

**Town of Innisfail
Consolidated Financial Statements
For the year ended December 31, 2014**

**Town of Innisfail
Consolidated Financial Statements
For the year ended December 31, 2014**

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Independent Auditor's Report

To the Mayor and Council of the Town of Innisfail

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of the Town of Innisfail, which comprise the Consolidated statement of financial position as at December 31, 2014, 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.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Consolidated financial statements present fairly, in all material respects, the financial position of the Town of Innisfail as at December 31, 2014 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Red Deer, Alberta
March 23, 2015

Chartered Accountants

Town of Innisfail
Consolidated Statement of Financial Position

December 31	2014	2013
Financial assets		
Cash and cash equivalents (Note 1)	\$ 8,090,094	\$ 9,068,913
Short-term investment (Note 2)	3,636,417	3,089,756
Taxes receivable (Note 3)	365,766	343,472
Accounts receivable (Note 4)	1,198,028	952,899
Inventory held for resale (Note 5)	5,493,283	3,603,614
	<u>18,783,588</u>	<u>17,058,654</u>
Liabilities		
Accounts payable and accrued liabilities	1,118,670	908,663
Employee benefit obligation (Note 6)	158,317	152,747
Deposit liabilities	103,200	73,200
Deferred revenue (Note 7)	128,250	13,134
Long-term debt (Note 8)	605,400	706,300
	<u>2,113,837</u>	<u>1,854,044</u>
Net financial assets	<u>16,669,751</u>	<u>15,204,610</u>
Non-financial assets		
Tangible capital assets (Note 9)	88,960,925	87,719,938
Prepaid expenses	89,070	80,915
	<u>89,049,995</u>	<u>87,800,853</u>
Accumulated surplus (Note 11)	<u>\$ 105,719,746</u>	<u>\$ 103,005,463</u>
Debenture debt limits (Note 18)		
Contingencies (Note 19)		

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Town of Innisfail
Consolidated Statement of Operations

For the year ended December 31	Budget 2014	2014	2013
Revenue			
Net municipal taxes (Note 13)	\$ 6,768,059	\$ 7,074,299	\$ 6,645,046
Government transfers for operating (Note 14)	939,332	865,909	1,185,585
Sales and user fees	6,026,042	6,322,948	5,249,379
Rental revenue	287,000	360,339	299,073
Franchises and concessions	875,417	932,680	836,266
Investment income	120,000	177,596	178,478
Fines and costs	210,000	238,915	216,839
Other	24,500	58,054	15,751
Development levies	-	-	38,700
Licenses and permits	308,100	226,068	251,205
	<u>15,558,450</u>	<u>16,256,808</u>	<u>14,916,322</u>
Expenses (Note 15)			
Legislative	226,360	222,143	220,284
Administration	1,403,483	1,463,876	1,310,296
Protective services	2,016,547	2,111,428	2,308,884
Transportation services	3,825,149	3,991,957	3,889,186
Water and wastewater	3,535,888	3,522,564	3,295,411
Waste management	755,694	797,156	747,147
Planning and development	702,721	355,324	460,983
Recreation and parks	3,185,575	2,979,197	2,586,020
Public health and welfare	475,569	450,245	351,203
	<u>16,126,986</u>	<u>15,893,890</u>	<u>15,169,414</u>
Excess (deficiency) of revenue over expenditures - before other	(568,536)	362,918	(253,092)
Other			
Government transfers for capital (Note 14)	2,378,916	2,351,365	2,689,769
Excess (deficiency) of revenue over expenditures	<u>1,810,380</u>	<u>2,714,283</u>	<u>2,436,677</u>
Accumulated surplus, beginning of year	<u>103,005,463</u>	<u>103,005,463</u>	<u>100,568,786</u>
Accumulated surplus, end of year	<u>\$ 104,815,843</u>	<u>\$ 105,719,746</u>	<u>\$ 103,005,463</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Town of Innisfail
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2014	2014	2013
Excess (deficiency) of revenue over expenditures	\$ 1,810,380	\$ 2,714,283	\$ 2,436,677
Acquisition of tangible capital assets	(8,528,136)	(4,310,231)	(6,276,390)
Amortization of tangible capital assets	3,069,245	3,069,244	3,011,312
	(3,648,511)	1,473,296	(828,401)
Change in prepaid expenses	-	(8,155)	(51,034)
Net change in net financial assets	(3,648,511)	1,465,141	(879,435)
Net financial assets, beginning of year	15,204,610	15,204,610	16,084,045
Net financial assets, end of year	\$ 11,556,099	\$ 16,669,751	\$ 15,204,610

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Town of Innisfail
Consolidated Statement of Cash Flows**

For the year ended December 31	2014	2013
Operating transactions		
Excess (deficiency) of revenue over expenditures	\$ 2,714,283	\$ 2,436,677
Items not involving cash		
Amortization	3,069,244	3,011,312
Changes in non-cash operating balances		
Taxes receivable	(22,294)	57,446
Accounts receivable	(245,129)	(152,515)
Inventory held for resale	(1,889,669)	882,992
Prepaid expenses	(8,155)	(51,034)
Accounts payable and accrued liabilities	210,007	(814,308)
Employee benefit obligation	5,570	6,254
Deposit liabilities	30,000	(3,000)
Deferred revenue	115,116	(308,046)
	<u>3,978,973</u>	<u>5,065,778</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(4,310,231)</u>	<u>(6,276,390)</u>
Investing transactions		
Change of investments	(546,661)	458,563
Restricted cash balances	(40,815)	308,046
	<u>(587,476)</u>	<u>766,609</u>
Financing transactions		
Repayment of long-term debt	<u>(100,900)</u>	<u>(100,900)</u>
Net change in cash and cash equivalents	(1,019,634)	(544,903)
Cash and cash equivalents, beginning of year	9,055,779	9,600,682
Cash and cash equivalents, end of year	\$ 8,036,145	\$ 9,055,779
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 8,090,094	\$ 9,068,913
Less: restricted (Note 1)	(53,949)	(13,134)
	<u>\$ 8,036,145</u>	<u>\$ 9,055,779</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Town of Innisfail
Summary of Significant Accounting Policies

December 31, 2014

**Management's
Responsibility for the
Financial Statements**

The consolidated financial statements of the Town are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Basis of Consolidation

The financial statement reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources. Included with the municipality are the following:

Family and Community Support Services
Town of Innisfail Recreation Department
Innisfail Public Library

The schedule of taxes levied also includes operational requisitions for educational, health, social and other external organizations that are not part of the municipal reporting entity.

The statement excludes trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

**Cash and Cash
Equivalents**

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

Investments

Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

Land Held for Resale

Land held for resale is recorded at 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.

**Excess Collections and
Under-levies**

Excess collections arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the excess collection is accrued as a liability and as a reduction in property tax revenue. Requisition tax rates in the subsequent year are adjusted for any excess collections.

Town of Innisfail
Summary of Significant Accounting Policies

December 31, 2014

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	10 to 100 years
Buildings	25 to 50 years
Engineered Structures	
Water system	45 to 80 years
Wastewater system	45 to 80 years
Road system	10 to 30 years
Machinery, equipment and furnishings	5 to 40 years
Vehicles	5 to 40 years

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

Government Transfers

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Revenue Recognition

Taxes are recognized as revenue in the year they are levied.
Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.
Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.
Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.
Sales of service and other revenue is recognized on an accrual basis.

Town of Innisfail
Summary of Significant Accounting Policies

December 31, 2014

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

1. Cash and Cash Equivalents

	<u>2014</u>	<u>2013</u>
Current account	\$ 8,053,899	\$ 8,539,066
Redeemable guaranteed investment certificates, bearing interest at rates of 2.17%.	<u>36,195</u>	<u>529,847</u>
	<u>\$ 8,090,094</u>	<u>\$ 9,068,913</u>

Included in the above amounts are the following amounts received from the Government of Canada and the Province of Alberta as conditional grants held exclusively for future projects.

	<u>2014</u>	<u>2013</u>
FGTF grant	\$ 53,949	\$ -
Other	<u>-</u>	<u>13,134</u>
	<u>\$ 53,949</u>	<u>\$ 13,134</u>

2. Short-term Investments

	<u>2014</u>	<u>2013</u>
Guaranteed investment certificates, bearing interest at rates of 0.90% to 2.25% and maturing on dates ranging from March 2015 through November 2016.	<u>\$ 3,636,417</u>	<u>\$ 3,089,756</u>

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

3. Taxes Receivable

	2014	2013
Current taxes and grants in place	\$ 241,795	\$ 269,947
Non-current taxes and grants in place	123,971	73,525
	\$ 365,766	\$ 343,472

4. Accounts Receivable

	2014	2013
Trade receivables	\$ 1,149,267	\$ 583,550
Government grants receivable-CIIF	-	321,903
Accrued interest receivable	48,761	47,446
	\$ 1,198,028	\$ 952,899

5. Inventories for Resale

	2014	2013
Land held for resale	\$ 5,493,283	\$ 3,603,614

6. Employee Benefit Obligation

	2014	2013
Accrued vacation pay	\$ 122,127	\$ 130,691
Accrued flex time benefit	36,190	22,056
	\$ 158,317	\$ 152,747

Accrued vacation pay is comprised of the vacation that employees are deferring to future years.

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

7. Deferred Revenue

	Opening balance	Contributions received	Revenue recognized	Ending balance
MSI grant	\$ -	2,036,790	(2,036,790)	\$ -
Red Deer County grant	-	217,232	(217,232)	-
Policing grant	-	363,376	(363,376)	-
CFSA Community Capacity grant	-	42,607	(42,607)	-
F.C.S.S grant	-	173,194	(173,194)	-
Cemetery assistance grant	-	2,500	(2,500)	-
Federal Gas Tax	-	430,524	(376,575)	53,949
Disaster services grant	-	5,000	(5,000)	-
Other	13,134	61,167	-	74,301
	<u>\$ 13,134</u>	<u>3,332,390</u>	<u>(3,217,274)</u>	<u>\$ 128,250</u>

Grants

Under various grant agreements with the Government of Canada and the Province of Alberta, the Town is required to account for grants provided and to complete the projects or program in accordance with standards detailed in the various agreements. If these requirements are not adhered to, grants provided will become repayable to the source government. Unexpended funds are repayable to the source government upon final accounting. Funds are deferred until related expenditures under the specific grant agreement have been incurred.

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

8. Long-Term Debt

Net long-term debt reported on the statement of financial position is comprised of the following:

	2014	2013
Private mortgage payable, bearing interest at prime plus 2% per year with annual instalments of \$100,900, maturing in 2020.	605,400	706,300

Principal and interest payments relating to net long term debt of \$605,400 outstanding are due as follows:

	Principal Repayments	Interest Payments	Total
2015	\$ 100,900	\$ 27,830	\$ 128,730
2016	100,900	23,664	124,564
2017	100,900	19,317	120,217
2018	100,900	14,785	115,685
2019	100,900	10,060	110,960
Thereafter	100,900	5,134	106,034
	\$ 605,400	\$ 100,790	\$ 706,190

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

9. Tangible Capital Assets	2014							
	Land	Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 4,141,168	\$ 3,083,808	\$ 21,168,862	\$ 88,689,226	\$ 2,606,813	\$ 4,228,823	\$ 132,193	\$124,050,893
Additions	448,628	115,775	3,449,725	84,983	211,120	-	-	4,310,231
Change in work in progress	-	-	-	(18,581)	-	-	18,581	-
Write-downs & disposals	-	-	-	(271,123)	-	(57,160)	-	(328,283)
Cost, end of year	\$ 4,141,168	\$ 3,532,436	\$ 21,284,637	\$ 91,849,247	\$ 2,691,796	\$ 4,382,783	\$ 150,774	\$128,032,841
Accumulated amortization, beginning of year	-	\$ 1,006,693	\$ 5,841,217	\$ 26,498,337	\$ 489,136	\$ 2,495,572	-	\$ 36,330,955
Amortization	-	153,298	529,409	1,918,657	165,989	301,891	-	3,069,244
Write-downs & disposals	-	-	-	(271,123)	-	(57,160)	-	(328,283)
Accumulated amortization, end of year	-	\$ 1,159,991	\$ 6,370,626	\$ 28,145,871	\$ 655,125	\$ 2,740,303	-	\$ 39,071,916
Net carrying amount, end of year	\$ 4,141,168	\$ 2,372,445	\$ 14,914,011	\$ 63,703,376	\$ 2,036,671	\$ 1,642,480	\$ 150,774	\$ 88,960,925

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

	2013							
	Land Improvements	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 4,141,168	\$ 3,057,552	\$ 20,682,327	\$ 86,561,589	\$ 1,987,019	\$ 4,175,928	\$ 1,079,625	\$121,685,208
Additions	242,351	486,535	4,791,355	619,794	136,355	-	-	6,276,390
Change in work in progress	-	-	-	947,432	-	-	(947,432)	-
Write-downs	-	(216,095)	-	(3,611,150)	-	(83,460)	-	(3,910,705)
Cost, end of year	\$ 4,141,168	\$ 3,083,808	\$ 21,168,862	\$ 88,689,226	\$ 2,606,813	\$ 4,228,823	\$ 132,193	\$124,050,893
Accumulated amortization, beginning of year	-	\$ 1,087,884	\$ 5,424,645	\$ 28,027,553	\$ 364,563	\$ 2,325,703	-	\$ 37,230,348
Amortization	134,904	416,572	2,081,934	124,573	253,329	-	-	3,011,312
Write-downs	(216,095)	-	-	(3,611,150)	-	(83,460)	-	(3,910,705)
Accumulated amortization, end of year	\$ -	\$ 1,006,693	\$ 5,841,217	\$ 26,498,337	\$ 489,136	\$ 2,495,572	-	\$ 36,330,955
Net carrying amount, end of year	\$ 4,141,168	\$ 2,077,115	\$ 15,327,645	\$ 62,190,889	\$ 2,117,677	\$ 1,733,251	\$ 132,193	\$ 87,719,938

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

10. Equity in Tangible Capital Assets

	<u>2014</u>	<u>2013</u>
Tangible capital assets	\$ 128,032,841	\$ 124,050,893
Accumulated amortization	<u>(39,071,916)</u>	<u>(36,330,955)</u>
	<u>\$ 88,960,925</u>	<u>\$ 87,719,938</u>

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

11. Accumulated Surplus

	<u>2014</u>	<u>2013</u>
Equity in tangible capital assets	\$ 88,960,925	\$ 87,719,938
Unrestricted surplus (deficit)	5,059,109	3,273,885
	<u>94,020,034</u>	<u>90,993,823</u>
Restricted surplus		
General operating	428,905	294,000
General capital	1,723,407	1,885,430
3rd station gym	720,000	540,000
Roots of Empathy	418	418
Trails/pathways	30,000	15,000
Skatepark	410	410
Administration	4,000	4,000
Fire services	1,444	32,998
Public works	395,922	395,922
Operations equipment	23,444	26,660
Gravel pit reclamation	365,375	365,375
Community bus	65,000	60,000
Water system	251,491	306,841
Wastewater treatment	2,345,503	2,603,029
Utilities stabilization	2,054,990	1,205,845
Envision children fund	20,000	20,000
Cemetery	50,898	44,744
Land Acquisition/Servicing	1,563,774	2,870,955
In Lieu (Wes Leslie)	65,361	75,361
In lieu (Napwest)	6,800	6,800
Offsite levy	76,950	51,700
Woodlands area	500,000	500,000
Campground	68,416	59,704
Recreation and culture	170,965	170,965
Curling rink	17,716	12,716
Pool	61,392	6,392
Parks equipment	46,706	71,948
Library	203,320	227,220
Centennial park	150,000	150,000
Joint use center	17,105	7,207
Bylaw Mobile Equipment	25,000	-
Utility Equipment	50,000	-
Waste Transfer Upgrade	50,000	-
Arena	120,000	-
Playground	25,000	-
	<u>11,699,712</u>	<u>12,011,640</u>
	<u>\$ 105,719,746</u>	<u>\$ 103,005,463</u>

The equity in tangible capital assets represents amounts already spent on infrastructure. Restricted surplus represents funds set aside by bylaw or council for specific purposes.

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2014	2013
12. Change in Accumulated Surplus					
Balance, beginning of year	\$ 3,273,885	\$ 12,011,640	\$ 87,719,938	\$ 103,005,463	\$ 100,568,786
Excess of revenue over expenses	2,714,283	-	-	2,714,283	2,436,677
Net operating transfers to restricted surplus	(6,720,362)	6,720,362	-	-	-
Capital transfers from restricted surplus	7,032,290	(7,032,290)	-	-	-
Acquisition of capital	(4,310,231)	-	4,310,231	-	-
Disposals and write-down of assets	-	-	-	-	-
Amortization	3,069,244	-	(3,069,244)	-	-
Change in accumulated surplus	\$ 1,785,224	\$ (311,928)	\$ 1,240,987	\$ 2,714,283	\$ 2,436,677
Balance, end of year	\$ 5,059,109	\$ 11,699,712	\$ 88,960,925	\$ 105,719,746	\$ 103,005,463

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

13. Taxation - Net

	Budget 2014	2014	2013
Real property	\$ 9,493,367	\$ 9,451,168	\$ 9,133,026
Mobile home taxes	-	37,303	53,099
Linear property	-	132,088	130,287
Government grants in place of property taxes	-	79,453	80,309
Special assessments and local improvement taxes	3,262	3,262	3,262
	<u>9,496,629</u>	<u>9,703,274</u>	<u>9,399,983</u>
Requisitions			
Alberta School Foundation Fund	2,611,537	2,509,029	2,614,110
Non-residential School Fund	2,000	2,000	2,000
Separate School Fund	94,667	96,896	118,461
Parkland Foundation	20,366	21,050	20,366
	<u>2,728,570</u>	<u>2,628,975</u>	<u>2,754,937</u>
Available for general municipal purposes	<u>\$ 6,768,059</u>	<u>\$ 7,074,299</u>	<u>\$ 6,645,046</u>

14. Government Transfers

	Budget 2014	2014	2013
Operating			
Provincial government	939,332	648,677	970,042
Other local government	-	217,232	215,543
	<u>\$ 939,332</u>	<u>\$ 865,909</u>	<u>\$ 1,185,585</u>
Capital			
Provincial government	\$ 1,939,596	\$ 1,974,790	\$ 2,050,702
Federal government	439,320	376,575	639,067
	<u>\$ 2,378,916</u>	<u>\$ 2,351,365</u>	<u>\$ 2,689,769</u>
Total government transfers	<u>\$ 3,318,248</u>	<u>\$ 3,217,274</u>	<u>\$ 3,875,354</u>

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

15. Expenses by Object

	Budget 2014	2014	2013
Salaries and wages	\$ 5,241,475	\$ 5,157,815	\$ 4,705,551
Contracted and general services	4,707,519	4,787,882	4,482,752
Purchases from other governments	102,208	89,558	101,386
Materials, goods and utilities	2,638,679	2,597,030	2,620,876
Transfer to individuals and organizations	322,000	157,298	208,093
Bank charges and short term interest	4,500	4,290	3,711
Interest on long-term debt	40,360	30,773	35,735
Amortization	3,069,245	3,069,244	3,011,312
Other expenditures	1,000	-	-
	<u>\$ 16,126,986</u>	<u>\$ 15,893,890</u>	<u>\$ 15,169,416</u>

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

16. Municipal Employees Pension Plans

Local Authorities Pension Plan

Certain employees of the Town are eligible to be members of the Local Authorities Pension Plan (LAPP), a multi-employer pension plan which is covered by the Public Sector Pension Plans Act. The Plan serves about 200,000 people and over 400 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund. The plan provides defined pension benefits to employees based on their length of service and rates of pay.

The Town contributes to the Plan at a rate of 11.39% of pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 15.84% for the excess. Employees contribute to the Plan at a rate of 10.39% of pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 14.84% for the excess.

Contributions for the year were:

	<u>2014</u>	<u>2013</u>
Employer contributions	\$ 337,205	\$ 298,134
Employee contributions	309,518	271,397
	<u>\$ 646,723</u>	<u>\$ 569,531</u>

As this is a multi-employer pension plan, these contributions are the Town's pension benefit expense. No pension liability for this type of plan is included in the Town's financial statements. The most recent valuation as at December 31, 2013 indicates a deficit of \$4.86 billion (2012 - \$4.98 billion) for basic pension benefits. The actuary does not attribute portions of the unfunded liability to individual employers.

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

17. Salary and Benefits Disclosure

Disclosure of salaries and benefits for municipal officials and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary	Benefits & Allowances	Total 2014	Total 2013
Councilor Baird	-	-	-	15,355
Councilor Bates	20,700	4,259	24,959	5,522
Councilor Heistad	-	-	-	14,169
Councilor Rieberger	20,100	1,165	21,265	5,018
Councilor Bos	16,500	3,634	20,134	5,408
Councilor Walker	-	-	-	16,146
Councilor Taylor	19,300	4,112	23,412	27,642
Councilor/Mayor Spiller	37,750	1,673	39,423	23,083
Councilor Kemball	22,650	413	23,063	20,055
Councilor Churchill	20,300	670	20,970	4,812
Mayor Romane	-	-	-	29,064
Chief Administration Officer	133,444	27,676	161,120	160,510
Designated Officers (4)	324,873	53,614	378,487	465,578

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

Benefits and allowances includes the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, accidental disability and dismemberment, dental coverage, vision coverage, and long and short term disability plans.

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

18. Debt Limits

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

	2014	2013
Total debt limit	\$ 24,385,212	\$ 22,394,376
Total debt	605,400	706,300
Total debt limit available	<u>23,779,812</u>	<u>21,688,076</u>
Debt servicing limit	4,064,202	3,732,396
Debt servicing	131,170	132,734
Total debt servicing limit available	<u>3,933,032</u>	<u>3,599,662</u>

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

19. Contingencies

The Town is a member of the Alberta Local Municipal Insurance Exchange (Munix). Under the terms of membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Town of Innisfail is a member of the South Red Deer Regional Wastewater Commission, Central Waste Management Commission and the Mountainview Regional Water Services Commission. Under the terms of these memberships, the Town is liable for its proportionate share of any losses incurred by the Commissions. Any liability would be accounted for in the year the losses are determined.

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

20. Commitments

The Town has an agreement with Wild Rose Assessment Services Inc. to provide property assessment services. The Town is required to pay a fee of \$22.50 plus GST for the period October 1, 2013 to September 30, 2014 and \$23 per parcel plus GST for the period October 1, 2014 to September 30, 2015, respectively.

The Town entered into a solid waste management agreement for 4,300 tonnes per year of waste to commence in 2010 at a maximum tipping fee of \$65 per tonne (subject to adjustments) plus Commission operating expenses and reserve allocations. To date this facility has not been started.

The Town extended a previous agreement with Waste Management of Canada Corporation to provide waste disposal services from April 1, 2014 to March 31, 2017. The Town is required to pay various fees for waste and recycling collections plus roll off service hauling fees to Horn Hill and the City of Red Deer Landfill.

The Town has long term operating leases with respect to certain equipment. Future lease payments as at year end are as follows:

2015	\$	32,258
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Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

21. Budget

The budget adopted by Council on December 9, 2013, was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to fund current year operation and capital activities. In addition, the budget expensed all tangible capital asset expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget adopted by Council on December 9, 2013, with adjustments as follows:

	<u>2014</u>
Operating budget surplus (deficit)	\$ (10,810)
Add:	
Debenture principal payments	100,900
Net operating transfers to reserves and capital	2,410,619
Amortization expense	<u>(3,069,245)</u>
Excess (deficiency) of revenue over expenditures before other	<u>\$ (568,536)</u>
Capital budget deficit	\$ -
Add:	
Capital expenditures	8,528,136
Less:	
Budgeted net transfers from operations	(324,330)
Budgeted transfers from reserves	<u>(5,824,890)</u>
Budgeted capital surplus	<u>\$ 2,378,916</u>
Budgeted combined surplus per statement of operations	<u>\$ 1,810,380</u>

December 31, 2014

22. Segmented Information

The Town is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Protective Services

Protective services is comprised of police, bylaw enforcement and fire protection. This service area is responsible for the overall safety of the public through various prevention and enforcement activities.

Transportation Services

Transportation services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of park and open space, and street lighting.

Water and Wastewater Services

Water and wastewater provides drinking water to the Town's citizens and collects and treats wastewater. The Town processes and cleans sewage and ensures the water system meets all Provincial standards.

Waste Management Services

Waste management provides collection disposal and recycling programs.

Planning and Development

The planning department provides a number of services including town planning and enforcement of building and construction codes and review of all property development plans through its application process.

Recreation and Parks

This service area maintains recreation infrastructure such as parks, arenas, aquatic centres and community centres as well as provides recreational programs and cultural programs at those locations.

Public Health and Welfare

This service area provides and administers community support programs.

General Government

This service area includes legislative and administrative support to all other service areas and also relates to the revenues and expenses that relate to the operations of the Town itself and cannot be directly attributed to a specific segment.

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

21. Segmented Information continued

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers have been eliminated. The revenues and expenses that are directly attributable to a particular segment are allocated to that segment. Taxation revenue has been allocated to general government except where specific tax revenues can be directly allocated to a service area.

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

22. Segmented Information (continued)

For the year ended December 31	Protective Services	Transportation Services	Water and Wastewater	Management	Waste	Planning and Development	Recreation and Parks	Public Health and Welfare	General Government	2014 Total
Revenue										
Taxation	\$ 1,444,411	\$ 1,539,907	\$ -	\$ -	\$ -	\$ -	\$ 2,487,175	\$ 107,283	\$ 1,495,523	\$ 7,074,299
Government transfers for operating	454,508	42,000	-	-	-	-	151,100	218,301	-	865,909
Government transfers for capital	-	2,351,365	-	-	-	-	-	-	-	2,351,365
Sales and user fees	67,432	53,247	4,350,666	824,099	604,624	285,175	123,881	13,824	932,680	6,322,948
Franchises and concessions	-	-	-	-	-	-	-	-	177,596	177,596
Investment income	-	-	-	-	-	-	-	-	87,567	238,915
Fines and costs	109,648	-	41,700	-	-	-	-	-	7,855	360,339
Rental revenue	1,300	5,438	-	-	-	-	-	-	-	226,068
Licences and permits	34,129	-	-	-	123,747	-	-	780	67,412	226,068
Other	-	-	21,790	-	9,368	-	-	-	14,696	58,054
	<u>2,111,428</u>	<u>3,991,957</u>	<u>4,414,156</u>	<u>824,099</u>	<u>737,739</u>	<u>3,281,396</u>	<u>450,245</u>	<u>2,797,153</u>	<u>18,608,173</u>	
Expenses										
Salaries and wages	578,794	1,053,047	675,702	96,360	95,992	1,541,543	259,414	856,968	856,968	5,157,820
Contracted and general services	1,187,461	345,190	1,905,327	694,723	196,437	219,094	83,147	156,503	156,503	4,787,882
Purchases from other governments	-	-	36,510	-	-	-	-	-	53,048	89,558
Materials, goods and utilities	128,275	809,525	356,069	6,073	32,122	651,559	29,014	584,389	584,389	2,597,026
Transfers to individuals and organizations	-	42,000	-	-	-	36,628	78,670	-	-	157,298
Bank charges and short- term interests	-	-	-	-	-	-	-	-	4,288	4,288
Interest on long-term debt	-	-	-	-	30,773	-	-	-	-	30,773
Amortization	216,898	1,742,195	548,956	-	-	530,373	-	-	30,823	3,069,245
	<u>2,111,428</u>	<u>3,991,957</u>	<u>3,522,564</u>	<u>797,156</u>	<u>355,324</u>	<u>2,979,197</u>	<u>450,245</u>	<u>1,686,019</u>	<u>1,686,019</u>	<u>15,893,890</u>
Net surplus (deficit)	\$ -	\$ -	\$ 891,592	\$ 26,943	\$ 382,415	\$ 302,199	\$ -	\$ 1,111,134	\$ -	\$ 2,714,283

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

22. Segmented Information (continued)

For the year ended December 31	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	Public Health and Welfare	General Government	2013 Total
Revenue									
Taxation	\$ 340,990	\$ 2,223,296	\$ -	\$ 153,409	\$ 12,513	\$ 2,153,800	\$ 16,148	\$ 1,744,891	\$ 6,645,047
Government transfers for operating	493,319	42,000	-	-	43,540	390,235	216,491	-	1,185,585
Government transfers for capital	-	2,689,769	-	-	-	-	-	-	2,689,769
Sales and user fees	63,374	(7,675)	3,954,300	716,632	218,476	194,004	99,916	10,352	5,249,379
Franchises and concessions	-	-	-	-	-	-	-	836,266	836,266
Investment income	-	-	-	-	-	-	-	178,477	178,477
Fines and costs	95,716	-	34,065	-	-	-	-	87,058	216,839
Rentals	1,100	5,785	-	-	-	278,334	-	13,854	299,073
Licences and permits	32,660	-	-	-	106,532	-	570	111,444	251,206
Other	-	-	900	-	38,700	2,910	-	11,940	54,450
	<u>1,027,159</u>	<u>4,953,175</u>	<u>3,989,265</u>	<u>870,041</u>	<u>419,761</u>	<u>3,019,283</u>	<u>333,125</u>	<u>2,994,282</u>	<u>17,606,091</u>
Expenses									
Salaries and wages	489,939	1,003,997	596,655	87,751	175,870	1,367,257	199,528	784,554	4,705,551
Contracted and general services	1,257,695	301,537	1,672,373	636,532	220,979	221,977	42,354	129,305	4,482,752
Purchases from other governments	-	-	35,100	14,728	-	-	-	51,558	101,386
Materials, goods and utilities	106,890	770,858	433,516	8,137	28,399	716,114	34,320	522,642	2,620,876
Transfers to individuals and organizations	-	40,000	-	-	-	93,092	75,001	-	208,093
Bank charges and short- term interest	-	-	-	-	-	-	-	3,710	3,710
Interest on long-term debt	-	-	-	-	35,735	-	-	-	35,735
Amortization	454,360	1,772,794	557,766	-	-	187,580	-	38,811	3,011,311
Other	-	-	-	-	-	-	-	-	-
	<u>2,308,884</u>	<u>3,889,186</u>	<u>3,295,410</u>	<u>747,148</u>	<u>460,983</u>	<u>2,586,020</u>	<u>351,203</u>	<u>1,530,580</u>	<u>15,169,414</u>
Net surplus (deficit)	<u>\$ (1,281,725)</u>	<u>\$ 1,063,989</u>	<u>\$ 693,855</u>	<u>\$ 122,893</u>	<u>\$ (41,222)</u>	<u>\$ 433,263</u>	<u>\$ (18,078)</u>	<u>\$ 1,463,702</u>	<u>\$ 2,436,677</u>

Town of Innisfail
Notes to Consolidated Financial Statements

December 31, 2014

23. Comparative Figures

Wherever necessary, comparative figures have been reclassified to conform with current year financial statement presentation.

24. Approval of Financial Statements

Council and Management approved these financial statements.
