

Consolidated Financial Statements

The Corporation of the Town of Innisfil

December 31, 2021

The Corporation of the Town of Innisfil

December 31, 2021

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Independent Auditor's Report

To the Mayor and Councillors of The Corporation of the Town of Innisfil

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Innisfil (the Town), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statements of operations and accumulated surplus, changes in net financial assets and 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 Town as at December 31, 2021, and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town 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 Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Town'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 Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town'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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 Town'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town 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 Town 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, Licensed Public Accountants

Barrie, Ontario

August 10, 2022

The Corporation of the Town of Innisfil
Consolidated Statement of Financial Position
As at December 31, 2021 and 2020

	2021	2020
Financial assets		
Cash and investments (Note 3)	\$129,288,841	\$ 96,889,668
Taxes receivables	7,542,969	9,237,185
Other receivables	8,020,019	9,462,016
Investment in subsidiaries (Note 4)	223,700,121	217,135,724
	368,551,950	332,724,593
Liabilities		
Payables and accruals	19,876,127	17,062,415
Deferred revenue (Note 5)	46,044,620	28,128,086
Interest payable on debt	308,027	344,265
Municipal debt (Note 6)	15,952,500	17,895,095
Employee benefits payable (Note 9)	4,782,829	4,505,363
Deposits and other	13,949,543	12,392,742
	100,913,646	80,327,966
Net financial assets	267,638,304	252,396,627
Non-financial assets		
Prepays	956,273	572,638
Other	248,554	393,975
Tangible capital assets (Page 24)	345,373,867	326,765,841
	346,578,694	327,732,454
Accumulated surplus (Note 7)	\$614,216,998	\$580,129,081

Contingencies (Note 13)

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

The Corporation of the Town of Innisfil
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2021 and 2020

	Budget (Note 2)	2021	2020
Revenue			
Taxation and User Charges (Note 10)	\$ 55,505,799	\$ 53,144,578	\$ 51,609,642
Grants and transfer payments	8,149,364	6,825,601	7,180,888
Ontario Lottery and Gaming	1,550,000	3,738,293	1,394,650
Development charges	24,876,814	10,559,162	5,892,954
Contributed tangible capital assets	-	16,497,438	19
Licenses, permits and other	13,925,806	10,392,294	8,445,972
	104,007,783	101,157,366	74,524,125
Expenses			
General government	10,891,122	10,112,861	8,977,155
Protection to persons and property	25,516,901	25,503,081	23,575,821
Transportation services	21,022,225	16,392,057	16,720,582
Environmental services	2,455,461	2,847,950	1,252,314
Health services	1,127,131	1,119,151	1,899,835
Recreation and culture	13,871,760	12,000,976	12,087,561
Planning and development	5,472,604	4,680,041	4,634,694
	80,357,204	72,656,117	69,147,962
Net revenue	23,650,579	28,501,249	5,376,163
Other revenue			
Equity earnings in subsidiary (Note 4)	-	6,564,397	7,363,268
Loss on sale of tangible capital assets	-	(977,729)	(189,755)
	-	5,586,668	7,173,513
Annual surplus	\$ 23,650,579	34,087,917	12,549,676
Accumulated surplus, beginning of year		580,129,081	567,579,405
Accumulated surplus, end of year		\$614,216,998	\$580,129,081

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

The Corporation of the Town of Innisfil
Consolidated Statement of Cash Flows
Year ended December 31, 2021 and 2020

	2021	2020
Operating activities		
Annual surplus	\$ 34,087,917	\$ 12,549,676
Amortization	13,271,058	12,724,788
Contribution of tangible capital assets	(16,497,438)	(19)
Loss on sale of tangible capital assets	977,729	189,755
Equity in Police tangible capital assets	(8,143)	(14,498)
Equity earnings in subsidiary	(6,564,397)	(7,363,268)
	25,266,726	18,086,434
Changes in non-cash items		
Increase in employee benefit payable	277,466	546,698
Decrease (increase) in taxes receivable	1,694,216	(777,055)
Decrease in other receivables	1,441,997	2,422,221
Increase in prepaids	(383,635)	(37,354)
Decrease in other assets	145,421	172,963
Increase (decrease) in payables and accruals	2,813,712	(3,035,986)
Increase in deferred revenue	17,916,534	6,187,992
Decrease in interest payable on debt	(36,238)	(36,238)
Increase (decrease) in other liabilities	1,556,801	(3,410,285)
Cash provided by operating activities	50,693,000	20,119,390
Capital activities		
Proceeds from sale of tangible capital assets	426,598	140,080
Purchase of tangible capital assets	(16,777,830)	(19,232,578)
Cash used in capital activities	(16,351,232)	(19,092,498)
Financing activities		
Municipal debt repayment	(1,942,595)	(1,933,549)
Net change in cash and cash equivalents	32,399,173	(906,657)
Cash and cash equivalents, beginning of the year	96,889,668	97,796,325
Cash and cash equivalents, end of year	\$ 129,288,841	\$ 96,889,668

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

The Corporation of the Town of Innisfil
Consolidated Statement of Changes in Net Financial Assets
Year ended December 31, 2021 and 2020

	Budget (Note 2)	2021	2020
Annual surplus	\$ 23,650,579	\$ 34,087,917	\$ 12,549,676
Purchase of tangible capital assets	(110,551,322)	(16,777,830)	(19,232,578)
Contributed tangible capital assets	-	(16,497,438)	(19)
Amortization of tangible capital assets	13,271,058	13,271,058	12,724,788
Equity in Police tangible capital assets	-	(8,143)	(14,498)
Proceeds from sale of tangible capital assets	-	426,598	140,080
Gain on sale of tangible capital assets	-	977,729	189,755
Change in prepaid	-	(383,635)	(37,354)
Change in other assets	-	145,421	172,963
	<u>(97,280,264)</u>	<u>(18,846,240)</u>	<u>(6,056,863)</u>
Change in net financial assets	(73,629,685)	15,241,677	6,492,813
Net financial assets, beginning of year	252,396,627	252,396,627	245,903,814
Net financial assets, end of year	\$ 178,766,942	\$ 267,638,304	\$ 252,396,627

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

The Corporation of the Town of Innisfil

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

1. Significant Accounting Policies

(a) Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements of the Corporation of the Town of Innisfil ("the Town") are the responsibility of and are prepared by Management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

(b) Basis of consolidation

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenue, expenses and changes in net assets and financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Town and which are owned or controlled by the Town. In addition to general government tax-supported operations, the Town of Innisfil Public Library Board is also included.

The Town's portion of The Bradford West Gwillimbury/Innisfil Police Services Board has been included in these consolidated financial statements on a proportionate consolidation basis of 53.87% (2020 – 53.42%).

(ii) Modified equity accounting

InnPower Corporation, Innterprises Inc. and InnServices Utilities Inc. are wholly-owned subsidiary corporations of the Town and are accounted for on a modified equity basis, consistent with the Canadian generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the Town, and inter-organizational transactions and balances are not eliminated.

(c) Basis of accounting

(i) Accrual accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Accounting for the County and School Board transactions

The taxation, other revenue, expenditures, assets and liabilities with respect to the operations of the County and the School Boards are not reflected in these financial statements.

The Corporation of the Town of Innisfil

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

1. Significant Accounting Policies (continued)

(c) Basis of accounting (continued)

(iii) Investments

Investments consist of bonds and are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investment.

(iv) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs of the tangible capital assets are capitalized as an individual or pooled asset when within the given thresholds. Assets which are below the thresholds established by the Town are expensed as incurred. Amortization is calculated on a straight-line basis over their estimated useful lives for all classes except land; land is considered to have an infinite life without amortization. In the year of acquisition a half year of amortization is taken on the new asset. Tangible capital assets under construction are not amortized until the asset is available for productive use.

Major Group	Useful Life
Land	Infinite
Land Improvements	10 - 40 Years
Buildings	15 - 50 Years
Leasehold Improvements	25 Years
Equipment	4 - 50 Years
Vehicles	8 - 20 Years
Linear Assets	50 - 75 Years
Roads Linear Assets	10 - 75 Years

Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also recorded as revenue. Tangible capital assets conveyed from developers are recorded at the estimated engineering value at time of registration. In 2021, contributions of \$16,497,438 (2020 - \$19) were received.

The Corporation of the Town of Innisfil

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

1. Significant Accounting Policies (continued)

(c) Basis of accounting (continued)

(iv) Tangible capital assets (continued)

Tangible capital assets disclosed at nominal values

Where an estimate of cost or fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal contributed values were assigned.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Write-down of tangible capital assets

The value of a tangible capital asset will be written down, or reduced, when conditions indicate that they no longer contribute to the organization's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. This can arise for a variety of reasons including significant technological developments, physical damage to the asset or removal of the asset from service.

(v) Employee benefits payable

The Town accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The Town has adopted the following valuation methods and assumptions:

i. Actuarial cost method:

Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250 and PSAB 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of total estimated future benefit is attributed to each year of service.

ii. Funding policy:

The non-pension post-retirement benefits are funded on a pay-as-you-go basis. The Town funds on a cash basis as benefits are paid. No assets have been formally segregated and restricted to provide the non-pension post-retirement benefits.

The Corporation of the Town of Innisfil

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

1. Significant Accounting Policies (continued)

(c) Basis of accounting (continued)

(v) Employee benefits payable (continued)

iii. Accounting policies:

Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ("EARSL") of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss.

(vi) Pension plan

The Town is an employer member of the Ontario Municipal Employees' Retirement System ("OMERS"), which is a multi-employer defined benefit pension plan. The Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Town has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Town records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

(vii) Deferred revenue for obligatory reserves

Receipts which are restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenue. When qualifying expenditures are incurred, restricted revenues are brought into revenue at equal amounts. Revenue received in advance of expenditures, which will be incurred in a later period, are deferred until they are earned by being matched against those expenditures.

(viii) Taxation and related revenues

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC). Tax rates are established by the Town Council, incorporating amounts to be raised for local services and amounts the Town is required to collect on behalf of the Province of Ontario in respect of education taxes, and on behalf of the County of Simcoe in respect to the county requisition. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are earned.

The Corporation of the Town of Innisfil

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

1. Significant Accounting Policies (continued)

(c) Basis of accounting (continued)

(ix) Grants and transfer payments

Grants and government transfers are recognized in the consolidated financial statements as revenue in the period in which the events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulated liabilities are settled.

(x) User charges revenue

User charges are recognized as revenue when the services are provided and collection can be reasonably assured.

(xi) Investment income

Investment income earned on surplus funds (other than obligatory reserve funds) is reported as revenue in the year earned. Investment income earned on development charges, conditional grants and parkland obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue obligatory reserve fund balances.

(xii) Ontario Lottery and Gaming Corporation and other revenue

Ontario Lottery and Gaming Corporation and other revenue are recognized as revenue when the services are provided and there is reasonable assurance of collection.

(xiii) Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the Town. The Town is not involved in the construction and does not budget for either the contribution from the developer or the capital expenditure. They are reported as contributions and transfers in the consolidation schedule of tangible capital assets and contribute to the Town's accumulated surplus.

(xiv) Local improvement

The Town records capital expenditures funded by local improvement charges as they are incurred.

The Corporation of the Town of Innisfil
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

1. Significant Accounting Policies (continued)

(c) Basis of accounting (continued)

(xv) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Town may undertake in the future. Significant accounting estimates include employee future benefits payable and useful lives of tangible capital assets. Actual results could differ from those estimates.

2. Budget amounts

The operating budget approved by Council on December 9, 2020 for 2021 is reflected on the consolidated statement of operations and accumulated surplus. The budget established for capital investment in tangible capital assets are on a project oriented basis, the costs of which may be carried over one or more years, and therefore, may not be comparable with the current year's actual amounts. The approved budget figures have been adjusted for the purposes of the financial statements to comply with PSAB reporting requirements as follows:

Capital budget	
Capital budget carried forward from prior years	<u>\$ (54,794,535)</u>
Add:	
Budgeted debt principal repayments	3,444,118
Budgeted transfer to reserves & reserve funds	(12,813,672)
Tangible capital assets capitalized	<u>110,551,322</u>
	<u>101,181,768</u>
Less:	
Budgeted debt proceeds	(9,465,596)
Budgeted amortization expense	<u>(13,271,058)</u>
	<u>(22,736,654)</u>
Adjusted budget per consolidated statement of operations	<u>\$ 23,650,579</u>

The Corporation of the Town of Innisfil
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

3. Cash and investments

	2021	2020
Cash	\$ 87,565,050	\$ 63,558,260
Investments	41,723,791	33,331,408
	\$ 129,288,841	\$ 96,889,668

Investments at December 31, 2021 includes \$15,000,000 of non-transferrable Guaranteed Investment Certificates (GICs), with annual interest rates between 1.20% and 1.80% maturing in 2023. Investments in the amount of \$26,723,790 (2020 - \$15,412,691) consist of authorized investments pursuant to the provisions of the Municipal Act and include Prudent Investor bonds and equity funds. Investments, which are reported at cost for money market and face value for bonds, had a market value of \$28,434,451 (2020 - \$16,122,014) at the end of the year. For the year ended December 31, 2021, the average rate of return earned on Prudent Investor bond and equity funds was 6.67% (2020 – 2.71%). Cash balance includes investments in a high interest savings account in the amount of \$60,034,799 (2020 - \$54,472,176).

4. Investment in subsidiaries

InnPower Corporation and Innterprises Inc. were incorporated under the Corporations Act and Municipal By-Law 063-00. InnServices Utilities Inc. is a Municipal Services corporation created under the Corporations Act. The subsidiaries are wholly owned by The Corporation of the Town of Innisfil and provide regulated and unregulated utility services. Selected financial information is as follows:

	InnServices Utilities Inc.	Innpower Corporation	Innterprises Inc.	2021	2020
Financial position					
Current assets	\$ 43,155,067	\$ 13,328,144	\$ 518,342	\$ 57,001,553	\$ 59,569,358
Capital assets	269,110,717	99,356,949	1,023,892	369,491,558	334,318,314
Other assets	-	11,173,977	395,460	11,569,437	10,506,213
	312,265,784	123,859,070	1,937,694	438,062,548	404,393,885
Current liabilities	6,016,010	16,562,205	903,219	23,481,434	19,694,598
Non-current liabilities	113,003,115	76,867,125	1,010,753	190,880,993	167,563,563
	119,019,125	93,429,330	1,913,972	214,362,427	187,258,161
Net assets	193,246,659	30,429,740	23,722	223,700,121	217,135,724
Change in equity					
Revenue	19,842,035	51,305,919	284,291	71,432,245	74,047,658
Operating expenses	(15,702,524)	(48,708,974)	(456,350)	(64,867,848)	(66,684,390)
Equity earnings from operations	4,139,511	2,596,945	(172,059)	6,564,397	7,363,268
Equity earnings in subsidiaries	4,139,511	2,596,945	(172,059)	6,564,397	7,363,268
	\$ 4,139,511	\$ 2,596,945	\$ (172,059)	\$ 6,564,397	\$ 7,363,268

The Corporation of the Town of Innisfil
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

4. Investment in subsidiaries (continued)

The following summarizes the Town's related party transactions and balances with the subsidiaries. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	<u>2021</u>	<u>2020</u>
Related party transactions		
InnPower electricity purchased	1,323,701	1,396,377
InnPower municipal taxes paid	177,035	170,525
InnServices municipal taxes paid	245,596	191,996
Other	(21,236)	320,552
Capital / recoverable work billed	(1,385,755)	(1,150,536)
Water/Wastewater services purchased	189,867	260,223
Interest expense	10,201	25,883
InnServices administration and consulting services	495,156	488,676
Balances outstanding		
InnPower payable and accrued liabilities	92,687	165,546
InnServices payable and accrued liabilities	1,624,834	14,866
Innterprises Inc. long term debt payable	463,514	585,708
Innterprises Inc. loan receivable	492,611	-

The Corporation of the Town of Innisfil
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

5. Deferred revenue

A requirement of PSAB is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may be refunded. The deferred revenue balance of the Town totalling \$46,044,620 (2020 - \$28,128,086) is summarized below:

	2021	2020
Development charges, opening balance	\$ 14,431,572	\$ 8,613,255
Add: Developer contributions	24,979,106	11,440,372
Add: Interest earned	350,629	240,065
Deduct: Eligible expenditures	(10,556,685)	(5,862,120)
Development charges, ending balance	29,204,622	14,431,572
Parkland and parking reserve, opening balance	4,277,061	3,967,345
Add: Developer contributions	152,432	262,750
Add: Interest earned	67,189	75,574
Deduct: Eligible expenditures	-	(28,608)
Parkland and parking reserve, ending balance	4,496,682	4,277,061
Gas tax reserve, opening balance	2,584,498	3,519,209
Add: Municipal funding	2,274,545	1,109,275
Add: Interest earned	29,352	75,945
Deduct: Eligible expenditures	(1,667,271)	(2,119,931)
Gas tax reserve, ending balance	3,221,124	2,584,498
Subdivider contributions	3,993,487	3,788,543
Deferred building permit revenue	3,663,342	1,380,601
Other deferred revenue	1,465,363	1,665,811
	\$ 46,044,620	\$ 28,128,086

The Corporation of the Town of Innisfil
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

6. Municipal debt

The balance of municipal debt reported on the consolidated statement of financial position is made up of the following:

	<u>2021</u>	<u>2020</u>
Debenture, Infrastructure Ontario, bearing interest at 4.78%, maturing February 2030. Principal and interest is repayable in semi-annual payments of \$910,250 principal, plus interest.	\$15,474,250	\$ 17,294,750
Debenture, Innterprises Inc. bearing interest at 1.92%, maturing September 2025. Principal and interest is repayable in monthly payments of \$10,759.83.	463,514	582,431
Tile drain debenture, bearing interest at 6.00% maturing in September 2025. Principal and interest is repayable in annual payments of \$4,252.67.	14,736	17,914
	<u>\$15,952,500</u>	<u>\$ 17,895,095</u>

Principal repayments for the next five years and thereafter are as follows:

2022	\$ 1,945,089
2023	1,947,639
2024	1,950,236
2025	1,920,582
2026	1,820,500
Thereafter	<u>6,368,454</u>
Total	<u>\$ 15,952,500</u>

7. Accumulated surplus

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	<u>2021</u>	<u>2020</u>
Reserves set aside for specific purposes by Council		
Acquisition of tangible capital assets	\$ 9,603,493	\$ 8,832,163
General operations	9,706,770	9,664,087
	<u>19,310,263</u>	<u>18,496,250</u>
Reserve funds set aside by Council		
Capital fund	6,812,218	13,750,989
Recreation programs and facilities	7,379	76,007
	<u>6,819,597</u>	<u>13,826,996</u>

The Corporation of the Town of Innisfil
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

7. Accumulated surplus (continued)

	2021	2020
Total reserves and reserve funds	26,129,860	32,323,246
Surpluses		
Investment in tangible capital assets	345,373,867	326,765,841
Operating surplus	345,550	182,154
Capital surplus (deficit)	39,061,883	25,831,928
Unfunded:		
Accrued interest on municipal debt	(308,027)	(344,265)
Municipal debt	(15,937,764)	(17,877,181)
Employee benefits payable	(4,148,492)	(3,888,366)
Equity in subsidiaries	223,700,121	217,135,724
Total surpluses	588,087,138	547,805,835
Accumulated Surplus	\$ 614,216,998	\$ 580,129,081

8. Contractual rights

Contractual rights are rights to economic resources arising from contracts or agreement that will result in revenues and assets in the future. The Town of Innisfil's contractual rights arise because of contracts entered into for the rent in the Rizzardo Health and Wellness Centre. The following table summarizes the contractual rights of the Town of Innisfil for the Rizzardo Health and Wellness Centre.

2022	\$ 614,271
2023	614,714
2024	547,419
2025	463,162
2026	458,571
Thereafter	<u>1,166,720</u>
Total	<u>\$ 3,864,857</u>

The Corporation of the Town of Innisfil
Notes to the Consolidated Financial Statements
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9. Employee benefits payable

The Town provides certain employee benefits, which dental, health, and other will require funding in future periods:

	2021	2020
Vacation and time banks	\$ 1,150,362	\$ 1,209,040
Dental, health, and other	3,632,467	3,296,323
	\$ 4,782,829	\$ 4,505,363

The Town pays certain life insurance, health, dental and other benefits on behalf of its retired employees.

Information about the Town's defined benefit plan is as follows:

	2021	2020
Accrued benefit liability, beginning of year	\$ 3,296,323	\$ 3,000,020
Expense for the period	465,926	405,786
Benefits paid	(151,295)	(146,257)
Other	21,513	36,774
Accrued benefit liability, end of year	3,632,467	3,296,323
Unamortized actuarial loss(gain)	(676,432)	(874,040)
Accrued benefit obligation, end of year	\$ 2,956,035	\$ 2,422,283

Retirement health care and dental benefits

The Town provides health care and dental benefits to certain employee groups after retirement until members reach 65 years of age. The benefit costs and liabilities related to this plan as at December 31, 2021 are based on an actuarial valuation prepared by an independent firm. The previous full valuation was prepared effective December 31, 2018 and results from that valuation have been extrapolated to December 31, 2021.

Workplace Safety and Insurance Board Obligations

The Town is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Town insures all claims by its injured workers under the Act. No liabilities for claims by its injured workers under the Act are included in the Town's consolidated financial statements.

The main financial actuarial assumptions employed for the valuation for are as follows:

Discount rate for calculation of net benefit costs	2.40% per annum (2020 - 3.00%)
Discount rate to determine accrued benefit obligation for disclosure (at end of period)	3.00% per annum (2020 - 2.40%)
Dental cost trend rates	4.00% per annum (2020 - 4.00%)

The Corporation of the Town of Innisfil
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

9. Employee benefits payable (continued)

Extended health care trend rates	6.00% in 2020, decreasing to an ultimate rate of 4.00% over 10 years
Inflation rates	2.00% per annum (2020 - 2.00%)

10. Taxation and user charges

	<u>2021</u>	<u>2020</u>
Taxation revenue	\$ 92,919,166	\$ 91,646,441
Less: taxation collected on behalf of and remitted to		
School Boards	(17,660,392)	(18,145,411)
County of Simcoe	(24,348,332)	(23,780,398)
Net taxation	50,910,442	49,720,632
User charges	2,234,136	1,889,010
	\$ 53,144,578	\$ 51,609,642

11. Collections for the School Boards and County of Simcoe

Total taxes received or receivable on behalf of the School Boards and the County of Simcoe are as follows:

	<u>2021</u>	<u>2020</u>
School Boards	\$ 17,660,392	\$ 18,145,411
County of Simcoe	24,348,332	23,780,398
	\$ 42,008,724	\$ 41,925,809

The Town is required to levy and collect taxes on behalf of the County of Simcoe and School Boards. These taxes are recorded as revenue at the amount levied. The taxes that are levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

The Town is also required to bill and collect development charges on behalf of the County of Simcoe and School Board. Development charges collected in excess of those paid are recorded as accounts payable.

The Corporation of the Town of Innisfil

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

12. Pension Agreements

The Town makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of full-time members of staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to more than 541,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2021. The results of this valuation disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets at that date of \$117,665 million indicating an actuarial deficit of \$3,131 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Town to OMERS for 2021 were \$2,876,737 (2020 - \$2,844,283).

13. Contingencies

The Town, in the course of its operations, is subject to claims, lawsuits and contingencies. For claims that remain unsettled at December 31, 2021, the Town has made provision in its accounts for actions that are likely to succeed and for which the loss can be estimated.

14. Significant event

The global pandemic, as a result of COVID-19, has disrupted economic activities and supply chains. As the impacts of COVID-19 continue, there could be further impact on the Town, its citizens, 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. 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 citizens. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the consolidated financial results and condition of the Town in future periods.

The Corporation of the Town of Innisfil

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

15. Segmented reporting

In accordance with Section 2700 of the Public Sector Accounting Handbook of the Chartered Professional Accountants of Canada, the Town has prepared segmented financial information.

The Town is a diversified municipal government entity that provides a wide range of services to its citizens, including General Government, Protection, Transportation, Environmental, Health, Recreation and Cultural, Planning and Development. The revenue and expenses for each service area have been separately disclosed in the segmented information, and include the following activities:

- General Government - Council, Clerks, Finance, Human Resources and Information Technology
- Protection - Police, Fire, Building Construction, By-law Enforcement and Conservation Authorities
- Transportation - Roadways, Winter Control, Street-lighting and Parking
- Environmental - Water, Wastewater and Environmental Programs
- Health - Rizzardo Health and Wellness Centre
- Recreation and Cultural - Arenas, Libraries, Parks and Recreation Programs
- Planning and Development - Planning and Zoning, Engineering and Economic Development

In the preparation of segmented financial information, it is necessary to use reasonable allocation methods. For each reported segment, revenue represents both amounts that are directly attributable to the segment, and amounts that are allocated. Property taxation and other revenue are apportioned based on the segment's net surplus (excluding Environmental). The remaining revenue sources and all expenses are directly attributable to each segment.

The Corporation of the Town of Innisfil
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

15. Segmented reporting (continued)

December 31, 2021	General government	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Consolidated
Revenue								
Property taxation	\$ 18,416,274	\$18,555,535	\$ 4,588,842	\$ 1,119,259	\$ (27,502)	\$ 6,727,935	\$ 1,530,099	\$ 50,910,442
User charges	481,773	727,745	16,569	1,295	-	688,619	318,135	2,234,136
Government grants	1,420,830	694,663	4,184,508	176,094	-	346,513	2,993	6,825,601
Ontario Lottery and Gaming	3,738,293	-	-	-	-	-	-	3,738,293
Contribution from developers	53,536	274,877	3,619,654	109,493	(7,243)	6,357,879	150,965	10,559,161
Contributed tangible capital assets	-	-	7,321,271	9,176,162	-	5	-	16,497,438
Licenses, permits and other	1,609,310	3,695,881	1,009,493	77,532	746,222	797,554	2,456,302	10,392,294
	25,720,016	23,948,701	20,740,337	10,659,835	711,477	14,918,505	4,458,494	101,157,365
Operating expenses								
Salaries and benefits	6,411,048	20,447,501	3,034,794	345,203	168,958	5,930,584	2,776,084	39,114,172
Interest	239,257	56,172	10,201	-	-	473,446	1,075	780,151
Materials	2,218,692	1,667,744	5,274,472	1,477,627	312,544	2,867,735	780,330	14,599,144
Contracted services	742,053	439,552	209,050	184,987	118,530	528,163	1,023,051	3,245,386
Rents	28,197	863,163	6,064	-	24,168	29,143	54,204	1,004,939
External transfers	30,000	611,267	-	-	-	-	-	641,267
Amortization	443,614	1,417,682	7,857,475	840,133	494,951	2,171,905	45,297	13,271,057
	10,112,861	25,503,081	16,392,056	2,847,950	1,119,151	12,000,976	4,680,041	72,656,116
	15,607,155	(1,554,380)	4,348,281	7,811,885	(407,674)	2,917,529	(221,547)	28,501,249
Other revenue (expenses)								
Equity earning in subsidiaries	6,564,397	-	-	-	-	-	-	6,564,397
Gains (losses) on sale of tangible capital assets	6,339	52,247	(1,248,240)	-	-	211,925	-	(977,729)
	6,570,736	52,247	(1,248,240)	-	-	211,925	-	5,586,668
Annual surplus	\$ 22,177,891	\$ (1,502,133)	\$ 3,100,041	\$ 7,811,885	\$ (407,674)	\$ 3,129,454	\$ (221,547)	\$ 34,087,917

The Corporation of the Town of Innisfil
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

15. Segmented reporting (continued)

December 31, 2020	General government	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Consolidated
Revenue								
Property taxation	\$ 17,256,598	\$17,912,888	\$ 5,207,392	\$ 1,236,294	\$ (69,961)	\$ 6,631,340	\$ 1,546,081	\$ 49,720,632
User charges	262,324	416,069	83,753	5,225	-	905,095	216,544	1,889,010
Government grants	1,953,429	500,201	4,209,045	383,398	-	84,815	50,000	7,180,888
Ontario Lottery and Gaming	1,394,650	-	-	-	-	-	-	1,394,650
Contribution from developers	9,385	587,064	2,492,590	19,123	379,156	2,289,796	115,840	5,892,954
Contributed tangible capital assets	-	-	8	-	-	11	-	19
Licenses, permits and other	441,136	3,131,196	1,147,269	88,877	642,136	749,664	2,245,694	8,445,972
	<u>21,317,522</u>	<u>22,547,418</u>	<u>13,140,057</u>	<u>1,732,917</u>	<u>951,331</u>	<u>10,660,721</u>	<u>4,174,159</u>	<u>74,524,125</u>
Operating expenses								
Salaries and benefits	6,204,686	19,212,547	3,694,999	455,895	197,772	5,575,737	2,897,721	38,239,357
Interest	267,078	62,703	25,883	-	-	528,498	1,255	885,417
Materials	1,446,390	1,332,393	4,729,135	796,419	872,208	3,409,076	471,703	13,057,324
Contracted services	567,843	264,376	38,897	-	86,867	426,832	1,179,433	2,564,248
Rents	24,043	639,865	7,108	-	248,205	47,917	48,302	1,015,440
External transfers	-	661,389	-	-	-	-	-	661,389
Amortization	467,116	1,402,548	8,224,560	-	494,783	2,099,501	36,280	12,724,788
	<u>8,977,156</u>	<u>23,575,821</u>	<u>16,720,582</u>	<u>1,252,314</u>	<u>1,899,835</u>	<u>12,087,561</u>	<u>4,634,694</u>	<u>69,147,963</u>
	<u>12,340,366</u>	<u>(1,028,403)</u>	<u>(3,580,525)</u>	<u>480,603</u>	<u>(948,504)</u>	<u>(1,426,840)</u>	<u>(460,535)</u>	<u>5,376,162</u>
Other revenue (expenses)								
Equity earning in subsidiaries	7,363,268	-	-	-	-	-	-	7,363,268
Gains (losses) on sale of tangible capital assets	1	13,676	(51,243)	-	-	(152,189)	-	(189,755)
	<u>7,363,269</u>	<u>13,676</u>	<u>(51,243)</u>	<u>-</u>	<u>-</u>	<u>(152,189)</u>	<u>-</u>	<u>7,173,513</u>
Annual surplus	<u>\$ 19,703,635</u>	<u>\$ (1,014,727)</u>	<u>\$ (3,631,768)</u>	<u>\$ 480,603</u>	<u>\$ (948,504)</u>	<u>\$ (1,579,029)</u>	<u>\$ (460,535)</u>	<u>\$ 12,549,675</u>

The Corporation of the Town of Innisfil
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2021

	Land	Land Improvements	Buildings	Leasehold Improvements	Linear Assets	Equipment	Vehicles	Work in Progress	2021
Cost									
Balance, beginning of year	\$ 24,414,787	\$ 22,736,413	\$ 76,617,509	\$ 239,799	\$ 300,982,037	\$ 38,178,165	\$ 15,542,703	\$ 14,917,859	\$ 493,629,272
Add: Additions during the year	11,459	1,674,726	-	-	10,199,301	1,640,692	340,578	16,110,691	29,977,447
Less: Disposals during the year	(7,431)	(46,748)	-	-	(3,261,948)	(1,318,938)	(276,035)	-	(4,911,100)
Contributions, transfers and other*	16	25,161	-	-	16,472,261	15,311	10,673	(13,199,619)	3,323,803
Balance, end of year	24,418,831	24,389,552	76,617,509	239,799	324,391,651	38,515,230	15,617,919	17,828,931	522,019,422
Accumulated amortization									
Balance, beginning of year	-	7,941,466	10,290,605	43,229	124,659,248	16,111,708	7,817,175	-	166,863,431
Add: Amortization during the year	-	1,079,118	1,188,125	20,154	7,246,247	2,438,875	1,298,538	-	13,271,057
Less: Amortization on disposal	-	(46,748)	-	-	(1,968,316)	(1,247,161)	(244,550)	-	(3,506,775)
Contributions, transfers and other	-	-	-	-	-	12,169	5,673	-	17,842
Balance, end of year	-	8,973,836	11,478,730	63,383	129,937,179	17,315,591	8,876,836	-	176,645,555
Net book value, end of year	\$ 24,418,831	\$ 15,415,716	\$ 65,138,779	\$ 176,416	\$ 194,454,472	\$ 21,199,639	\$ 6,741,083	\$ 17,828,931	\$ 345,373,867

*The Work in Progress (WIP) amount is representative of costs transferred from WIP into additions.

The Corporation of the Town of Innisfil
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2020

	Land	Land Improvements	Buildings	Leasehold Improvements	Linear Assets	Equipment	Vehicles	Work in Progress	2020
Cost									
Balance, beginning of year	\$ 24,177,865	\$ 20,256,720	\$ 75,926,115	\$ 63,756	\$ 293,825,545	\$ 37,718,726	\$ 14,373,528	\$ 10,847,025	\$ 477,189,280
Add: Additions during the year	236,904	3,167,050	691,394	176,043	8,111,818	1,062,244	1,716,291	18,137,341	33,299,085
Less: Disposals during the year	(1)	(687,357)	-	-	(955,326)	(629,252)	(563,084)	-	(2,835,020)
Contributions, transfers and other*	19	-	-	-	-	26,447	15,968	(14,066,507)	(14,024,073)
Balance, end of year	24,414,787	22,736,413	76,617,509	239,799	300,982,037	38,178,165	15,542,703	14,917,859	493,629,272
Accumulated amortization									
Balance, beginning of year	-	7,437,420	9,113,447	31,877	118,674,516	14,243,535	7,115,116	-	156,615,911
Add: Amortization during the year	-	980,683	1,177,158	11,352	6,850,850	2,459,659	1,245,086	-	12,724,788
Less: Amortization on disposal	-	(476,637)	-	-	(866,118)	(611,594)	(550,837)	-	(2,505,186)
Contributions, transfers and other	-	-	-	-	-	20,108	7,810	-	27,918
Balance, end of year	-	7,941,466	10,290,605	43,229	124,659,248	16,111,708	7,817,175	-	166,863,431
Net book value, end of year	\$ 24,414,787	\$ 14,794,947	\$ 66,326,904	\$ 196,570	\$ 176,322,789	\$ 22,066,457	\$ 7,725,528	\$ 14,917,859	\$ 326,765,841

*The Work in Progress (WIP) amount is representative of costs transferred from WIP into additions.