

2022 Financial Statement Summary & Analysis

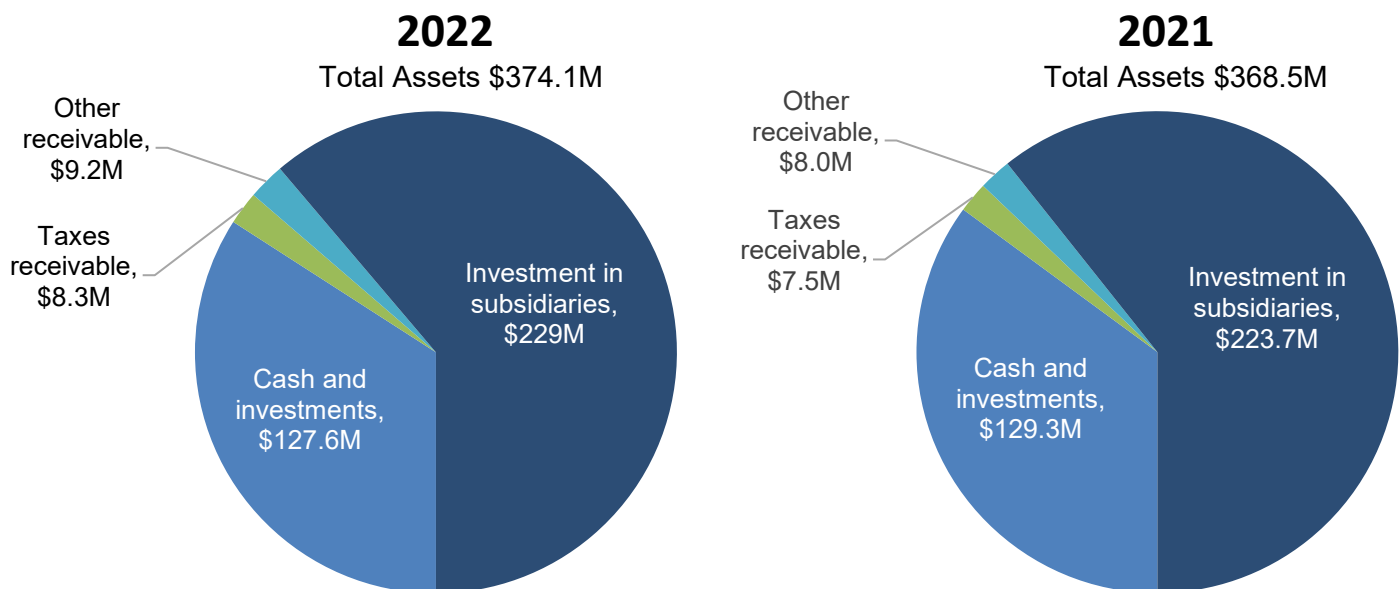
Consolidated Statement of Financial Position (Balance Sheet)

What we own (Assets)

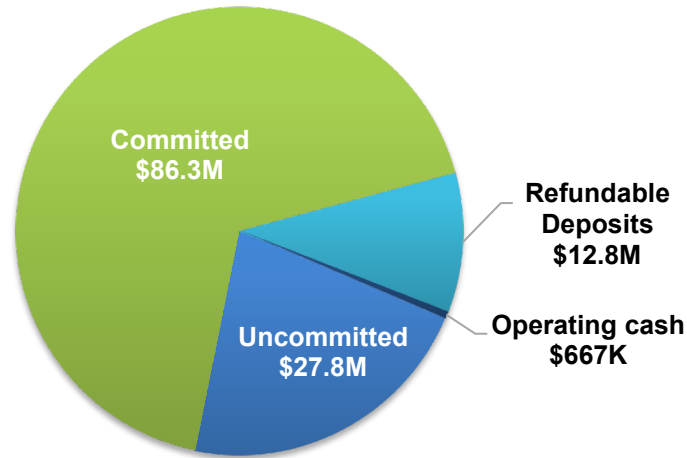
Assets	2022		2021		Change	
Cash and investments	127,558,331	34.10%	129,288,841	35.08%	(1,730,510)	(1.34%)
Taxes receivable	8,325,866	2.23%	7,542,969	2.05%	782,897	10.38%
Other receivable	9,231,110	2.47%	8,020,019	2.18%	1,211,091	15.10%
Investment in subsidiaries	228,963,728	61.21%	223,700,121	60.70%	5,263,607	2.35%
	\$374,079,035	100.00%	\$368,551,950	100.00%	\$ 5,527,085	

The \$5.5M increase in financial assets for the Town is mainly attributed to the following:

- Cash and investments have decreased slightly from 2021 due to the delivery of capital works and timing of vendor payments. Investments include \$15.1M in GICs, Prudent Investor bonds and equity funds of \$42.5M, and ONE Investment high interest savings account of \$61.8M.
- Taxes Receivable have increased from 2021 to a total of \$8.3M. As a percentage of current year taxes billed, the yearend taxes receivable is 7.8% compared to 7.1% for 2021. Arrears attract a 15% annual interest charge and amounts owing after three years are subject to a legal tax sale process that protects the Town's financial interest in the property.
- Other Receivable increase is due to an increase in HST receivable as a result of capital works, increased developer receivables as a result of increased activity, and transit related receivable, less payments received for contractual amounts committed by donors to the Rizzardo Health and Wellness Centre and a decrease in Ontario Lottery Gaming receivable for the quarter ending December 31, 2022.
- Increase in investment in subsidiaries is due to the equity pick up for InnServices Utilities Inc. of \$2.9M, InnPower Corporation of \$2.5M and Innterprises Inc. of (\$136K)



2022 Cash & Investments \$127.6M



Cash at the end of the year is comprised of the following:

- Uncommitted – includes operating stabilization reserves of \$10.5M and capital reserves needed to support future planned capital works.
- Committed - unspent capital reserves for approved capital projects
- Refundable deposits – these are refundable security deposits related to subdivision agreements and lot grading.
- Operating cash – this represents cash on hand for operating purposes. The net operating cash is required to cover obligations such as payables and accrued liabilities.

Non-Financial Assets	2022		2021		Change	
Prepays	1,030,443	0.28%	956,273	0.28%	74,170	7.76%
Other	346,203	0.09%	248,554	0.07%	97,649	39.29%
Tangible capital assets	366,317,146	99.63%	345,373,867	99.65%	20,943,279	6.06%
	\$367,693,792	100.00%	\$346,578,694	100.00%	\$21,115,098	

The \$21.1M increase in non-financial assets for the Town is mainly attributed to the following changes in tangible capital assets:

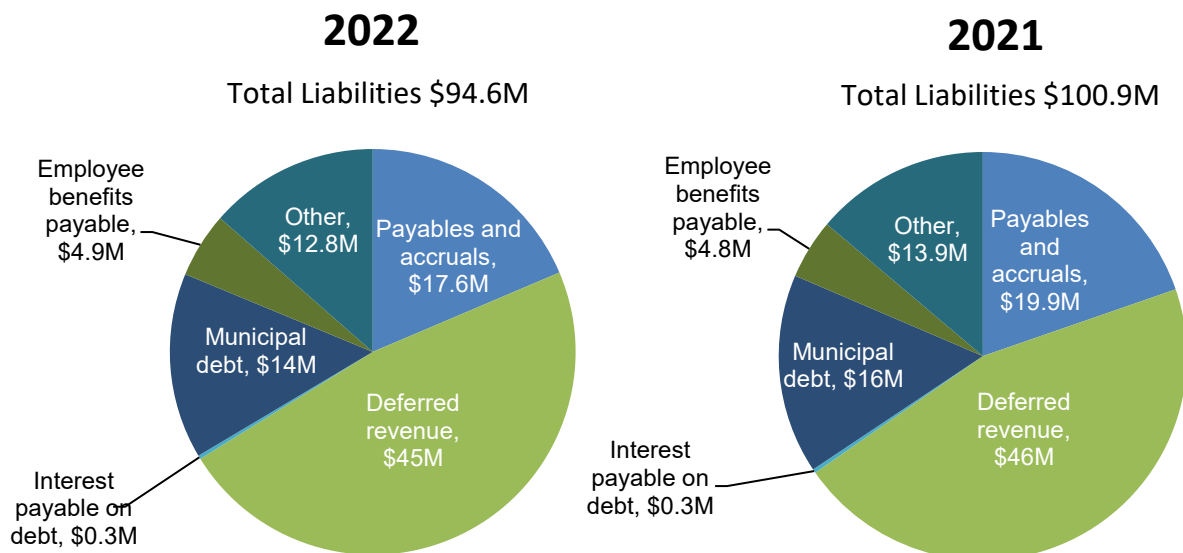
- Capital asset additions and works in progress include the following significant capital works:
 - Contributed Assets from Development, \$11.5M
 - Town Square – Alcona, \$6.6M
 - 7th Line Improvements – Yonge to 10th Sideroad, \$3.8M
 - Road Rehabilitation Program, \$2.5M
 - Go Station Integration & Mobility Hub, \$1.6M
 - Replacement of Vehicles & Equipment, \$1.2M
 - Various Roads – Drainage, \$1.1M
 - Lockhart Road – 20th Sideroad to Lake Simcoe reconstruction, \$0.9M
 - 6th Line Interchange, \$0.9M
 - Innisfil Beach Park Master Plan Improvements, \$0.8M
 - Trail Program Master Plan Implementation, \$0.6M
 - Sidewalk Improvement Program, \$0.5M
- Capital additions are offset by \$14.2M in amortization expensed for 2022

What we owe (Liabilities)

Liabilities	2022		2021		Change	
Payables and accruals	17,606,644	18.60%	19,876,127	19.70%	(2,269,483)	(11.42%)
Deferred revenue	45,016,651	47.56%	46,044,620	45.63%	(1,027,969)	(2.23%)
Interest payable on debt	271,854	0.29%	308,027	0.31%	(36,173)	(11.74%)
Municipal debt	14,007,412	14.80%	15,952,500	15.81%	(1,945,088)	(12.19%)
Employee benefits payable	4,924,650	5.20%	4,782,829	4.74%	141,821	2.97%
Other	12,822,413	13.55%	13,949,543	13.82%	(1,127,130)	(8.08%)
	\$94,649,624	100.00%	\$100,913,646	100.00%	\$ (6,264,022)	

The \$6.2M decrease in financial liabilities for the Town is primarily attributable to the following:

- The \$2.3M decrease in payables and accruals relates to timing of payments for capital works progress payments. The most significant components of the change relates to a 2021 accrual for prepaid development charges due to InnServices, and a decrease in the amount due to the Foundation.
- Deferred revenue has decreased because of a reduction in development activity and related development charge revenues. This deferred revenue is comprised largely of development charge revenues that are forecasted to be spent over future years as growth projects are advanced.
- Reduction in Municipal debt reflects annual debt principal repayments for the Innisfil Recreation Centre, Town Hall, Police and Cookstown Library.
- The decrease in other liabilities is primarily due to a reduction in refundable developer security deposits as a result of slowed development activity.



Net Worth (Accumulated surplus)

Accumulated Surplus	2022		2021		Change	
Accumulated surplus - Operating	(71,695)	(0.01%)	345,550	0.06%	(417,245)	(120.75%)
Accumulated surplus - Capital	42,085,794	6.50%	39,061,883	6.36%	3,023,911	7.74%
Investment in tangible capital assets	366,317,146	56.61%	345,373,867	56.23%	20,943,279	6.06%
Reserve and reserve funds	28,475,674	4.40%	26,129,860	4.25%	2,345,814	8.98%
Investment in subsidiaries	228,963,728	35.38%	223,700,121	36.42%	5,263,607	2.35%
Unfunded debt and other	(18,647,444)	(2.88%)	(20,394,283)	(3.32%)	1,746,839	(8.57%)
	\$647,123,203		\$614,216,998		\$32,906,205	

- Accumulated surplus – Operating: consists of the Town of (\$151K) and the Library \$79K
- Accumulated surplus – Capital: This surplus is represented by projects where funding sources have been applied (excluding development charges) but expenditures have not yet occurred. As the project proceeds and costs are incurred, the expenditures will form part of the tangible capital assets reported on the balance sheet.
- The balance in the reserve and reserve funds represents cash that the Town has set aside for future operating and capital needs.
- “Unfunded debt and other” largely represents debt to be funded from future revenues.

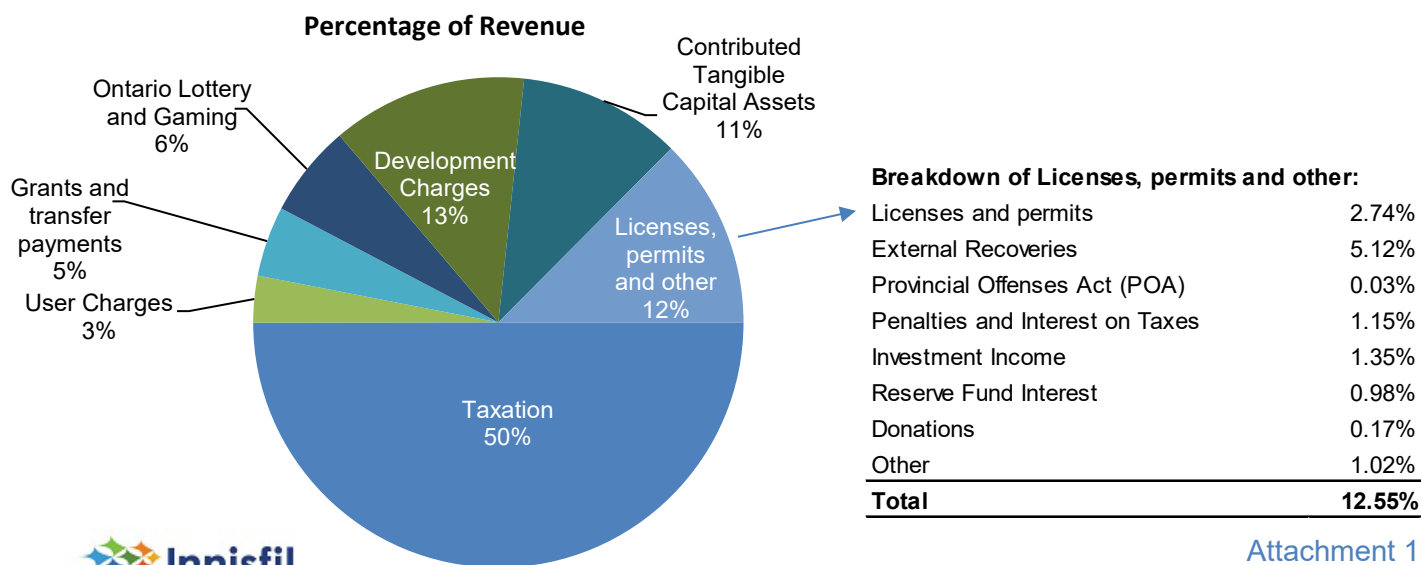
Consolidated Statement of Operations and Accumulated Surplus (Income Statement)

Where the money came from (Revenue)

Revenue	Budget	2022		Variance	
Taxation	54,480,941	53,517,796	49.98%	(963,145)	(1.77%)
User Charges	3,505,137	3,046,786	2.85%	(458,351)	(13.08%)
Grants and transfer payments	6,924,584	5,217,708	4.87%	(1,706,876)	(24.65%)
Ontario Lottery and Gaming	4,650,000	6,527,261	6.10%	1,877,261	40.37%
Development Charges	10,100,683	13,803,547	12.89%	3,702,864	36.66%
Contributed Tangible Capital Assets	-	11,533,884	10.77%	11,533,884	100.00%
Licenses, permits and other	14,941,429	13,436,660	12.55%	(1,504,769)	(10.07%)
	\$94,602,774	\$107,083,642	100.00%	\$12,480,868	

The \$12.5M in revenues greater than budgeted for the Town is primarily due to:

- User charges are lower than budget with the largest contributors being registration & facility fees, ice rental, programming, and admission fees not returning to pre-covid levels.
- Grants are lower than budgeted due to transfers of unspent Canada Community-Building Fund (Federal Gas Tax) to deferred revenue.
- A conservative budget estimate was established for 2022 Ontario Lottery and Gaming (OLG) revenues, as it was difficult to predict how COVID would continue to impact this revenue stream. Fortunately, Gaming revenues returned to pre-COVID levels in 2022. OLG revenues are transferred to the Alternative Revenue Source Reserve Fund and used to fund one-time strategic initiatives and the benefit to existing (BTE) portion of growth-related capital projects.
- The development charges budget reflects capital projects approved in 2022; however, revenue is recognized when the works are completed. While the 2022 approved capital projects are budgeted in 2022, many projects are planned to occur over a 2-3 year time frame. As such, revenue recognized is less than budgeted due to capital works being carried forward into 2023. The development charge revenue will be recognized in future years when the works are completed.
- Contributed tangible capital assets of \$11.5M from developers is an unbudgeted revenue recorded when the works in the subdivision agreements are completed.
- The decrease in licenses, permits and other is mainly a result of external contributions budgeted for capital projects that did not materialize as projects were delayed and carried forward into 2023.



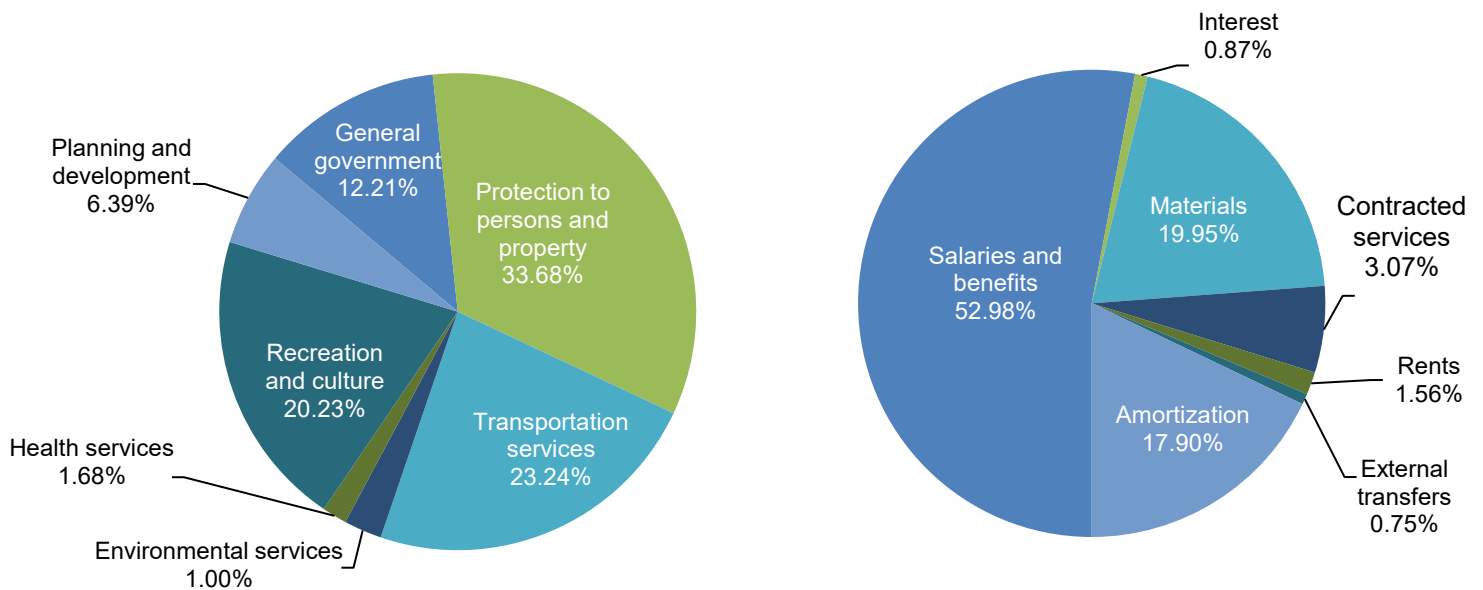
What the money was used for (Expenditures)

Expenditures	Budget	2022		Variance	
General government	10,631,443	9,668,877	12.21%	962,566	9.05%
Protection to persons and property	26,393,068	26,688,627	33.68%	(295,559)	(1.12%)
Transportation services	21,008,425	18,419,662	23.24%	2,588,763	12.32%
Environmental services	2,359,446	2,040,748	2.57%	318,698	13.51%
Health services	1,390,938	1,331,705	1.68%	59,233	4.26%
Recreation and culture	15,012,117	16,029,697	20.23%	(1,017,580)	(6.78%)
Planning and development	5,817,485	5,067,100	6.39%	750,385	12.90%
	\$82,612,922	\$79,246,416	100.00%	\$3,366,506	

The \$3.3M less than budgeted expenditure for the Town is mainly attributable to:

- General government expenses are lower than budget as capital projects budgeted in 2022 have been carried forward into 2023. Included are projects such as Asset Management Plan implementation, Council Strategic Plan and updating of the Community Strategic Plan.
- In Transportation, the variance is largely a result of drainage works that has been delayed for South Innisfil Drain(\$2.8M) and Carson Creek Improvements(\$1.6M). Until cancelled or completed any unexpended capital budget is brought forward to the following year to be reported against expenditures incurred in that year.
- Recreation and Culture expenses are higher than budgeted primarily due to capital works that have been budgeted as a tangible capital asset, but a portion of the costs do not meet the parameters for capitalization.
- Planning and Development expenses are lower than budgeted primarily due to various planning studies that will occur in future years.

Percentage of Expenditures



Financial Indicators

	2022 BMA Survey Average**	2022	2021	2020	2019	2018
Sustainability						
Financial Assets to Liabilities	N/A	1.85 *	1.74 *	1.79 *	3.77 *	1.55 *
Financial Position per Capita	\$ 923	\$1,834 *	\$1,717 *	\$1,457 *	\$1,512 *	\$1,261 *
Flexibility						
Tax Discretionary Reserves as a % of Taxation	94%	53%	51%	65%	76%	93%
Debt to Reserve Ratio	0.6	0.5	0.6	0.6	0.5	0.5
Vulnerability						
Taxes receivable as a % of Taxes Levied	6.6%	7.8%	7.1%	9.2%	9.3%	8.2%
Tax Debt interest as a % of own source revenue	1.0%	0.8%	1.0%	1.5%	1.3%	1.4%

* The Town's investment in InnServices has been removed in the calculation to enable a better comparison to the BMA results.

** The 2022 BMA survey results are based on 2021 financial information

Sustainability

Sustainability measures the Town's ability to maintain its existing service and financial commitments without increasing debt or tax burden on its residents.

The Financial Asset to Liabilities ratio measures the Town's ability to pay short and long-term obligations. To have a ratio greater than one demonstrates the Town's ability to pay off liabilities without burdening the taxpayer.

The Financial Position per Capita ratio is the net Financial Assets on a per capita basis. A positive balance indicates the Town's ability to cover its debt obligations and set aside funds for future sustainability. These ratios are greater than in 2021 due to a variety of factors resulting in an increase in net financial position. Factors include funds unspent for approved capital projects and an increase in investment in subsidiaries.

Flexibility

Flexibility measures the degree to which the Town uses debt instead of increasing taxation to meet its operating and capital commitments.

The Tax Discretionary Reserve as a Percent of Taxation measures the Town's flexibility in meeting operating needs & temporary internal borrowing for capital. The adequacies of reserves to meet future requirements are an integral indicator of long-term financial stability. The decrease in 2022 & 2021 reflects the enhanced capital replacement plan for road rehabilitation and other asset renewal projects undertaken, combined with limiting the annual increase in the capital levy increase to 0% in 2021 and 0.5% in 2022 due to budgetary constraints. For 2023, the Town has resumed the annual 1% increase in the capital levy. The capital levy is essential funding utilized to address asset management programs to achieve maximum life cycle and to replace aging or end of life assets.

The Debt to Reserve Ratio indicates the relationship of reserves available to the amount of debt issued. It is ideal to have a ratio less than 1 as this means that the debt outstanding does not exceed the reserve balance.

Vulnerability

Vulnerability measures the Town's dependence on external sources that it cannot always control and its exposure to risk.

The Taxes Receivable as a Percent of Taxes Levied is an indication of the local economy and the ability of the community to pay their annual tax billings.

Tax Debt Interest as a Percent of Own Source Revenue indicates the percentage of debt interest compared to own revenues from taxation, user fees, permits, fines etc. (excluding development charges and government funding). The Town relies on OLG and DC revenue to pay for a significant portion of the debt (principal and interest) and this measure indicates vulnerability to the municipality if those revenues sources are not available. The Town's ratio decreased as own source revenues such as penalties and interest, donations, and contributed tangible capital assets increased. However, debt continues to be paid off, incurring less interest without the addition of new debt.