Town of Innisfail

Consolidated Financial Statements
For the year ended December 31, 2022

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For the year ended December 31, 2022

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Independent Auditor's Report

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, 2022, 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, 2022 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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- 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, 2023

Town of Innisfail
Consolidated Statement of Financial Position

December 31	2022	2021
Financial assets		
Cash and cash equivalents (Note 1)	**$ 12,799,824**	$ 18,808,103
Short-term investment (Note 2)	**59,641**	58,742
Taxes receivable (Note 3)	**192,723**	210,283
Accounts receivable (Note 4)	**3,563,686**	3,677,847
	16,615,874	22,754,975
Liabilities		
Accounts payable and accrued liabilities	**2,059,905**	1,594,799
Employee benefit obligation (Note 5)	**255,449**	234,399
Deposit liabilities	**97,946**	162,646
Deferred revenue (Note 6)	**1,158,342**	2,556,099
	3,571,642	4,547,943
Net financial assets	**13,044,232**	18,207,032
Non-financial assets		
Tangible capital assets (Note 7)	**93,119,945**	85,567,989
Land held for resale (Note 8)	**10,232,799**	9,526,902
Prepaid expenses	**142,384**	36,541
	103,495,128	95,131,432
Accumulated surplus (Note 10)	**$ 116,539,360**	$ 113,338,464

Debenture debt limits (Note 12)
Contingencies (Note 13)
Commitments (Note 14)

Town of Innisfail
Consolidated Statement of Operations

For the year ended December 31	Budget 2022	2022	2021
Revenue			
Net municipal taxes (Note 15)	$ 7,982,491	**$ 7,939,308**	$ 7,773,598
Government transfers for operating (Note 16)	1,152,786	**1,282,679**	1,297,678
Sales and user fees	6,942,374	**6,917,323**	6,984,182
Rental revenue	316,540	**335,419**	168,187
Franchises and concessions	2,375,031	**2,184,272**	1,864,921
Investment income	210,000	**437,057**	88,119
Fines and costs	315,500	**229,458**	224,328
Other	75,350	**146,137**	168,492
Contributed assets	-	**3,414,846**	-
Licenses and permits	278,550	**317,136**	282,454
	19,648,622	**23,203,635**	18,851,959
Expenditures (Note 17)			
Legislative	284,381	**290,897**	271,531
Administration	1,937,412	**2,051,990**	2,054,985
Protective services	2,933,340	**2,895,903**	2,710,846
Transportation services	3,988,946	**3,988,039**	3,900,093
Water and wastewater	6,441,469	**6,328,030**	5,718,215
Waste management	822,222	**784,355**	766,044
Planning and development	544,469	**425,866**	477,572
Recreation and parks	3,961,450	**3,785,148**	4,016,226
Public health and welfare	437,624	**464,160**	488,875
Loss on disposal of tangible capital assets	-	**1,622,718**	881,745
	21,351,313	**22,637,106**	21,286,132
Deficiency of revenue over expenditures - before other	(1,702,691)	**566,529**	(2,434,173)
Other			
Government transfers for capital (Note 16)	3,132,754	**2,634,367**	3,580,743
Excess of revenue over expenditures	1,430,063	**3,200,896**	1,146,570
Accumulated surplus, beginning of the year	113,338,464	**113,338,464**	112,191,894
Accumulated surplus, end of year	$ 114,768,527	$ 116,539,360	$ 113,338,464

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

Town of Innisfail
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2022	2022	2021
Excess of revenue over expenditures	1,430,063	**3,200,896**	1,146,570
Acquisition of tangible capital assets	$ (7,168,668)	**$ (8,975,549)**	$ (4,916,883)
Amortization of tangible capital assets	3,147,571	**3,147,607**	3,779,271
Net loss on sale of tangible capital assets	-	**1,622,718**	881,745
Proceeds on sale of tangible capital assets	-	**68,114**	-
Contributed assets	-	**(3,414,846)**	-
	(2,591,034)	**(4,351,060)**	890,703
Change in prepaid expenses	-	**(105,843)**	(17,716)
Use/consumption of prepaid expenses and inventory of supplies	-	**-**	(28,954)
Purchase of inventory held for resale	-	**-**	28,954
Change in land held for resale	-	**(705,897)**	(3,865,029)
Net change in net financial assets	(2,591,034)	**(5,162,800)**	(2,992,042)
Net financial assets, beginning of year,	18,207,032	**18,207,032**	21,199,074
Net financial assets, end of year	$ 15,615,998	**$ 13,044,232**	$ 18,207,032

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

Town of Innisfail
Consolidated Statement of Cash Flows

For the year ended December 31	2022	2021
Operating transactions		
Excess of revenue over expenditures	**$ 3,200,896**	$ 1,146,570
Items not involving cash		
Contributed assets	**(3,414,846)**	-
Amortization	**3,147,607**	3,779,271
Net loss on disposal of tangible capital assets	**1,622,718**	881,745
Changes in non-cash operating balances		
Taxes receivable	**17,560**	93,458
Accounts receivable	**114,161**	(55,974)
Inventory held for resale	**-**	738,466
Prepaid expenses	**(105,843)**	(17,716)
Accounts payable and accrued liabilities	**465,106**	(250,230)
Inventory for consumption	**(705,897)**	-
Employee benefit obligation	**21,050**	(6,750)
Deposit liabilities	**(64,700)**	34,946
Deferred revenue	**(1,397,757)**	125,253
	2,900,055	6,469,039
Capital transactions		
Acquisition of tangible capital assets	**(8,975,549)**	(4,916,883)
Proceeds on sale of tangible capital assets	**68,114**	-
Investing transactions		
Change of investments	**(899)**	2,543,614
Change in restricted cash balances	**1,397,757**	(1,006,659)
	1,396,858	1,536,955
Net change in cash and cash equivalents	**(4,610,522)**	3,089,111
Cash and cash equivalents, beginning of year	**16,252,004**	13,162,893
Cash and cash equivalents, end of year	**$ 11,641,482**	$ 16,252,004
Cash and cash equivalents is comprised of:		
Cash and cash equivalents	**$ 12,799,824**	$ 18,808,103
Less: restricted (Note 1)	**(1,158,342)**	(2,556,099)
	$ 11,641,482	$ 16,252,004

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

December 31, 2022

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.

December 31, 2022

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.

December 31, 2022

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.

December 31, 2022

1. Cash and Cash Equivalents

	2022	2021
Current account	**$ 12,799,824**	$ 18,808,103

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.

	2022	2021
MSI and Building Canada grant	**$ 671,503**	$ 1,144,060
Federal Gas Tax	**76,964**	823,547
Red Deer County	**247,959**	278,707
Other	**161,916**	309,785
	$ 1,158,342	$ 2,556,099

2. Short-term Investments

	2022	2021
Guaranteed investment certificate, bearing interest at rates of 3.20% and maturing in July of 2023	**$ 59,641**	$ 58,742

3. Taxes Receivable

	2022	2021
Current taxes and grants in place	**$ 173,705**	$ 159,735
Non-current taxes and grants in place	**19,018**	50,548
	$ 192,723	$ 210,283

4. Accounts Receivable

	2022	2021
Trade receivables	**$ 3,563,686**	$ 3,677,847

5. Employee Benefit Obligation

	2022	2021
Accrued vacation pay	**$ 188,159**	$ 184,605
Accrued flex time benefit	**67,290**	49,794
	$ 255,449	$ 234,399

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	$ 1,144,060	847,106	(1,319,663)	$ 671,503
Red Deer County grant	278,707	504,495	(535,243)	247,959
Federal Gas Tax	823,547	470,239	(1,216,822)	76,964
Other	309,785	697,449	(845,318)	161,916
	$ 2,556,099	2,519,289	(3,917,046)	$ 1,158,342

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. Tangible Capital Assets

	2022							
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	$ 3,891,409	$ 4,288,753	$ 24,190,875	$ 99,621,897	$ 6,159,373	$ 6,348,244	$ 2,920,757	$147,421,308
Additions		1,730,391	9,935	3,517,744	885,374	122,981	6,123,970	12,390,395
Change in work in progress	-	177,717	-	-	21,755	20,000	(219,472)	-
Write-downs & disposals	-	(427,277)	-	(2,033,040)	(39,995)	(728,652)	-	(3,228,964)
Cost, end of year	$ 3,891,409	$ 5,769,584	$ 24,200,810	$101,106,601	$ 7,026,507	$ 5,762,573	$ 8,825,255	$156,582,739
Accumulated amortization, beginning of year	$ -	$ 1,834,009	$ 9,441,786	$ 43,516,489	$ 2,678,798	$ 4,382,237	$ -	$ 61,853,319
Amortization	-	102,945	560,333	2,014,662	269,569	200,098	-	3,147,607
Disposals	-	(213,639)	-	(606,070)	(4,000)	(714,423)	-	(1,538,132)
Accumulated amortization, end of year	$ -	$ 1,723,315	$ 10,002,119	$ 44,925,081	$ 2,944,367	$ 3,867,912	$ -	$ 63,462,794
Net carrying amount, end of year	$ 3,891,409	$ 4,046,269	$ 14,198,691	$ 56,181,520	$ 4,082,140	$ 1,894,661	$ 8,825,255	$ 93,119,945

7. Tangible Capital Assets (continued)

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	-	-	(683,664)	(3,720,530)	(7,741)	-	(5,661,873)	(10,073,808)
Cost, end of year	$ 3,891,409	$ 4,288,753	$ 24,190,875	$ 99,621,897	$ 6,159,373	$ 6,348,244	$ 2,920,757	$147,421,308
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
Write-downs		-	(587,942)	(2,936,055)	(6,193)	-	-	(3,530,190)
Accumulated amortization, end of year	$ -	$ 1,834,009	$ 9,441,786	$ 43,516,489	$ 2,678,798	$ 4,382,237	$ -	$ 61,853,319
Net carrying amount, end of year	$ 3,891,409	$ 2,454,744	$ 14,749,089	$ 56,105,408	$ 3,480,575	$ 1,966,007	$ 2,920,757	$ 85,567,989

8. Land Held for Resale

	2022	2021
Hazelwood estates	**$ 274,791**	$ 274,791
Napoleon meadows	**1,551,279**	1,642,529
SW Industrial	**5,989,006**	5,191,859
Other land	**2,417,723**	2,417,723
	$ 10,232,799	$ 9,526,902

During the year, the Town had total disposals of $91,250 of land held for resale.

9. Equity in Tangible Capital Assets

	2022	2021
Tangible capital assets	**$ 156,582,739**	$ 147,421,308
Accumulated amortization	**(63,462,794)**	(61,853,319)
	$ 93,119,945	$ 85,567,989

10. Accumulated Surplus

	2022	2021
Equity in tangible capital assets	**$ 93,119,945**	$ 85,567,989
Unrestricted surplus	**11,271,974**	8,818,796
	104,391,919	94,386,785
Restricted surplus		
General operating	**339,134**	339,134
General capital	**1,855,079**	2,743,919
Storm sewer	**193,974**	123,043
Tournament building	**50,000**	50,000
Trails/pathways	**118,378**	168,048
Skatepark	**-**	156,960
Handivan	**18,481**	26,403
Fire services	**313,568**	229,016
Public works	**317,848**	253,184
Baseball diamonds	**43,856**	43,856
Rail	**60,955**	60,955
Community bus	**155,405**	145,405
Water system	**1,003,208**	1,435,669
Wastewater treatment	**1,473,137**	2,118,000
Utilities stabilization	**1,314,016**	2,648,489
Solid Waste	**238,109**	163,705
Cemetery	**69,965**	62,465
Land Acquisition/Servicing	**190,083**	2,951,204
In Lieu (Wes Leslie)	**17,361**	65,361
In lieu (Napwest)	**6,800**	6,800
Offsite levy	**434,360**	363,650
Woodlands area	**20,245**	496,673
Campground	**112,491**	103,991
Recreation and culture	**1,104,631**	934,497
Curling rink	**71,259**	47,497
Pool	**167,986**	168,323
Parks equipment	**182,194**	226,668
Library	**414,246**	397,863
Centennial park	**109,528**	123,988
Joint use center	**55,733**	54,787
Bylaw Mobile Equipment	**37,047**	26,032
Utility Equipment	**266,153**	413,150
Waste Transfer Upgrade	**50,000**	50,000
Arena	**15,494**	418,368
Playground	**-**	175,238
Emergency Management	**18,300**	18,300
Snow Removal	**221,244**	181,244
Facility	**1,087,173**	959,794
	12,147,441	18,951,679
	$ 116,539,360	$ 113,338,464

11. Change in Accumulated Surplus

	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	**2022**	2021
Balance, beginning of year	$ 8,818,796	$ 18,951,679	$ 85,567,989	**$ 113,338,464**	$ 112,191,894
Excess of revenue over expenses	3,200,896	-	-	**3,200,896**	1,146,570
Net operating transfers to restricted surplus	(2,277,856)	2,277,856	-	-	-
Capital transfers from restricted surplus	9,082,094	(9,082,094)	-	-	-
Acquisition of capital	(8,975,549)	-	8,975,549	-	-
Disposals and write-down of assets	1,690,832	-	(1,690,832)	-	-
Amortization	3,147,607	-	(3,147,607)	-	-
Change in non-financial assets	-	-	-		
Change in accumulated surplus	$ 5,868,024	$ (6,804,238)	$ 4,137,110	**$ 3,200,896**	$ 1,146,570
Balance, end of year	$ 14,686,820	$ 12,147,441	$ 89,705,099	**$ 116,539,360**	$ 113,338,464

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:

	2022	2021
Total debt limit	**$ 29,778,396**	$ 28,277,939
Total debt limit available	**29,778,396**	28,277,939
Debt servicing limit	**4,963,066**	4,712,990
Total debt servicing limit available	**4,963,066**	4,712,990

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.

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.

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:

2023	$ 43,169
2024	11,888

15. Taxation - Net

	Budget 2022	**2022**	2021
Real property	$ 10,808,186	**$ 10,796,656**	$ 10,558,395
Mobile home taxes	45,783	**45,509**	45,313
Linear property	154,977	**160,506**	156,075
Government grants in place of property taxes	1,992	**22,600**	34,865
	11,010,938	**11,025,271**	10,794,648
Requisitions			
Alberta School Foundation Fund	2,835,464	**2,905,343**	2,846,937
Non-residential School Fund	2,000	**1,995**	2,000
Separate School Fund	162,019	**148,903**	142,004
Parkland Foundation	21,464	**21,853**	21,418
Designated Industrial Property	7,500	**7,869**	8,691
	3,028,447	**3,085,963**	3,021,050
Available for general municipal purposes	$ 7,982,491	**$ 7,939,308**	$ 7,773,598

16. Government Transfers

	Budget 2022	2022	2021
Operating			
Provincial government	1,152,786	**778,184**	836,274
Other local government	-	**504,495**	461,404
	$ 1,152,786	**$ 1,282,679**	$ 1,297,678
Capital			
Provincial government	$ 3,132,754	**$ 2,624,367**	$ 3,580,743
Federal government	-	**10,000**	-
	$ 3,132,754	**$ 2,634,367**	$ 3,580,743
Total government transfers	$ 4,285,540	**$ 3,917,046**	$ 4,878,421

17. Expenses by Object

	Budget 2022	2022	2021
Salaries and wages	$ 6,968,311	**$ 7,034,593**	$ 6,528,985
Contracted and general services	7,936,955	**7,629,574**	7,048,016
Purchases from other governments	55,600	**56,118**	62,821
Materials, goods and utilities	2,673,840	**2,756,655**	2,579,738
Transfer to individuals and organizations	566,500	**382,776**	401,311
Bank charges and short term interest	2,500	**7,065**	4,245
Amortization	3,147,607	**3,147,607**	3,779,271
Write-down of tangible capital assets	-	**1,622,718**	881,745
	$ 21,351,313	**$ 22,637,106**	$ 21,286,132

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 281,764 people and 435 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:

	2022	2021
Employer contributions	**$ 408,545**	$ 409,271
Employee contributions	**364,494**	369,576
	$ 773,039	$ 778,847

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, 2021 indicates a surplus of $11,922 million (2020 surplus - $4,961 million) for basic pension benefits. The actuary does not attribute portions of the unfunded liability to individual employers.

December 31, 2022

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 2022	Total 2021
Councillor Harrison	25,426	6,536	**31,962**	26,620
Councillor Bates	26,051	2,168	**28,219**	26,451
Councillor Hill	-	-	**-**	18,515
Councillor Carritt	-	-	**-**	1,643
Councillor Rieberger	-	-	**-**	21,756
Councillor Wing	30,161	5,767	**35,928**	8,400
Councillor Messaros	24,187	5,181	**29,368**	7,586
Councillor Dunham	25,420	4,870	**30,290**	8,034
Councilor Heistad	24,981	6,122	**31,103**	6,773
Mayor Romane	-	-	**-**	34,138
Mayor Barclay	45,050	4,935	**49,985**	29,949
Chief Administration Officer	206,035	40,011	**246,046**	244,990
Designated Officers (3)	420,839	91,056	**511,895**	661,463

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.

20. Budget

The budget adopted by Council on December 14, 2021, 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, 2021, with adjustments as follows:

	2022
Operating budget surplus (deficit)	$ 173,399
Add:	
Net operating transfers to reserves and capital	391,767
Amortization expense	(3,147,607)
Budgeted excess (deficiency) of revenue over expenditures before other	$ (2,582,441)
Capital budget surplus (deficit)	$ (3,875,914)
Add:	
Capital expenditures	7,168,668
Less:	
Budgeted transfers from reserves	719,750
Budgeted capital excess (deficiency) of revenue over expenditures	$ 4,012,504
Budgeted combined excess (deficiency) of revenue over expenditures	$ 1,430,063

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.

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.

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	2022 Total
Revenue									
Taxation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	7,939,308	$ 7,939,308
Government transfers for operating	477,481	48,250	-	-	-	544,356	212,592	-	1,282,679
Government transfers for capital	-	2,099,947	217,345	-	-	317,074	-	-	2,634,366
Sales and user fees	112,533	6,823	5,470,441	828,354	72,004	280,293	147,398	14,398	6,932,244
Franchises and concessions	-	-	-	-	-	-	-	2,184,272	2,184,272
Investment income	-	-	-	-	-	-	-	437,057	437,057
Fines and costs	111,421	-	46,696	-	-	-	-	71,341	229,458
Rental revenue	-	2,398	-	-	-	324,382	-	8,639	335,419
Licences and permits	24,200	-	-	-	180,874	-	1,447	95,695	302,216
Other	-	-	18,824	-	25,841	40,384	-	3,475,934	3,560,983
	725,635	2,157,418	5,753,306	828,354	278,719	1,506,489	361,437	14,226,644	25,838,002
Expenses									
Salaries and wages	1,075,156	1,060,940	862,704	96,770	242,382	2,119,661	227,434	1,349,546	7,034,593
Contracted and general services	1,582,051	494,954	4,067,169	678,328	132,597	437,664	16,476	220,335	7,629,574
Purchases from other governments	-	-	-	5,557	-	-	-	50,561	56,118
Materials, goods and utilities	168,353	723,387	371,998	3,700	30,887	661,750	86,251	710,329	2,756,655
Transfers to individuals and organizations	-	88,000	-	-	20,000	140,777	133,999	-	382,776
Bank charges and short-term interests	-	-	-	-	-	-	-	7,065	7,065
Amortization	70,343	1,620,758	1,026,159	-	-	425,296	-	5,051	3,147,607
Loss on sale of capital assets	-	1,622,718	-	-	-	-	-	-	1,622,718
	2,895,903	5,610,757	6,328,030	784,355	425,866	3,785,148	464,160	2,342,887	22,637,106
Net surplus (deficit)	$ (2,170,268)	$ (3,453,339)	$ (574,724)	$ 43,999	$ (147,147)	$ (2,278,659)	$ (102,723)	$ 11,883,757	$ 3,200,896

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
Revenue									
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
Rentals	-	-	-	-	-	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
	714,448	2,492,572	6,116,750	886,676	535,932	1,302,257	388,540	9,995,527	22,432,702
Expenses									
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 interest	-	-	-	-	-	-	-	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
Other	-	-	-	-	-	-	-	-	-
	2,710,846	4,781,838	5,718,215	766,044	477,572	4,016,226	488,875	2,326,516	21,286,132
Net surplus (deficit)	$ (1,996,398)	$ (2,289,266)	$ 398,535	$ 120,632	$ 58,360	$ (2,713,969)	$ (100,335)	$ 7,669,011	$ 1,146,570

22. Comparative Figures

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

23. Approval of Financial Statements

Council and Management approved these financial statements.