

APPENDIX 5

DRUMHELLER RESILIENCY AND FLOOD MITIGATION PROGRAM

Schedule of Disbursements

Twelve Months Ended December 31, 2021

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Council of Town of Drumheller

Opinion

We have audited the schedule of disbursements of the Drumheller Resiliency and Flood Mitigation Program (the Program), under the terms and conditions of the Disaster Mitigation and Adaptation Fund, Alberta Community Resilience Program and Alberta Environment Agreement for Flood Relocation between the Town of Drumheller and the Minister of Infrastructure and Communities, Government of Alberta and Minister of Environment and Parks for the period January 1, 2021 to December 31, 2021 and the related notes (together the "financial information").

In our opinion, the accompanying financial information presents fairly, in all material respects, the disbursements of the Program for the period ended December 31, 2021 in accordance with the basis of accounting described in Note 2.

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 Program in accordance with ethical requirements that are relevant to our audit of the financial information 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.

Emphasis of Matter - Basis of Accounting and Restriction of Distribution and Use

Without modifying our opinion we draw our attention to Note 2, which describes the basis of accounting. The financial information is prepared to assist the Town to comply with the financial reporting provisions of grant funding related to the Drumheller Resiliency and Flood Mitigation Program. As a result, the financial information may not be suitable for another purpose. Our report is intended solely for the Town and funders and should not be distributed or used by parties other than the Town and funders of the Program.

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

Management is responsible for the preparation and fair presentation of the financial information in accordance with the basis of accounting described in Note 2 relevant to preparing such financial information, and for such internal control as management determines is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

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

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

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Auditor's Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information 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 information.

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 financial information, 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 Program'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 Program'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 information 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 Program to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represent the underlying transactions and events in a manner that achieves fair presentation.

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.

DRUMHELLER RESILIENCY AND FLOOD MITIGATION PROGRAM

Schedule of Disbursements
Under the Agreements with the Town of Drumheller
Twelve Months Ended December 31, 2021

DISBURSEMENTS

Services	
Communication and engagement services	\$ 418,688
Professional fees	133,961
Advertising	14,994
Office and administration	1,368
Equipment rental	658
Travel and accommodation	458
Total expenditures for services	570,127
Goods and Supplies	
Equipment	42,869
	42,869
Project Expenses	
Engineering	3,656,029
Project management	546,059
Geotechnical	88,467
Mapping and geomatics	68,123
Other project costs	57,268
Legal fees	51,439
Total expenditures for project expenses	4,467,385
Capital	
Properties acquired	617,717
Land agent services	316,771
Engineering structures	6,638
	941,126
Total Disbursements	\$ 6,021,507

DRUMHELLER RESILIENCY AND FLOOD MITIGATION PROGRAM

Notes to Financial Information

Year Ended December 31, 2021

1. NATURE OF OPERATIONS

The Program is a sub-unit of the Town of Drumheller, which is engaged in the management of flood mitigation activities, including the acquisition of at-risk properties, construction of flood mitigation infrastructure, and updating flood emergency plans.

The Town has entered into agreements with the Government of Canada and Government of Alberta to implement the Drumheller Flood Mitigation System. The total cost of the program is expected to be approximately \$55 million and will span over a period of approximately 5 years. Under the terms of the agreements, the Provincial government will provide fifty (50) percent of the funding, the Federal government will provide forty (40) percent of the funding, and the municipality will provide ten (10) percent of the funding required to purchase and construct assets as part of the Drumheller Flood Mitigation System.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The schedule of disbursements has been prepared in accordance with funder agreements for the Project.

Basis of accounting

The schedule of disbursements has been prepared on an accrual accounting basis for the twelve months from January 1, 2021 to December 31, 2021.

Flood Mitigation disbursements claimed by the Program in the statement of disbursements have been limited to the amounts invoiced to the Provincial and Federal governments under the funding agreements and those covered by the Town of Drumheller during the twelve months from January 1, 2021 to December 31, 2021.

Disbursements are recognized on the date services are performed or goods are received. Work-in-progress disbursements are recognized immediately and disbursements related to the purchase or construction of land, structures and other tangible capital assets are recognized as period costs in the period the disbursement occurred.