

Town of Innisfail  
Consolidated Financial Statements  
For the year ended December 31, 2021

Town of Innisfail  
Consolidated Financial Statements  
For the year ended December 31, 2021

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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, 2021, 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, 2021 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.

*BDO Canada LLP*

Chartered Professional Accountants,  
Red Deer, Alberta  
April 25, 2022

Town of Innisfail  
Consolidated Statement of Financial Position

December 31	2021	2020
<b>Financial assets</b>		
Cash and cash equivalents (Note 1)	\$ 18,808,103	\$ 14,712,333
Short-term investment (Note 2)	58,742	2,602,356
Taxes receivable (Note 3)	210,283	303,741
Accounts receivable (Note 4)	3,677,847	3,621,873
Land held for resale (Note 5)	9,526,902	4,603,495
	<u>32,281,877</u>	<u>25,843,798</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,594,799	1,845,029
Employee benefit obligation (Note 6)	234,399	241,149
Deposit liabilities	162,646	127,700
Deferred revenue (Note 7)	2,556,099	2,430,846
	<u>4,547,943</u>	<u>4,644,724</u>
<b>Net financial assets</b>	<u>27,733,934</u>	<u>21,199,074</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	85,567,989	90,973,995
Prepaid expenses	36,541	18,825
	<u>85,604,530</u>	<u>90,992,820</u>
<b>Accumulated surplus (Note 10)</b>	<u>\$ 113,338,464</u>	<u>\$ 112,191,894</u>
Debenture debt limits (Note 12)		
Contingencies (Note 13)		
<b>Commitments (Note 14)</b>		

Town of Innisfail  
Consolidated Statement of Operations

For the year ended December 31	Budget 2021	2021	2020
<b>Revenue</b>			
Net municipal taxes (Note 15)	\$ 7,599,453	\$ 7,773,598	\$ 7,703,072
Government transfers for operating (Note 16)	1,084,426	1,297,678	1,499,515
Sales and user fees	6,781,816	6,984,182	6,404,291
Rental revenue	274,434	168,187	373,157
Franchises and concessions	1,952,313	1,864,921	1,685,307
Investment income	210,000	88,119	248,352
Fines and costs	335,500	224,328	273,196
Other	75,065	168,492	62,029
Licenses and permits	219,400	282,454	224,818
	<u>18,532,407</u>	<u>18,851,959</u>	<u>18,473,737</u>
<b>Expenditures (Note 17)</b>			
Legislative	286,521	271,531	274,805
Administration	1,828,497	2,054,985	1,862,097
Protective services	2,657,718	2,710,846	2,926,271
Transportation services	4,172,310	3,900,093	4,002,647
Water and wastewater	6,166,637	5,718,215	5,954,396
Waste management	832,398	766,044	743,332
Planning and development	428,948	477,572	455,013
Recreation and parks	4,103,981	4,016,226	3,608,981
Public health and welfare	408,882	488,875	394,182
Loss on disposal of tangible capital assets	-	881,745	468,725
	<u>20,885,892</u>	<u>21,286,132</u>	<u>20,690,449</u>
Deficiency of revenue over expenditures - before other	(2,353,485)	(2,434,173)	(2,216,712)
<b>Other</b>			
Government transfers for capital (Note 16)	3,012,043	3,580,743	3,854,189
Excess of revenue over expenditures	<u>658,558</u>	<u>1,146,570</u>	<u>1,637,477</u>
Accumulated surplus, beginning of the year	112,191,894	112,191,894	110,554,417
<b>Accumulated surplus, end of year</b>	<u>\$ 112,850,452</u>	<u>\$ 113,338,464</u>	<u>\$ 112,191,894</u>

Town of Innisfail  
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2021	2021	2020
Excess of revenue over expenditures	658,558	1,146,570	1,637,477
Acquisition of tangible capital assets	\$ (4,726,000)	\$ (4,916,883)	\$ (5,438,947)
Amortization of tangible capital assets	3,779,271	3,779,271	3,652,372
Net loss on sale of tangible capital assets	-	881,745	468,725
	(288,171)	890,703	319,627
Change in prepaid expenses	-	(17,716)	199,792
Use/consumption of prepaid expenses and inventory of supplies	-	(28,954)	-
Transfer from capital work in progress to inventory for resale	-	5,661,873	-
Purchase of inventory held for resale	-	28,954	-
Net change in net financial assets	(288,171)	6,534,860	519,419
Net financial assets, beginning of year,	21,199,074	21,199,074	20,679,655
Net financial assets, end of year	\$ 20,910,903	\$ 27,733,934	\$ 21,199,074

Town of Innisfail  
Consolidated Statement of Cash Flows

For the year ended December 31	2021	2020
Operating transactions		
Excess of revenue over expenditures	\$ 1,146,570	\$ 1,637,477
Items not involving cash		
Amortization	3,779,271	3,652,372
Net loss on disposal of tangible capital assets	881,745	468,725
Changes in non-cash operating balances		
Taxes receivable	93,458	91,219
Accounts receivable	(55,974)	(1,412,198)
Inventory held for resale	738,466	91,251
Prepaid expenses	(17,716)	199,792
Accounts payable and accrued liabilities	(250,230)	615,856
Employee benefit obligation	(6,750)	51,786
Deposit liabilities	34,946	(60,105)
Deferred revenue	125,253	1,634,371
	6,469,039	6,970,546
Capital transactions		
Acquisition of tangible capital assets	(4,916,883)	(5,438,947)
Investing transactions		
Change of investments	2,543,614	5,017,354
Change in restricted cash balances	(1,006,659)	(752,965)
	1,536,955	4,264,389
Financing transactions		
Repayment of long-term debt	-	(100,900)
	3,089,111	5,695,088
Net change in cash and cash equivalents	3,089,111	5,695,088
Cash and cash equivalents, beginning of year	13,162,893	7,467,805
Cash and cash equivalents, end of year	\$ 16,252,004	\$ 13,162,893
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	\$ 18,808,103	\$ 14,712,333
Less: restricted (Note 1)	(2,556,099)	(1,549,440)
	\$ 16,252,004	\$ 13,162,893

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Town of Innisfail  
Summary of Significant Accounting Policies

December 31, 2021

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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, 2021

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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, 2021

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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, 2021

1. Cash and Cash Equivalents

	2021	2020
Current account	\$ 18,808,103	\$ 14,712,333

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.

	2021	2020
MSI and Building Canada grant	\$ 1,144,060	\$ 605,007
Federal Gas Tax	823,547	411,358
Other	588,492	533,075
	\$ 2,556,099	\$ 1,549,440

2. Short-term Investments

	2021	2020
Guaranteed investment certificate, bearing interest at rates of 0.60% and maturing in July of 2022	\$ 58,742	\$ 2,602,356

3. Taxes Receivable

	2021	2020
Current taxes and grants in place	\$ 159,735	\$ 223,707
Non-current taxes and grants in place	50,548	80,034
	\$ 210,283	\$ 303,741

4. Accounts Receivable

	2021	2020
Trade receivables	\$ 3,677,847	\$ 3,558,907
Accrued interest receivable	-	62,966
	\$ 3,677,847	\$ 3,621,873

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Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2021

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5. Land Held for Resale

	2021	2020
Hazelwood estates	\$ 274,791	\$ 274,791
Napoleon meadows	1,642,529	1,825,032
Sewage lagoon	5,191,859	-
Other land	2,417,723	2,503,672
	<u>\$ 9,526,902</u>	<u>\$ 4,603,495</u>

During the year \$5,661,873 of capital work in progress was completed and transitioned to Land held for resale, of this amount \$470,014 was sold in the year.

During the year, the Town had total disposals of \$767,420 of land held for resale.

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6. Employee Benefit Obligation

	2021	2020
Accrued vacation pay	\$ 184,605	\$ 188,421
Accrued flex time benefit	49,794	52,728
	<u>\$ 234,399</u>	<u>\$ 241,149</u>

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

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Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2021

7. Deferred Revenue

	Opening balance	Contributions received	Revenue recognized	Ending balance
MSI & Building Canada grant	\$ 1,613,607	2,899,313	(3,368,860)	\$ 1,144,060
Red Deer County grant	-	461,404	(461,404)	-
Policing grant	-	362,776	(362,776)	-
F.C.S.S grant	-	210,002	(210,002)	-
Cemetery assistance grant	-	5,000	(5,000)	-
Federal Gas Tax	411,358	412,189	-	823,547
Other	405,881	652,990	(470,379)	588,492
	<u>\$ 2,430,846</u>	<u>5,003,674</u>	<u>(4,878,421)</u>	<u>\$ 2,556,099</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, 2021

8. Tangible Capital Assets

								2021
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 3,891,409	\$ 4,288,753	\$ 24,827,015	\$ 99,789,437	\$ 5,699,916	\$ 6,119,492	\$ 7,962,211	\$152,578,233
Additions		-	47,524	3,362,509	467,198	228,752	810,900	4,916,883
Change in work in progress	-	-	-	190,481	-	-	(190,481)	-
Write-downs & disposals	-	-	(683,664)	(3,720,530)	(7,741)	-	(5,661,873)	(10,073,808)
Cost, end of year	<u>\$ 3,891,409</u>	<u>\$ 4,288,753</u>	<u>\$ 24,190,875</u>	<u>\$ 99,621,897</u>	<u>\$ 6,159,373</u>	<u>\$ 6,348,244</u>	<u>\$ 2,920,757</u>	<u>\$147,421,308</u>
Accumulated amortization, beginning of year	\$ -	\$ 1,677,673	\$ 9,449,901	\$ 44,130,861	\$ 2,270,947	\$ 4,074,856	\$ -	\$ 61,604,238
Amortization	-	156,336	579,827	2,321,683	414,044	307,381	-	3,779,271
Disposals	-	-	(587,942)	(2,936,055)	(6,193)	-	-	(3,530,190)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 1,834,009</u>	<u>\$ 9,441,786</u>	<u>\$ 43,516,489</u>	<u>\$ 2,678,798</u>	<u>\$ 4,382,237</u>	<u>\$ -</u>	<u>\$ 61,853,319</u>
Net carrying amount, end of year	<u>\$ 3,891,409</u>	<u>\$ 2,454,744</u>	<u>\$ 14,749,089</u>	<u>\$ 56,105,408</u>	<u>\$ 3,480,575</u>	<u>\$ 1,966,007</u>	<u>\$ 2,920,757</u>	<u>\$ 85,567,989</u>

Of the total write-down & disposals of \$10,076,808, \$5,661,873 related to land transferred from capital work in progress to land held for resale.

Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2021

8. Tangible Capital Assets (continued)

	2020							
	Land Land Improvements	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in 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	-	-	-	(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
Write-downs		-	-	(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>

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Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2021

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9. Equity in Tangible Capital Assets

	<u>2021</u>	<u>2020</u>
Tangible capital assets	\$ 147,421,308	\$ 152,578,233
Accumulated amortization	<u>(61,853,319)</u>	<u>(61,604,238)</u>
	<u>\$ 85,567,989</u>	<u>\$ 90,973,995</u>

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Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2021

10. Accumulated Surplus

	2021	2020
Equity in tangible capital assets	\$ 85,567,989	\$ 90,973,995
Unrestricted surplus	8,818,796	3,886,514
	94,386,785	94,860,509
Restricted surplus		
General operating	339,134	339,134
General capital	2,743,919	3,085,744
Storm sewer	123,043	-
Tournament building	50,000	50,000
Trails/pathways	168,048	153,048
Skatepark	156,960	155,960
Handivan	26,403	21,403
Fire services	229,016	225,147
Public works	253,184	281,836
Baseball diamonds	43,856	43,856
Rail	60,955	60,955
Community bus	145,405	135,405
Water system	1,435,669	1,228,355
Wastewater treatment	2,118,000	2,034,452
Utilities stabilization	2,648,489	3,133,917
Solid Waste	163,705	77,073
Cemetery	62,465	83,110
Land Acquisition/Servicing	2,951,204	2,050,611
In Lieu (Wes Leslie)	65,361	65,361
In lieu (Napwest)	6,800	6,800
Offsite levy	363,650	338,818
Woodlands area	496,673	496,673
Campground	103,991	98,991
Recreation and culture	934,497	965,398
Curling rink	47,497	37,497
Pool	168,323	168,323
Parks equipment	226,668	176,668
Library	397,863	357,369
Centennial park	123,988	123,988
Joint use center	54,787	55,785
Bylaw Mobile Equipment	26,032	17,616
Utility Equipment	413,150	363,150
Waste Transfer Upgrade	50,000	50,000
Arena	418,368	499,063
Playground	175,238	150,238
Emergency Management	18,300	18,300
Snow Removal	181,244	181,341
Facility	959,794	-
	18,951,679	17,331,385
	\$ 113,338,464	\$ 112,191,894

December 31, 2021

11. Change in Accumulated Surplus

	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2021	2020
Balance, beginning of year	\$ 3,886,514	\$ 17,331,385	\$ 90,973,995	\$ 112,191,894	\$ 110,554,417
Excess of revenue over expenses	1,146,570	-	-	1,146,570	1,637,477
Net operating transfers to restricted surplus	(3,943,598)	3,943,598	-	-	-
Capital transfers from restricted surplus	2,323,304	(2,323,304)	-	-	-
Acquisition of capital	(4,916,883)	-	4,916,883	-	-
Disposals and write-down of assets	881,745	-	(881,745)	-	-
Amortization	3,779,271	-	(3,779,271)	-	-
Change in non-financial assets	5,661,873	-	(5,661,873)		
Change in accumulated surplus	\$ 4,932,282	\$ 1,620,294	\$ (5,406,006)	\$ 1,146,570	\$ 1,637,477
Balance, end of year	\$ 8,818,796	\$ 18,951,679	\$ 85,567,989	\$ 113,338,464	\$ 112,191,894

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Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2021

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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:

	2021	2020
Total debt limit	<u>\$28,277,939</u>	<u>\$ 27,334,644</u>
Total debt limit available	<u>28,277,939</u>	<u>27,334,644</u>
Debt servicing limit	<u>4,712,990</u>	<u>4,555,774</u>
Total debt servicing limit available	<u>4,712,990</u>	<u>4,555,774</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

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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 1st, 2021 to September 30th 2023. 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 October 1st, 2021 to March 31st, 2024. 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:

2022	\$	80,564
2023		43,169
2024		11,888
2025		11,888

15. Taxation - Net

	Budget 2021	2021	2020
Real property	\$ 10,396,686	\$10,558,395	\$ 10,501,065
Mobile home taxes	44,681	45,313	46,880
Linear property	151,752	156,075	151,752
Government grants in place of property taxes	34,781	34,865	35,232
	10,627,900	10,794,648	10,734,929
Requisitions			
Alberta School Foundation Fund	2,835,464	2,846,937	2,855,609
Non-residential School Fund	2,000	2,000	2,000
Separate School Fund	162,019	142,004	148,034
Parkland Foundation	21,464	21,418	21,402
Designated Industrial Property	7,500	8,691	4,812
	3,028,447	3,021,050	3,031,857
Available for general municipal purposes	\$ 7,599,453	\$ 7,773,598	\$ 7,703,072

Town of Innisfail  
Notes to Consolidated Financial Statements

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16. Government Transfers

	Budget 2021	2021	2020
Operating			
Provincial government	1,084,426	836,274	1,053,425
Other local government	-	461,404	446,090
	<u>\$ 1,084,426</u>	<u>\$ 1,297,678</u>	<u>\$ 1,499,515</u>
Capital			
Provincial government	\$ 3,012,043	\$ 3,580,743	\$ 3,849,495
Federal government	-	-	4,694
	<u>\$ 3,012,043</u>	<u>\$ 3,580,743</u>	<u>\$ 3,854,189</u>
Total government transfers	<u>\$ 4,096,469</u>	<u>\$ 4,878,421</u>	<u>\$ 5,353,704</u>

17. Expenses by Object

	Budget 2021	2021	2020
Salaries and wages	\$ 6,498,213	\$ 6,528,985	\$ 6,258,599
Contracted and general services	7,414,182	7,048,016	7,463,650
Purchases from other governments	64,000	62,821	63,321
Materials, goods and utilities	2,660,226	2,579,738	2,415,605
Transfer to individuals and organizations	467,500	401,311	361,199
Bank charges and short term interest	2,500	4,245	1,933
Interest on long-term debt	-	-	5,045
Amortization	3,779,271	3,779,271	3,652,372
Write-down of tangible capital assets	-	881,745	468,725
	<u>\$ 20,885,892</u>	<u>\$ 21,286,132</u>	<u>\$ 20,690,449</u>

December 31, 2021

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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 275,863 people and 433 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:

	2021	2020
Employer contributions	\$ 409,271	\$ 421,169
Employee contributions	369,576	380,874
	<u>\$ 778,847</u>	<u>\$ 802,043</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, 2020 indicates a surplus of \$4,961 million (2019 surplus - \$7,913) 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, 2021

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:

	Salary	Benefits & Allowances	Total 2021	Total 2020
Councillor Bos	\$ -	\$ -	\$ -	\$ 4,451
Councillor Harrison	22,716	3,904	26,620	16,684
Councillor Bates	25,300	1,151	26,451	26,856
Councillor Hill	15,520	2,995	18,515	27,182
Councillor Carritt	1,300	343	1,643	28,759
Councillor Rieberger	18,595	3,161	21,756	30,149
Councillor Wing	7,205	1,195	8,400	-
Councillor Messaros	6,433	1,153	7,586	-
Councillor Dunham	6,869	1,165	8,034	-
Councillor Heistad	5,662	1,111	6,773	-
Mayor Romane	32,984	1,154	34,138	45,614
Mayor Barclay	27,506	2,443	29,949	26,951
Chief Administration Officer	207,318	37,672	244,990	241,160
Designated Officers (3)	570,672	90,791	661,463	384,908

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, 2021

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20. Budget

The budget adopted by Council on December 14, 2020, 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 14, 2020, with adjustments as follows:

	<u>2021</u>
Operating budget surplus (deficit)	\$ 172,080
Add:	
Debenture principal payments	-
Net operating transfers to reserves and capital	651,137
Amortization expense	<u>(3,779,271)</u>
Budgeted excess (deficiency) of revenue over expenditures before other	<u>\$ (2,956,054)</u>
Capital budget surplus (deficit)	\$ (1,713,957)
Add:	
Capital expenditures	4,726,000
Less:	
Budgeted net transfers from operations	-
Budgeted transfers from reserves	<u>602,569</u>
Budgeted capital excess (deficiency) of revenue over expenditures	<u>\$ 3,614,612</u>
Budgeted combined excess (deficiency) of revenue over expenditures	<u>\$ 658,558</u>

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December 31, 2021

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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, 2021

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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, 2021

21. 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	2021 Total
<b>Revenue</b>									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	7,773,598	\$ 7,773,598
Government transfers for operating	514,092	42,000	-	-	-	526,584	215,002	-	1,297,678
Government transfers for capital	-	2,445,572	736,561	-	-	398,610	-	-	3,580,743
Sales and user fees	66,994	5,000	5,328,399	886,676	349,128	162,007	172,908	13,070	6,984,182
Franchises and concessions	-	-	-	-	-	-	-	1,864,921	1,864,921
Investment income	-	-	-	-	-	-	-	88,119	88,119
Fines and costs	107,847	-	37,442	-	-	-	-	79,039	224,328
Rental revenue	-	-	-	-	-	159,497	-	8,690	168,187
Licences and permits	25,515	-	-	-	163,994	-	630	92,315	282,454
Other	-	-	14,348	-	22,810	55,559	-	75,775	168,492
	<u>714,448</u>	<u>2,492,572</u>	<u>6,116,750</u>	<u>886,676</u>	<u>535,932</u>	<u>1,302,257</u>	<u>388,540</u>	<u>9,995,527</u>	<u>22,432,702</u>
<b>Expenses</b>									
Salaries and wages	872,496	978,793	863,363	95,746	245,362	1,996,588	216,441	1,260,196	6,528,985
Contracted and general services	1,531,800	301,099	3,744,766	647,656	215,224	342,666	20,305	244,500	7,048,016
Purchases from other governments	-	-	-	12,709	-	-	-	50,112	62,821
Materials, goods and utilities	139,012	687,470	279,733	9,933	16,986	660,196	118,129	668,279	2,579,738
Transfers to individuals and organizations	-	80,000	-	-	-	187,311	134,000	-	401,311
Bank charges and short- term interests	-	-	-	-	-	-	-	4,245	4,245
Amortization	167,538	1,852,731	830,353	-	-	829,465	-	99,184	3,779,271
Loss on sale of capital assets	-	881,745	-	-	-	-	-	-	881,745
	<u>2,710,846</u>	<u>4,781,838</u>	<u>5,718,215</u>	<u>766,044</u>	<u>477,572</u>	<u>4,016,226</u>	<u>488,875</u>	<u>2,326,516</u>	<u>21,286,132</u>
<b>Net surplus (deficit)</b>	<b>\$ (1,996,398)</b>	<b>\$ (2,289,266)</b>	<b>\$ 398,535</b>	<b>\$ 120,632</b>	<b>\$ 58,360</b>	<b>\$ (2,713,969)</b>	<b>\$ (100,335)</b>	<b>\$ 7,669,011</b>	<b>\$ 1,146,570</b>

Town of Innisfail  
Notes to Consolidated Financial Statements

December 31, 2021

21. 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	2020 Total
<b>Revenue</b>									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,703,072	\$ 7,703,072
Government transfers for operating	757,447	42,000	-	-	-	481,676	218,392	-	1,499,515
Government transfers for 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
Rentals	-	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 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 governments	-	-	-	13,620	-	-	-	49,701	63,321
Materials, goods and utilities	150,880	711,744	276,030	7,185	14,376	541,544	28,257	685,589	2,415,605
Transfers to individuals and organizations	-	80,000	-	-	-	147,199	134,000	-	361,199
Bank charges and short- term interest	-	-	-	-	-	-	-	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 assets	-	468,725	-	-	-	-	-	-	468,725
Other	-	-	-	-	-	-	-	-	-
	<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>
Net surplus (deficit)	\$ (1,915,301)	\$ (3,673,756)	\$ 1,409,436	\$ 23,955	\$ (328,403)	\$ (1,504,057)	\$ (130,781)	\$ 7,756,384	\$ 1,637,477

December 31, 2021

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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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