Changes in accumulated remeasurement gains and losses during the period include unrealized increases and decreases in fair value of the portfolio investments and realized gains and losses on the sale of the portfolio investments. When the portfolio investments are sold (derecognized), any accumulated unrealized gain or loss associated with the investment becomes realized and is included in the annual surplus (deficit) on the consolidated statement of operations and accumulated surplus.

(p) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to *Public Sector Accounting Standards*. The Municipality will continue to assess the impact and prepare for the adoption of these standards.

i) Public Private Partnerships

PS 3160, Public Private Partnerships, establishes standards on how to account for public private partnership arrangements (recognition of infrastructure assets and the corresponding liability to the private partnership) along with the disclosure and presentation requirements. This standard is applicable to fiscal years beginning on or after April 1, 2023.

ii) Revenue

PS 3400, Revenue, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable to fiscal years beginning on or after April 1, 2023.

iii) Purchased Intangible Assets

PSG-8, Purchased Intangible Assets, provides guidance regarding the recognition, measurement, and disclosure of purchased intangible assets in relation to the conceptual framework for financial reporting in the public sector. This guideline is applicable to fiscal years beginning on or after April 1, 2023.

iv) Financial Statement Presentation

PS 1202, Financial Statement Presentation, sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement principles are based on the concepts in the Conceptual Framework for Financial Reporting in the Public Sector. This standard is applicable to fiscal years beginning on or after April 1, 2026.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2023</u>	<u>2022</u>
Cash	\$ 26,099,794	\$ 11,377,790
Temporary investments	<u>1,345,013</u>	<u>8,490,421</u>
	<u>\$ 27,444,807</u>	<u>\$ 19,868,211</u>

Temporary investments are short-term deposits with original maturities of three months or less bearing interest at rates ranging from 5.50% to 5.75% (2022 - 4.80% to 5.00%) maturing in 2024.

Included in term deposits is a restricted amount of \$171,208 (2022 - \$162,187) received from money-in-place of municipal reserves and held exclusively for municipal and public recreation purposes.

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2023</u>	<u>2022</u>
Taxes and grants in place of taxes		
Current taxes	\$ 1,382,323	\$ 820,406
Arrears taxes	<u>873,369</u>	<u>1,106,068</u>
	2,255,692	1,926,474
Less: Allowance for doubtful accounts	<u>(306,496)</u>	<u>(273,653)</u>
	<u>\$ 1,949,196</u>	<u>\$ 1,652,821</u>

4. TRADE AND OTHER RECEIVABLES

	<u>2023</u>	<u>2022</u>
Trade and other	\$ 1,128,517	\$ 1,384,192
Receivable from other governments	847,937	3,270,741
Receivable from other governments - GST	<u>711,503</u>	<u>372,865</u>
	2,687,957	5,027,798
Less: Allowance for doubtful accounts	<u>(258,599)</u>	<u>(258,599)</u>
	<u>\$ 2,429,358</u>	<u>\$ 4,769,199</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.

6. LOAN RECEIVABLE

Principal repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 87,684	\$ 62,782	\$ 150,466
2025	89,770	60,696	150,466
2026	91,961	58,505	150,466
2027	94,262	56,204	150,466
2028	96,681	53,785	150,466
Thereafter	<u>1,688,801</u>	<u>417,716</u>	<u>2,106,517</u>
	<u>\$ 2,858,847</u>	<u>\$ 709,688</u>	<u>\$ 2,858,847</u>

During the year, The Municipality entered into an agreement to provide renovations funds to the Bonnyville Regional Fire Authority (the "Fire Authority") for the building purchased in 2022. The loan bears interest at 5% per annum and is repayable in semi-annual payments of \$103,973 starting June 1, 2023 until December 31, 2042.

In 2022, The Municipality entered into an agreement to sell land and building to the Fire Authority. The loan is interest free and is repayable in annual payments of \$46,493 due June 30, 2023 until June 30, 2042.

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

7. INVESTMENTS

	<u>2023</u>	<u>2022</u>
Investments - fair value	\$ 59,245,498	\$ 71,000,229
Investments - amortized cost	<u>46,929,734</u>	<u>28,193,162</u>
	<u>\$106,175,232</u>	<u>\$ 99,193,391</u>

The composition of portfolio investments measured at amortized cost is as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Carrying value</u>	<u>Market value</u>	<u>Carrying value</u>	<u>Market value</u>
Fixed income securities	\$ 43,177,315	\$ 42,217,036	\$ 26,607,100	\$ 26,231,592
Term deposits	3,716,092	3,716,092	1,550,050	1,550,050
Landfill reclamation security deposits	22,310	22,310	22,310	22,310
Other	<u>14,017</u>	<u>14,017</u>	<u>13,702</u>	<u>13,702</u>
	<u>\$ 46,929,734</u>	<u>\$ 45,969,455</u>	<u>\$ 28,193,162</u>	<u>\$ 27,817,654</u>

The composition of portfolio investments measured at fair value is as follows:

	<u>2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Interest bearing securities				
Other instruments	\$ -	\$ 59,245,498	\$ -	<u>\$ 59,245,498</u>
	<u>2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Interest bearing securities				
Other instruments	\$ -	\$ 71,000,229	\$ -	<u>\$ 71,000,229</u>

The fair value measurements are those derived from:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the assets that are not based on observable market data (i.e. unobservable inputs)

The fixed income securities have effective interest rates ranging from 2.22% to 6.07% (2022 - 2.22% to 3.59%) with maturity dates from June 19, 2024 to September 21, 2033 (2022 - September 14, 2023 to January 28, 2033).

Included in term deposits are the Fire Authority's term deposits totaling \$3,716,092 (2022 - \$1,550,050). Term deposits have interest rates ranging from 4.25% to 5.03% (2022 - 2.20% to 3.85%) with maturity dates ranging from April 2024 to August 2024 (2022 - April 2023 to August 2023).

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Taxation reassessment payable	\$ 10,182,594	\$ -
Trade	5,793,121	4,163,881
Other governments	311,011	570,055
Accrued interest payable	<u>84,742</u>	<u>92,536</u>
	<u>\$ 16,371,468</u>	<u>\$ 4,826,472</u>

Taxation reassessment payable consists of property tax valuation reassessments from 2018 to 2023. The Land and Property Rights Tribunal (the "Tribunal") ruled on this matter January 18 & 19, 2024. The result was that the Municipality will pay the complainant funds as a result of the over taxation based off of the property tax assessments initially being higher than the Tribunal assessed property tax assessment values.

9. DEPOSIT LIABILITIES

	<u>2023</u>	<u>2022</u>
Subdivision deposits	\$ 1,271,877	\$ 3,252,047
Other deposits	152,276	92,643
Water meter deposits	<u>57,963</u>	<u>82,482</u>
	<u>\$ 1,482,116</u>	<u>\$ 3,427,172</u>

10. 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>2022</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2023</u>
Canada Community Building Fund	\$ 2,020,554	\$ 798,797	\$ -	\$ 2,819,351
Alberta Watercourse Remediation Grant	-	800,000	-	800,000
Other	448,492	-	(93,499)	354,993
Willow Prairie Agricultural Society lease agreement	7	-	(1)	6
Municipal Sustainability Initiative	<u>5,300,137</u>	<u>-</u>	<u>(5,300,137)</u>	<u>-</u>
	<u>\$ 7,769,190</u>	<u>\$ 1,598,797</u>	<u>\$ (5,393,637)</u>	<u>\$ 3,974,350</u>

11. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2023</u>	<u>2022</u>
Vacation and overtime	<u>\$ 1,060,914</u>	<u>\$ 1,057,482</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.

12. ASSET RETIREMENT OBLIGATIONS

Tangible capital assets with associated retirement obligations include land, land improvements, buildings, engineered structures, and machinery and equipment.

The Municipality has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from various buildings under its control. Regulations require the Municipality to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the Municipality to remove the materials when the asset retirement activities occur.

The Municipality has asset retirement obligations pursuant to the *Environmental Enhancement and Protection Act* (Alberta) to fund the closure of its landfill sites and provide for the post-closure care of the facilities. Closure and post-closure activities include the the final covering and landscaping, surface and ground water monitoring, leachate control, site inspection, and maintenance. The Municipality is required to provide closure care upon closure of the landfill and to provide post-closure care for 25 years subsequent to closure.

The Municipality has asset retirement obligations pursuant to the *Environmental Enhancement and Protection Act* (Alberta) to fund the future reclamation of its work sites. Reclamation activities include the final soil cover, landscaping, and visual inspection. Although, the timing of the work site reclamation is conditional on the length of time until the site is expected to be inactive, regulations create an existing obligation for the Municipality to reclaim the work site when the asset retirement activity occur.

	<u>2023</u>	<u>2022</u>
Balance, Beginning of Year	\$ -	\$ -
Net Change for the Year		
Initial adoption	2,377,722	-
Accretion expense	<u>1,979,151</u>	<u>-</u>
	<u>4,356,873</u>	<u>-</u>
Balance, End of Year	\$ <u>4,356,873</u>	\$ <u>-</u>

Asset retirement obligations of \$4,356,873 (2022 - \$NIL) includes \$4,356,873 (2022 - \$NIL) measured using a present value technique. The present value was calculated using estimated total undiscounted cash flows amounting to \$4,989,691 (2022 - \$NIL), discount rates ranging from 2.223% to 6.625% (2022 - NIL), an annual inflation of 3.90% (2022 - NIL), with retirement and reclamation activities expected to be settled between 2024 and 2097. The remaining obligations of \$4,356,873 (2022 - \$NIL) are measured at the current cost due to the uncertainty about when the retirement and reclamation activities are expected to occur.

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

13. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

This liability was replaced with the adoption of asset retirement obligations as of January 1, 2023. Refer to Note 12 for further information.

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 in 2022 of 4.87% and assuming annual inflation in 2022 of 6.80%.

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 in 2022 was 590,080 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>2023</u>	<u>2022</u>
Estimated closure liability Class 2 landfills	\$ -	\$ 311,236
Estimated post-closure liability Class 2 landfills	-	2,282,535
Estimated closure liability Class 3 landfills	-	1,977,474
Estimated post-closure liability Class 3 landfills	<u>-</u>	<u>1,821,182</u>
Estimated total liability	<u>\$ -</u>	<u>\$ 6,392,427</u>
Estimated capacity remaining Class 3 landfills	-%	85%
Portion of total liability remaining to be recognized Class 3 landfills	<u>\$ -</u>	<u>\$ 3,286,556</u>
Estimated capacity used Class 2 landfills	-%	100%
Estimated capacity used Class 3 landfills	-%	15%
Accrued liability portion Class 2 landfills	\$ -	\$ 2,593,771
Accrued liability portion Class 3 landfills	<u>-</u>	<u>512,100</u>
Accrued liability portion	<u>\$ -</u>	<u>\$ 3,105,871</u>

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

14. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Tax supported debentures	\$ <u>9,533,286</u>	\$ <u>10,385,487</u>

The current portion of the long-term debt amounts to \$880,629 (2022 - \$852,201).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 880,629	\$ 292,367	\$ 1,172,996
2025	910,073	262,923	1,172,996
2026	940,573	232,423	1,172,996
2027	885,712	200,825	1,086,537
2028	912,941	173,596	1,086,537
Thereafter	<u>5,003,358</u>	<u>429,324</u>	<u>5,432,682</u>
	<u>\$ 9,533,286</u>	<u>\$ 1,591,458</u>	<u>\$ 11,124,744</u>

Debenture debt is repayable to the Province of Alberta and consists of two amounts, bearing interest at rates ranging from 3.051% - 6.375% 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 \$313,001 (2022 - \$340,707). The Municipality's total cash payments for interest is \$320,795 (2022 - \$348,245).

15. INVENTORY FOR CONSUMPTION

	<u>2023</u>	<u>2022</u>
Gravel	\$ <u>43,075,201</u>	\$ 45,973,083
Parts, culverts and other	<u>1,532,804</u>	<u>1,332,270</u>
	<u>\$ 44,608,005</u>	<u>\$ 47,305,353</u>

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

16. ACCUMULATED SURPLUS

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

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	\$ <u>76,113,618</u>	\$ <u>65,934,462</u>
Accumulated remeasurement gains (losses)	<u>(232,602)</u>	<u>-</u>
Restricted surplus		
Cash flow	21,543,696	20,130,758
General equipment replacement	31,330,464	31,317,962
Other	<u>34,299,010</u>	<u>37,198,774</u>
	<u>87,173,170</u>	<u>88,647,494</u>
Equity in tangible capital assets	<u>262,189,762</u>	<u>264,516,864</u>
	<u>\$425,243,948</u>	<u>\$419,098,820</u>

17. 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, 2023, no amounts had been drawn on the bank overdraft (2022 - \$NIL).

18. 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>2023</u>	<u>2022</u>
Total debt limit	\$ <u>152,790,162</u>	\$ 142,927,041
Total debt	<u>9,533,286</u>	<u>10,385,487</u>
Amount of total debt limit unused	<u>\$143,256,876</u>	<u>\$132,541,554</u>
Debt servicing limit	\$ <u>25,465,027</u>	\$ 23,821,174
Debt servicing	<u>1,172,996</u>	<u>1,172,996</u>
Amount of debt servicing limit unused	<u>\$ 24,292,031</u>	<u>\$ 22,648,178</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, 2023

19. 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>2023 Total</u>	<u>2022 Total</u>
Elected Officials:				
Reeve	\$ 82,620	\$ 25,019	\$ 107,639	\$ 102,402
Ward #1	58,140	24,950	83,090	79,855
Ward #2	58,140	15,238	73,378	68,313
Ward #3	58,140	25,978	84,118	80,416
Ward #4	58,140	26,465	84,605	75,484
Ward #5	58,140	24,304	82,444	76,960
Ward #6	<u>58,140</u>	<u>34,391</u>	<u>92,531</u>	<u>77,778</u>
	<u>\$ 431,460</u>	<u>\$ 176,345</u>	<u>\$ 607,805</u>	<u>\$ 561,208</u>
Chief Administrative Officer				
	<u>\$ 292,172</u>	<u>\$ 99,317</u>	<u>\$ 391,489</u>	<u>\$ 385,748</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, pension, health care, dental coverage, vision coverage, group life disability plans, professional memberships and tuition.

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87

Notes to Consolidated Financial Statements

Year Ended December 31, 2023

20. 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.

21. 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 8.45% (2022 - 8.45%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 12.23% (2022 - 12.80%) for the excess. Employees of the Municipality are required to make current service contributions of 7.45% (2022 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 11.23% (2022 - 11.80%) on pensionable earnings above this amount.

Total current and past service contributions made by the Municipality to the LAPP in 2023 were \$1,553,519 (2022 - \$1,491,876). Total current and past service contributions made by the employees of the Municipality to the LAPP in 2023 were \$1,390,507 (2022 - \$1,339,583).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.67 billion (2021 - \$11.92 billion).

22. 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. The Municipality is exposed to the following risks:

Credit risk

The Municipality is exposed to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipality provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

23. 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, 2023

24. GOVERNMENT PARTNERSHIP

In accordance with the Canadian public sector accounting standards *PS 3060 Government Partnerships*, the financial position of the Municipality has been consolidated with the Municipality's proportionate 71% share of the Bonnyville Regional Fire Authority.

The following is a summary of the Municipality's share in this government partnership:

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash and temporary investments	\$ 2,013,595	\$ 1,886,010
Investments	3,716,092	1,550,050
Accounts receivable	<u>435,871</u>	<u>288,655</u>
	<u>6,165,558</u>	<u>3,724,715</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,032,842	227,926
Employee benefit obligation	-	62,971
Deferred revenue	355,000	361,390
Long term debt	<u>5,261,735</u>	<u>2,276,550</u>
	<u>6,649,577</u>	<u>2,928,837</u>
NET FINANCIAL ASSETS	<u>(484,019)</u>	<u>795,878</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	140,278	78,720
Tangible capital assets	<u>3,502,168</u>	<u>3,129,948</u>
	<u>3,642,446</u>	<u>3,208,668</u>
ACCUMULATED SURPLUS	<u>\$ 3,158,427</u>	<u>\$ 4,004,546</u>
REVENUE		
User fees and sales of goods	\$ 3,404,112	\$ 2,965,403
Government transfers for operating	409,051	292,978
Investment income	<u>145,820</u>	<u>51,828</u>
	<u>3,958,983</u>	<u>3,310,209</u>
EXPENSES		
Salaries, wages and benefits	2,882,779	2,763,752
Materials, goods, supplies and utilities	527,157	531,444
Contracted and general services	312,128	289,889
Amortization of tangible capital assets	192,874	157,790
All other	<u>85,912</u>	<u>70,424</u>
	<u>4,000,850</u>	<u>3,813,299</u>
ANNUAL DEFICIT BEFORE OTHER INCOME	<u>(41,867)</u>	<u>(503,090)</u>
OTHER INCOME		
Contributed tangible capital assets	-	12,538
ANNUAL DEFICIT	<u>\$ (41,867)</u>	<u>\$ (490,552)</u>

MUNICIPAL DISTRICT OF BONNYVILLE NO. 87
Notes to Consolidated Financial Statements
Year Ended December 31, 2023

25. BUDGET

The budget figures presented in these consolidated financial statements are based on the budget approved by the Municipality's council on November 23, 2022 and include the Municipality's proportionate share of the Bonnyville Regional Fire Authority's budget. The Municipality compiles a budget on a modified accrual basis. The reconciliation below adjusts excess revenue over expenses to align with the budget process. It should not be used as a replacement for the statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	<u>2023</u> (Budget)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
Annual surplus	15,796,279	6,377,730	10,093,375
Add back (deduct):			
Amortization expense	\$ (44,644)	\$ 20,235,570	\$ 19,934,192
Net transfers (to) from reserves	(3,451,227)	1,474,324	7,613,872
Acquisition of tangible capital assets	(11,448,206)	(21,577,318)	(17,205,376)
Loss (gain) on disposal of tangible capital assets	-	(93,009)	758,256
Proceeds on tangible capital assets	-	203,368	3,558,694
Contributed assets	-	(13,700)	(187,166)
Principal debt repayments	(852,202)	(852,201)	(824,751)
Levied portion of debt recoverable - local improvements	-	67,519	63,477
Accretion expense	-	1,979,151	-
Operating surplus	<u>\$ -</u>	<u>\$ 7,801,434</u>	<u>\$ 23,804,573</u>

26. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by Council and Management.

27. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2023, the Municipality has adopted Canadian public sector accounting standards PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 – Financial Instruments, and PS 3280 Asset Retirement Obligations required and have applied the standards prospectively. Comparative results have not been restated. The primary changes to the Municipality's financial statements from the previous years are as follows.

PS 3280 Asset Retirement Obligations

On the effective date of the PS 3280 standard, the Municipality recognized the following to conform to the new standard;

- Asset retirement obligations where the event giving rise to the obligation (i.e., acquisition, construction, development or normal use) occurred on or after January 1, 2023;
- Asset retirement obligations where the event giving rise to the obligation arose prior to January 1, 2023 and the obligation has not been previously recognized; and
- Asset retirement obligations where the event giving rise to the obligation arose prior to January 1, 2023, and the previously recognized obligation requires adjustment in applying this standard.

PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 – Financial Instruments

On the effective date of the PS 3450, PS 1201 and PS 3041 standards, the Municipality recognized the following to conform to the new standard;

- The carrying value of certain financial instruments included in investments are measured at fair value to correspond with how they are evaluated and managed. Prior to January 1 2023, these financial instruments were recorded at cost or amortized cost.
- The Disclosure of the hierarchy of inputs used in the determination of fair value for investments are reported according to the following levels:
 - a) Level 1: Fair value is based on quoted prices in an active market.
 - b) Level 2: Fair value is based on model-based valuation methods for which all significant assumptions are observable in the market or quoted prices for similar but not identical assets.
 - c) Level 3: Fair value is based on valuation methods where inputs that are based on nonobservable market data have a significant impact on the valuation.
- The carrying value of financial assets and liabilities denominated in a foreign currency are adjusted to reflect the exchange rate in effect at the financial statement date.
- Unrealized gains and losses are recorded in the new statement of remeasurement gains and losses. Prior to January 1, 2023, unrealized gains and losses were not recorded in the financial statements.