

Town of Innisfail  
Consolidated Financial Statements  
For the year ended December 31, 2020

Town of Innisfail  
Consolidated Financial Statements  
For the year ended December 31, 2020

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Auditor's Report

Consolidated Financial Statements

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## Independent Auditor's Report

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To the Mayor and Council of the Town of Innisfail

### Opinion

We have audited the consolidated financial statements of Town of Innisfail and its controlled or owned organizations (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of operations, consolidated statement of changes in net financial assets, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and its consolidated financial performance and its cash flows for the year then ended in accordance with 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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

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## Independent Auditor's Report, continued

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- 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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,  
Red Deer, Alberta  
April 26, 2021

Town of Innisfail  
Consolidated Statement of Financial Position

| December 31  | 2020                  | 2019                  |
|--|-----------------------|-----------------------|
| <b>Financial assets</b>  |                       |                       |
| Cash and cash equivalents (Note 1)   | \$ 14,712,333         | \$ 8,264,280          |
| Short-term investment (Note 2)   | 2,602,356             | 7,619,710             |
| Taxes receivable (Note 3)  | 303,741               | 394,960               |
| Accounts receivable (Note 4)   | 3,621,873             | 2,209,675             |
| Land held for resale   | 4,603,495             | 4,694,746             |
|  | <u>25,843,798</u>     | <u>23,183,371</u>     |
| <b>Liabilities</b>   |                       |                       |
| Accounts payable and accrued liabilities   | 1,845,029             | 1,229,173             |
| Employee benefit obligation (Note 5)   | 241,149               | 189,363               |
| Deposit liabilities  | 127,700               | 187,805               |
| Deferred revenue (Note 6)  | 2,430,846             | 796,475               |
| Long-term debt (Note 7)  | -                     | 100,900               |
|  | <u>4,644,724</u>      | <u>2,503,716</u>      |
| <b>Net financial assets</b>  | <u>21,199,074</u>     | <u>20,679,655</u>     |
| <b>Non-financial assets</b>  |                       |                       |
| Tangible capital assets (Note 8)   | 90,973,995            | 89,656,145            |
| Prepaid expenses   | 18,825                | 218,617               |
|  | <u>90,992,820</u>     | <u>89,874,762</u>     |
| <b>Accumulated surplus (Note 10)</b>   | <u>\$ 112,191,894</u> | <u>\$ 110,554,417</u> |
| Debenture debt limits (Note 12)<br>Contingencies (Note 13)<br><b>Commitments</b> (Note 14) |                       |                       |

Town of Innisfail  
Consolidated Statement of Operations

| For the year ended December 31                         | Budget<br>2020        | 2020                  | 2019                  |
|--|-----------------------|-----------------------|-----------------------|
| <b>Revenue</b>   |                       |                       |                       |
| Net municipal taxes (Note 15)                          | \$ 7,720,941          | \$ 7,703,072          | \$ 7,672,046          |
| Government transfers for operating (Note 16)           | 1,091,426             | 1,499,515             | 1,201,143             |
| Sales and user fees                                    | 6,895,758             | 6,404,291             | 6,342,798             |
| Rental revenue   | 397,900               | 373,157               | 385,584               |
| Franchises and concessions                             | 1,685,546             | 1,685,307             | 1,536,092             |
| Investment income                                      | 310,000               | 248,352               | 415,616               |
| Fines and costs  | 338,500               | 273,196               | 280,301               |
| Other  | 75,065                | 62,029                | 69,525                |
| Licenses and permits                                   | 269,400               | 224,818               | 305,642               |
|  | <u>18,784,536</u>     | <u>18,473,737</u>     | <u>18,208,747</u>     |
| <b>Expenditures (Note 17)</b>                          |                       |                       |                       |
| Legislative  | 281,863               | 274,805               | 251,502               |
| Administration   | 1,986,602             | 1,862,097             | 1,926,061             |
| Protective services                                    | 4,251,004             | 2,926,271             | 2,398,213             |
| Transportation services                                | 3,302,501             | 4,002,647             | 4,343,444             |
| Water and wastewater                                   | 5,067,650             | 5,954,396             | 5,628,270             |
| Waste management                                       | 827,983               | 743,332               | 780,587               |
| Planning and development                               | 489,483               | 455,013               | 458,642               |
| Recreation and parks                                   | 4,234,069             | 3,608,981             | 3,864,706             |
| Public health and welfare                              | 425,358               | 394,182               | 451,517               |
| Loss on disposal of tangible capital assets            | -                     | 468,725               | 720,253               |
|  | <u>20,866,513</u>     | <u>20,690,449</u>     | <u>20,823,195</u>     |
| Deficiency of revenue over expenditures - before other | (2,081,977)           | (2,216,712)           | (2,614,448)           |
| <b>Other</b>   |                       |                       |                       |
| Government transfers for capital (Note 16)             | 3,749,494             | 3,854,189             | 5,106,400             |
| Excess of revenue over expenditures                    | <u>1,667,517</u>      | <u>1,637,477</u>      | <u>2,491,952</u>      |
| Accumulated surplus, beginning of the year             | <u>110,554,417</u>    | <u>110,554,417</u>    | <u>108,062,465</u>    |
| <b>Accumulated surplus, end of year</b>                | <u>\$ 112,221,934</u> | <u>\$ 112,191,894</u> | <u>\$ 110,554,417</u> |

Town of Innisfail  
Consolidated Statement of Change in Net Financial Assets

| For the year ended December 31              | Budget<br>2020 | 2020           | 2019           |
|---|----------------|----------------|----------------|
| Excess of revenue over expenditures         | 1,667,517      | 1,637,477      | 2,491,952      |
| Acquisition of tangible capital assets      | \$ (4,504,494) | \$ (5,438,947) | \$ (7,908,557) |
| Amortization of tangible capital assets     | 3,652,372      | 3,652,372      | 3,623,464      |
| Net loss on sale of tangible capital assets | -              | 468,725        | 720,253        |
|   | 815,395        | 319,627        | (1,072,888)    |
| Change in prepaid expenses                  | -              | 199,792        | (62,979)       |
| Net change in net financial assets          | 815,395        | 519,419        | (1,135,867)    |
| Net financial assets, beginning of year,    | 20,679,655     | 20,679,655     | 21,815,522     |
| Net financial assets, end of year           | \$ 21,495,050  | \$ 21,199,074  | \$ 20,679,655  |

Town of Innisfail  
Consolidated Statement of Cash Flows

| For the year ended December 31                  | 2020          | 2019         |
|---|---------------|--------------|
| Operating transactions                          |               |              |
| Excess of revenue over expenditures             | \$ 1,637,477  | \$ 2,491,952 |
| Items not involving cash                        |               |              |
| Amortization                                    | 3,652,372     | 3,623,464    |
| Net loss on disposal of tangible capital assets | 468,725       | 720,253      |
| Changes in non-cash operating balances          |               |              |
| Taxes receivable                                | 91,219        | 124,241      |
| Accounts receivable                             | (1,412,198)   | (392,356)    |
| Inventory held for resale                       | 91,251        | 36,378       |
| Prepaid expenses                                | 199,792       | (62,979)     |
| Accounts payable and accrued liabilities        | 615,856       | 277,395      |
| Employee benefit obligation                     | 51,786        | (11,866)     |
| Deposit liabilities                             | (60,105)      | 15,000       |
| Deferred revenue                                | 1,634,371     | (1,495,459)  |
|   | 6,970,546     | 5,326,023    |
| Capital transactions                            |               |              |
| Acquisition of tangible capital assets          | (5,438,947)   | (7,908,557)  |
| Investing transactions                          |               |              |
| Change of investments                           | 5,017,354     | (128,206)    |
| Change in restricted cash balances              | (752,965)     | 1,595,459    |
|   | 4,264,389     | 1,467,253    |
| Financing transactions                          |               |              |
| Repayment of long-term debt                     | (100,900)     | (100,900)    |
|   | 5,695,088     | (1,216,181)  |
| Net change in cash and cash equivalents         | 5,695,088     | (1,216,181)  |
| Cash and cash equivalents, beginning of year    | 7,467,805     | 8,683,986    |
| Cash and cash equivalents, end of year          | \$ 13,162,893 | \$ 7,467,805 |
| Cash and cash equivalents is comprised of:      |               |              |
| Cash and cash equivalents                       | \$ 14,712,333 | \$ 8,264,280 |
| Less: restricted (Note 1)                       | (1,549,440)   | (796,475)    |
|   | \$ 13,162,893 | \$ 7,467,805 |

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Town of Innisfail  
Summary of Significant Accounting Policies

December 31, 2020

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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 Chartered Professional Accountants Canada.

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:

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.

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Town of Innisfail  
Summary of Significant Accounting Policies

December 31, 2020

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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.

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Town of Innisfail  
Summary of Significant Accounting Policies

December 31, 2020

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|                                  |   |
|----------------------------------|---|
| Liability for Contaminated Sites | A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to the remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded at net of any expected recoveries. |
| 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.  |

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Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2020

1. Cash and Cash Equivalents

|                 | 2020          | 2019         |
|-----------------|---------------|--------------|
| Current account | \$ 14,712,333 | \$ 8,264,280 |

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.

|                               | 2020         | 2019       |
|-------------------------------|--------------|------------|
| MSI and Building Canada grant | \$ 605,007   | \$ 482,746 |
| Federal Gas Tax               | 411,358      | 83,577     |
| Other                         | 533,075      | 230,152    |
|                               | \$ 1,549,440 | \$ 796,475 |

2. Short-term Investments

|   | 2020         | 2019         |
|---|--------------|--------------|
| Guaranteed investment certificates, bearing interest at rates of 1.45% to 2.45% and maturing in September of 2021 | \$ 2,602,356 | \$ 7,619,710 |

3. Taxes Receivable

|                                       | 2020       | 2019       |
|---------------------------------------|------------|------------|
| Current taxes and grants in place     | \$ 223,707 | \$ 192,242 |
| Non-current taxes and grants in place | 80,034     | 202,718    |
|                                       | \$ 303,741 | \$ 394,960 |

4. Accounts Receivable

|                             | 2020         | 2019         |
|-----------------------------|--------------|--------------|
| Trade receivables           | \$ 3,558,907 | \$ 2,039,607 |
| Accrued interest receivable | 62,966       | 170,068      |
|                             | \$ 3,621,873 | \$ 2,209,675 |

Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2020

5. Employee Benefit Obligation

|                           | 2020       | 2019       |
|---------------------------|------------|------------|
| Accrued vacation pay      | \$ 188,421 | \$ 143,082 |
| Accrued flex time benefit | 52,728     | 46,281     |
|                           | \$ 241,149 | \$ 189,363 |

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

6. Deferred Revenue

|                             | Opening balance | Contributions received | Revenue recognized | Ending balance |
|-----------------------------|-----------------|------------------------|--------------------|----------------|
| MSI & Building Canada grant | \$ 478,798      | 5,163,745              | (4,028,936)        | \$ 1,613,607   |
| Red Deer County grant       | -               | 446,090                | (446,090)          | -              |
| Policing grant              | -               | 362,776                | (362,776)          | -              |
| CFSA                        | -               | 10,800                 | (10,800)           | -              |
| Community Capacity grant    | -               | 207,592                | (207,592)          | -              |
| F.C.S.S grant               | -               | 391,191                | (67,357)           | 411,358        |
| Federal Gas Tax             | 87,524          | 405,881                | (230,153)          | 405,881        |
| Other                       | 230,153         | -                      | -                  | -              |
|                             | \$ 796,475      | 6,988,075              | (5,353,704)        | \$ 2,430,846   |

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.

7. Long-Term Debt

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

|                                      | 2020 | 2019    |
|--------------------------------------|------|---------|
| Private mortgage repaid in the year. | -    | 100,900 |

Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2020

8. Tangible Capital Assets

|   |                     |                      |                      |                          |                               |                     |                     | 2020                 |
|---|---------------------|----------------------|----------------------|--------------------------|-------------------------------|---------------------|---------------------|----------------------|
|   | Land                | Land<br>Improvements | Buildings            | Engineered<br>Structures | Machinery<br>and<br>Equipment | Vehicles            | Work in<br>Progress | Total                |
| Cost, beginning of year                     | \$ 3,891,409        | \$ 4,288,753         | \$ 24,524,346        | \$ 99,060,472            | \$ 4,898,010                  | \$ 6,189,492        | \$ 5,582,850        | \$148,435,332        |
| Additions                                   |                     | -                    | 302,669              | 1,955,011                | 421,148                       | -                   | 2,760,119           | 5,438,947            |
| Change in work in progress                  | -                   | -                    | -                    | -                        | 380,758                       | -                   | (380,758)           | -                    |
| Write-downs & disposals                     | -                   | -                    | -                    | (1,226,046)              | -                             | (70,000)            | -                   | (1,296,046)          |
| Cost, end of year                           | <u>\$ 3,891,409</u> | <u>\$ 4,288,753</u>  | <u>\$ 24,827,015</u> | <u>\$ 99,789,437</u>     | <u>\$ 5,699,916</u>           | <u>\$ 6,119,492</u> | <u>\$ 7,962,211</u> | <u>\$152,578,233</u> |
| Accumulated amortization, beginning of year | \$ -                | \$ 1,523,324         | \$ 8,876,127         | \$ 42,637,099            | \$ 1,920,747                  | \$ 3,821,890        | \$ -                | \$ 58,779,187        |
| Amortization                                | -                   | 154,349              | 573,774              | 2,251,083                | 350,200                       | 322,966             | -                   | 3,652,372            |
| Disposals                                   | -                   | -                    | -                    | (757,321)                | -                             | (70,000)            | -                   | (827,321)            |
| Accumulated amortization, end of year       | <u>\$ -</u>         | <u>\$ 1,677,673</u>  | <u>\$ 9,449,901</u>  | <u>\$ 44,130,861</u>     | <u>\$ 2,270,947</u>           | <u>\$ 4,074,856</u> | <u>\$ -</u>         | <u>\$ 61,604,238</u> |
| Net carrying amount, end of year            | <u>\$ 3,891,409</u> | <u>\$ 2,611,080</u>  | <u>\$ 15,377,114</u> | <u>\$ 55,658,576</u>     | <u>\$ 3,428,969</u>           | <u>\$ 2,044,636</u> | <u>\$ 7,962,211</u> | <u>\$ 90,973,995</u> |

Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2020

8. Tangible Capital Assets (continued)

|   | 2019         |              |               |               |              |              |              |               |
|---|--------------|--------------|---------------|---------------|--------------|--------------|--------------|---------------|
|   | Land         | Land         | Buildings     | Engineered    | Machinery    | Vehicles     | Work in      | Total         |
|   | Improvements | Improvements |               | Structures    | and          |              | Progress     |               |
|   |              |              |               |               | Equipment    |              |              |               |
| Cost, beginning of year                     | \$ 3,891,409 | \$ 3,246,110 | \$ 24,488,446 | \$ 95,765,939 | \$ 4,240,657 | \$ 5,745,849 | \$ 5,214,360 | \$142,592,770 |
| Additions                                   |              | 1,087,466    | 35,900        | 3,034,974     | 657,353      | 1,083,773    | 2,009,091    | 7,908,557     |
| Change in work in progress                  |              | -            | -             | 1,640,601     | -            | -            | (1,640,601)  | -             |
| Write-downs                                 | -            | (44,823)     | -             | (1,381,042)   | -            | (640,130)    | -            | (2,065,995)   |
| Cost, end of year                           | \$ 3,891,409 | \$ 4,288,753 | \$ 24,524,346 | \$ 99,060,472 | \$ 4,898,010 | \$ 6,189,492 | \$ 5,582,850 | \$148,435,332 |
| Accumulated amortization, beginning of year | \$ -         | \$ 1,432,859 | \$ 8,303,071  | \$ 41,270,912 | \$ 1,600,818 | \$ 3,893,805 | \$ -         | \$ 56,501,465 |
| Amortization                                |              | 127,858      | 573,056       | 2,194,971     | 319,929      | 407,650      | -            | 3,623,464     |
| Write-downs                                 |              | (37,393)     | -             | (828,784)     | -            | (479,565)    | -            | (1,345,742)   |
| Accumulated amortization, end of year       | \$ -         | \$ 1,523,324 | \$ 8,876,127  | \$ 42,637,099 | \$ 1,920,747 | \$ 3,821,890 | \$ -         | \$ 58,779,187 |
| Net carrying amount, end of year            | \$ 3,891,409 | \$ 2,765,429 | \$ 15,648,219 | \$ 56,423,373 | \$ 2,977,263 | \$ 2,367,602 | \$ 5,582,850 | \$ 89,656,145 |

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Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2020

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9. Equity in Tangible Capital Assets

|                          | <u>2020</u>          | <u>2019</u>          |
|--------------------------|----------------------|----------------------|
| Tangible capital assets  | \$ 152,578,233       | \$ 148,435,332       |
| Accumulated amortization | <u>(61,604,238)</u>  | <u>(58,779,187)</u>  |
|                          | <u>\$ 90,973,995</u> | <u>\$ 89,656,145</u> |

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Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2020

10. Accumulated Surplus

|                                   | 2020           | 2019           |
|-----------------------------------|----------------|----------------|
| Equity in tangible capital assets | \$ 90,973,995  | \$ 89,656,145  |
| Unrestricted surplus              | 3,886,514      | 4,464,235      |
|                                   | 94,860,509     | 94,120,380     |
| Restricted surplus                |                |                |
| General operating                 | 339,134        | 339,134        |
| General capital                   | 3,085,744      | 2,419,449      |
| Tournament building               | 50,000         | 50,000         |
| Trails/pathways                   | 153,048        | 138,048        |
| Skatepark                         | 155,960        | 155,960        |
| Handivan                          | 21,403         | 16,403         |
| Fire services                     | 225,147        | 184,482        |
| Public works                      | 281,836        | 252,464        |
| Baseball diamonds                 | 43,856         | 43,856         |
| Rail                              | 60,955         | -              |
| Community bus                     | 135,405        | 125,405        |
| Water system                      | 1,228,355      | 1,147,002      |
| Wastewater treatment              | 2,034,452      | 2,107,714      |
| Utilities stabilization           | 3,133,917      | 3,553,089      |
| Solid Waste                       | 77,073         | 77,073         |
| Cemetery                          | 83,110         | 96,934         |
| Land Acquisition/Servicing        | 2,050,611      | 2,174,284      |
| In Lieu (Wes Leslie)              | 65,361         | 65,361         |
| In lieu (Napwest)                 | 6,800          | 6,800          |
| Offsite levy                      | 338,818        | 333,105        |
| Woodlands area                    | 496,673        | 496,673        |
| Campground                        | 98,991         | 93,991         |
| Recreation and culture            | 965,398        | 816,936        |
| Curling rink                      | 37,497         | 27,497         |
| Pool                              | 168,323        | 108,323        |
| Parks equipment                   | 176,668        | 126,668        |
| Library                           | 357,369        | 174,275        |
| Centennial park                   | 123,988        | 123,988        |
| Joint use center                  | 55,785         | 73,669         |
| Bylaw Mobile Equipment            | 17,616         | 16,773         |
| Utility Equipment                 | 363,150        | 313,150        |
| Waste Transfer Upgrade            | 50,000         | 50,000         |
| Arena                             | 499,063        | 433,479        |
| Playground                        | 150,238        | 125,238        |
| Emergency Management              | 18,300         | 18,300         |
| Snow Removal                      | 181,341        | 148,514        |
|                                   | 17,331,385     | 16,434,037     |
|                                   | \$ 112,191,894 | \$ 110,554,417 |

December 31, 2020

11. Change in Accumulated Surplus

|   | Unrestricted surplus | Restricted surplus | Equity in tangible<br>capital assets | 2020           | 2019           |
|---|----------------------|--------------------|--------------------------------------|----------------|----------------|
| Balance, beginning of year                    | \$ 4,464,235         | \$ 16,434,037      | \$ 89,656,145                        | \$ 110,554,417 | \$ 108,062,465 |
| Excess of revenue over expenses               | 1,637,477            | -                  | -                                    | 1,637,477      | 2,491,952      |
| Net operating transfers to restricted surplus | (2,243,334)          | 2,243,334          | -                                    | -              | -              |
| Capital transfers from restricted surplus     | 1,345,986            | (1,345,986)        | -                                    | -              | -              |
| Acquisition of capital                        | (5,438,947)          | -                  | 5,438,947                            | -              | -              |
| Disposals and write-down of assets            | 468,725              | -                  | (468,725)                            | -              | -              |
| Amortization                                  | 3,652,372            | -                  | (3,652,372)                          | -              | -              |
| Change in accumulated surplus                 | \$ (577,721)         | \$ 897,348         | \$ 1,317,850                         | \$ 1,637,477   | \$ 2,491,952   |
| Balance, end of year                          | \$ 3,886,514         | \$ 17,331,385      | \$ 90,973,995                        | \$ 112,191,894 | \$ 110,554,417 |

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Town of Innisfail  
Notes to Consolidated Financial Statements

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12. 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:

|                                      | 2020              | 2019              |
|--------------------------------------|-------------------|-------------------|
| Total debt limit                     | \$27,334,644      | \$ 27,313,121     |
| Total debt                           | -                 | 100,900           |
| Total debt limit available           | <u>27,334,644</u> | <u>27,212,221</u> |
|                                      |                   |                   |
| Debt servicing limit                 | 4,555,774         | 4,552,187         |
| Debt servicing                       | -                 | 110,990           |
| Total debt servicing limit available | <u>4,555,774</u>  | <u>4,441,197</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.

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13. 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 could become 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.

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Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2020

14. Commitments

The Town has a five year agreement with Wild Rose Assessment Services Inc. to provide property assessment services. The agreement term is from October 1, 2020 to September 2021. The Town is required to pay a fee of \$21.00 per parcel for the year.

The Town entered into a new contract to provide waste disposal services with E360S (CAN-PAK) from April 1st 2019 to March 31st, 2022. 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:

|      |    |        |
|------|----|--------|
| 2021 | \$ | 68,675 |
| 2022 |    | 68,675 |
| 2023 |    | 31,281 |

15. Taxation - Net

|  | Budget<br>2020      | 2020                | 2019                |
|--|---------------------|---------------------|---------------------|
| Real property                                | \$ 10,521,309       | \$10,501,065        | \$ 10,495,557       |
| Mobile home taxes                            | 49,984              | 46,880              | 49,984              |
| Linear property                              | 142,301             | 151,752             | 142,301             |
| Government grants in place of property taxes | 35,794              | 35,232              | 35,794              |
|  | <u>10,749,388</u>   | <u>10,734,929</u>   | <u>10,723,636</u>   |
| Requisitions                                 |                     |                     |                     |
| Alberta School Foundation Fund               | 2,885,548           | 2,855,609           | 2,856,740           |
| Non-residential School Fund                  | 2,000               | 2,000               | 2,000               |
| Separate School Fund                         | 119,464             | 148,034             | 164,733             |
| Parkland Foundation                          | 21,435              | 21,402              | 21,464              |
| Designated Industrial Property               | -                   | 4,812               | 6,653               |
|  | <u>3,028,447</u>    | <u>3,031,857</u>    | <u>3,051,590</u>    |
| Available for general municipal purposes     | <u>\$ 7,720,941</u> | <u>\$ 7,703,072</u> | <u>\$ 7,672,046</u> |

Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2020

16. Government Transfers

|                            | Budget<br>2020      | 2020                | 2019                |
|----------------------------|---------------------|---------------------|---------------------|
| Operating                  |                     |                     |                     |
| Provincial government      | 1,091,426           | 1,053,425           | 773,113             |
| Other local government     | -                   | 446,090             | 428,030             |
|                            | <u>\$ 1,091,426</u> | <u>\$ 1,499,515</u> | <u>\$ 1,201,143</u> |
| Capital                    |                     |                     |                     |
| Provincial government      | \$ 3,749,494        | \$ 3,849,495        | \$ 5,007,846        |
| Federal government         | -                   | 4,694               | 98,554              |
|                            | <u>\$ 3,749,494</u> | <u>\$ 3,854,189</u> | <u>\$ 5,106,400</u> |
| Total government transfers | <u>\$ 4,840,920</u> | <u>\$ 5,353,704</u> | <u>\$ 6,307,543</u> |

17. Expenses by Object

|   | Budget<br>2020       | 2020                 | 2019                 |
|---|----------------------|----------------------|----------------------|
| Salaries and wages                        | \$ 6,587,531         | \$ 6,258,599         | \$ 6,208,785         |
| Contracted and general services           | 7,269,280            | 7,463,650            | 6,951,049            |
| Purchases from other governments          | 58,000               | 63,321               | 54,543               |
| Materials, goods and utilities            | 2,822,784            | 2,415,605            | 2,706,767            |
| Transfer to individuals and organizations | 469,000              | 361,199              | 546,430              |
| Bank charges and short term interest      | 2,500                | 1,933                | 1,815                |
| Interest on long-term debt                | 5,045                | 5,045                | 10,090               |
| Amortization                              | 3,652,372            | 3,652,372            | 3,623,463            |
| Write-down of tangible capital assets     | -                    | 468,725              | 720,253              |
|   | <u>\$ 20,866,512</u> | <u>\$ 20,690,449</u> | <u>\$ 20,823,195</u> |

December 31, 2020

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18. 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 270,000 people and 420 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 9.39% of pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 13.84% for the excess. Employees contribute to the Plan at a rate of 8.39% of pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 12.84% for the excess.

Contributions for the year were:

|                        | 2020              | 2019              |
|------------------------|-------------------|-------------------|
| Employer contributions | \$ 421,169        | \$ 337,257        |
| Employee contributions | 380,874           | 304,874           |
|                        | <u>\$ 802,043</u> | <u>\$ 642,131</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, 2019 indicates a surplus of \$7,913,261 million (2018 surplus - \$3,469 million) for basic pension benefits. The actuary does not attribute portions of the unfunded liability to individual employers.

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Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2020

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19. 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:

|                                 | <u>Salary</u> | <u>Benefits &amp;<br/>Allowances</u> | <u>Total<br/>2020</u> | <u>Total<br/>2019</u> |
|---------------------------------|---------------|--------------------------------------|-----------------------|-----------------------|
| Councillor Barclay              | 24,468        | 2,483                                | 26,951                | 29,097                |
| Councillor Bates                | 25,313        | 1,543                                | 26,856                | 25,873                |
| Councillor Carritt              | 24,210        | 4,549                                | 28,759                | 24,890                |
| Councillor Rieberger            | 25,490        | 4,659                                | 30,149                | 23,390                |
| Councillor Bos                  | 3,450         | 1,001                                | 4,451                 | 25,111                |
| Councillor Hill                 | 22,712        | 4,470                                | 27,182                | 28,576                |
| Councillor Harrison             | 14,035        | 2,649                                | 16,684                | -                     |
| Mayor Romane                    | 42,152        | 3,462                                | 45,614                | 46,811                |
| Chief Administration<br>Officer | 204,960       | 36,200                               | 241,160               | 228,289               |
| Designated Officers (3)         | 320,069       | 64,839                               | 384,908               | 491,436               |

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.

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Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2020

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20. Budget

The budget adopted by Council on December 9, 2019, 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, 2019, with adjustments as follows:

|  | <u>2020</u>           |
|--|-----------------------|
| Operating budget surplus (deficit)                                     | \$ 98,240             |
| Add:   |                       |
| Debenture principal payments   | 100,900               |
| Net operating transfers to reserves and capital                        | 360,479               |
| Amortization expense   | <u>(3,652,372)</u>    |
| Budgeted excess (deficiency) of revenue over expenditures before other | <u>\$ (3,092,753)</u> |
| <br>   |                       |
| Capital budget surplus (deficit)                                       | \$ (755,000)          |
| Add:   |                       |
| Capital expenditures   | 4,504,494             |
| Less:  |                       |
| Budgeted net transfers from operations                                 | -                     |
| Budgeted transfers from reserves                                       | <u>1,010,776</u>      |
| Budgeted capital excess (deficiency) of revenue over expenditures      | <u>\$ 4,760,270</u>   |
| Budgeted combined excess (deficiency) of revenue over expenditures     | <u>\$ 1,667,517</u>   |

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December 31, 2020

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## 21. 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.

December 31, 2020

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22. 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.

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Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2020

21. Segmented Information (continued)

| For the year ended<br>December 31             | Protective<br>Services | Transportation<br>Services | Water and<br>Wastewater | Waste<br>Management | Planning and<br>Development | Recreation<br>and Parks | Public Health<br>and Welfare | General<br>Government | 2020<br>Total       |
|---|------------------------|----------------------------|-------------------------|---------------------|-----------------------------|-------------------------|------------------------------|-----------------------|---------------------|
| <b>Revenue</b>                                |                        |                            |                         |                     |                             |                         |                              |                       |                     |
| Taxation                                      | \$ -                   | \$ -                       | \$ -                    | \$ -                | \$ -                        | \$ -                    | \$ -                         | 7,703,072             | \$ 7,703,072        |
| Government transfers for<br>operating         | 757,447                | 42,000                     | -                       | -                   | -                           | 481,676                 | 218,392                      | -                     | 1,499,515           |
| Government transfers for<br>capital           | -                      | 711,197                    | 2,405,621               | -                   | -                           | 737,371                 | -                            | -                     | 3,854,189           |
| Sales and user fees                           | 121,247                | 40,750                     | 4,894,429               | 767,287             | 6,844                       | 521,574                 | 43,359                       | 8,801                 | 6,404,291           |
| Franchises and concessions                    | -                      | -                          | -                       | -                   | -                           | -                       | -                            | 1,685,307             | 1,685,307           |
| Investment income                             | -                      | -                          | -                       | -                   | -                           | -                       | -                            | 248,352               | 248,352             |
| Fines and costs                               | 103,196                | -                          | 50,000                  | -                   | -                           | -                       | -                            | 120,000               | 273,196             |
| Rental revenue                                | -                      | 3,669                      | -                       | -                   | -                           | 360,848                 | -                            | 8,640                 | 373,157             |
| Licences and permits                          | 29,080                 | -                          | -                       | -                   | 97,245                      | -                       | 900                          | 97,593                | 224,818             |
| Other   | -                      | -                          | 13,782                  | -                   | 22,521                      | 3,455                   | 750                          | 21,521                | 62,029              |
|   | <u>1,010,970</u>       | <u>797,616</u>             | <u>7,363,832</u>        | <u>767,287</u>      | <u>126,610</u>              | <u>2,104,924</u>        | <u>263,401</u>               | <u>9,893,286</u>      | <u>22,327,926</u>   |
| <b>Expenses</b>                               |                        |                            |                         |                     |                             |                         |                              |                       |                     |
| Salaries and wages                            | 867,351                | 1,030,733                  | 806,752                 | 99,984              | 269,299                     | 1,820,544               | 199,505                      | 1,164,431             | 6,258,599           |
| Contracted and general<br>services            | 1,734,354              | 463,127                    | 4,012,136               | 622,543             | 166,293                     | 284,142                 | 32,420                       | 148,635               | 7,463,650           |
| Purchases from other<br>governments           | -                      | -                          | -                       | 13,620              | -                           | -                       | -                            | 49,701                | 63,321              |
| Materials, goods and<br>utilities             | 150,880                | 711,744                    | 276,030                 | 7,185               | 14,376                      | 541,544                 | 28,257                       | 685,589               | 2,415,605           |
| Transfers to individuals and<br>organizations | -                      | 80,000                     | -                       | -                   | -                           | 147,199                 | 134,000                      | -                     | 361,199             |
| Bank charges and short-<br>term interests     | -                      | -                          | -                       | -                   | -                           | -                       | -                            | 1,933                 | 1,933               |
| Interest on long-term debt                    | -                      | -                          | -                       | -                   | 5,045                       | -                       | -                            | -                     | 5,045               |
| Amortization                                  | 173,686                | 1,717,043                  | 859,478                 | -                   | -                           | 815,552                 | -                            | 86,613                | 3,652,372           |
| Loss on sale of capital<br>assets             | -                      | 468,725                    | -                       | -                   | -                           | -                       | -                            | -                     | 468,725             |
|   | <u>2,926,271</u>       | <u>4,471,372</u>           | <u>5,954,396</u>        | <u>743,332</u>      | <u>455,013</u>              | <u>3,608,981</u>        | <u>394,182</u>               | <u>2,136,902</u>      | <u>20,690,449</u>   |
| <b>Net surplus (deficit)</b>                  | <b>\$ (1,915,301)</b>  | <b>\$ (3,673,756)</b>      | <b>\$ 1,409,436</b>     | <b>\$ 23,955</b>    | <b>\$ (328,403)</b>         | <b>\$ (1,504,057)</b>   | <b>\$ (130,781)</b>          | <b>\$ 7,756,384</b>   | <b>\$ 1,637,477</b> |

Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2020

21. Segmented Information (continued)

| For the year ended<br>December 31             | Protective<br>Services | Transportation<br>Services | Water and<br>Wastewater | Waste<br>Management | Planning and<br>Development | Recreation<br>and Parks | Public Health<br>and Welfare | General<br>Government | 2019<br>Total     |
|---|------------------------|----------------------------|-------------------------|---------------------|-----------------------------|-------------------------|------------------------------|-----------------------|-------------------|
| <b>Revenue</b>                                |                        |                            |                         |                     |                             |                         |                              |                       |                   |
| Taxation                                      | \$ -                   | \$ -                       | \$ -                    | \$ -                | \$ -                        | \$ -                    | \$ -                         | \$ 7,672,046          | \$ 7,672,046      |
| Government transfers for<br>operating         | 464,776                | 42,000                     | -                       | -                   | -                           | 394,685                 | 255,783                      | 43,899                | 1,201,143         |
| Government transfers for<br>capital           | -                      | 2,565,410                  | 1,593,142               | -                   | -                           | 947,848                 | -                            | -                     | 5,106,400         |
| Sales and user fees                           | 135,549                | 60,179                     | 4,945,375               | 826,173             | 29,995                      | 257,754                 | 78,539                       | 9,234                 | 6,342,798         |
| Franchises and concessions                    | -                      | -                          | -                       | -                   | -                           | -                       | -                            | 1,536,092             | 1,536,092         |
| Investment income                             | -                      | -                          | -                       | -                   | -                           | -                       | -                            | 415,616               | 415,616           |
| Fines and costs                               | 124,278                | -                          | 49,064                  | -                   | -                           | -                       | -                            | 106,959               | 280,301           |
| Rentals                                       | -                      | 4,908                      | -                       | -                   | -                           | 372,037                 | -                            | 8,639                 | 385,584           |
| Licences and permits                          | 28,695                 | -                          | -                       | -                   | 187,678                     | -                       | 979                          | 88,290                | 305,642           |
| Other   | 10,128                 | -                          | 14,859                  | -                   | 17,066                      | 3,929                   | -                            | 23,543                | 69,525            |
|   | <u>763,426</u>         | <u>2,672,497</u>           | <u>6,602,440</u>        | <u>826,173</u>      | <u>234,739</u>              | <u>1,976,253</u>        | <u>335,301</u>               | <u>9,904,318</u>      | <u>23,315,147</u> |
| <b>Expenses</b>                               |                        |                            |                         |                     |                             |                         |                              |                       |                   |
| Salaries and wages                            | 806,836                | 1,162,932                  | 773,979                 | 94,968              | 183,449                     | 1,747,874               | 203,911                      | 1,234,836             | 6,208,785         |
| Contracted and general<br>services            | 1,279,349              | 547,648                    | 3,758,128               | 669,104             | 200,181                     | 313,144                 | 35,021                       | 148,474               | 6,951,049         |
| Purchases from other<br>governments           | -                      | -                          | -                       | 5,161               | -                           | -                       | -                            | 49,382                | 54,543            |
| Materials, goods and<br>utilities             | 145,098                | 703,037                    | 316,489                 | 11,354              | 64,923                      | 742,862                 | 28,473                       | 694,531               | 2,706,767         |
| Transfers to individuals<br>and organizations | -                      | 89,660                     | -                       | -                   | -                           | 272,658                 | 184,112                      | -                     | 546,430           |
| Bank charges and short-<br>term interest      | -                      | -                          | -                       | -                   | -                           | -                       | -                            | 1,815                 | 1,815             |
| Interest on long-term debt                    | -                      | -                          | -                       | -                   | 10,090                      | -                       | -                            | -                     | 10,090            |
| Amortization                                  | 166,929                | 1,840,167                  | 779,700                 | -                   | -                           | 788,168                 | -                            | 48,499                | 3,623,463         |
| Loss on sale of capital<br>assets             | -                      | 720,253                    | -                       | -                   | -                           | -                       | -                            | -                     | 720,253           |
| Other   | -                      | -                          | -                       | -                   | -                           | -                       | -                            | -                     | -                 |
|   | <u>2,398,212</u>       | <u>5,063,697</u>           | <u>5,628,296</u>        | <u>780,587</u>      | <u>458,643</u>              | <u>3,864,706</u>        | <u>451,517</u>               | <u>2,177,537</u>      | <u>20,823,195</u> |
| Net surplus (deficit)                         | \$ (1,634,786)         | \$ (2,391,200)             | \$ 974,144              | \$ 45,586           | \$ (223,904)                | \$ (1,888,453)          | \$ (116,216)                 | \$ 7,726,781          | \$ 2,491,952      |

December 31, 2020

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22. COVID - 19

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020 and has had a significant impact worldwide. As the impacts of COVID-19 continue, there could be further impact on the Town, its residents, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Town's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Town is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Town's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The Town will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its residents.

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23. Comparative Figures

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

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24. Approval of Financial Statements

Council and Management approved these financial statements.

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