



Town of New Sampleford
Financial Statement Presentation
for December 31, 2017

Introduction and Sample

Applicable Accounting Standards

The *Municipal Government Act* requires a municipality to prepare annual audited financial statements in accordance with generally accepted accounting principles recommended by the Chartered Professional Accountants of Canada for governments. Accounting recommendations applicable to governments are included in the CPAC's Public Sector Accounting Board (PSAB) Handbook.

Purpose of the New Sampleford Financial Statements

The New Sampleford statements have been prepared by Alberta Municipal Affairs to provide a suggested presentation and note disclosure. The financial statements are intended to conform to PSAB Handbook recommendations and many features that are drawn from actual current municipal financial reporting practice have been incorporated.

The sample financial statements, or any elements contained in them, are not intended to constitute accounting recommendations or standards. Financial statement preparers and auditors must consider the application of the appropriate accounting standards and guidance with reference to their particular reporting circumstances.

What's Coming Up

- PSAB Section 1201, Financial Statement Presentation

Revised standard is effective in 2019, when sections PS2601 and PS3450 are adopted.

- PSAB Section 2601, Foreign Currency Translation

PS2601 establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statement and is effective in 2019.

- PSAB Section 3041, Portfolio Investments

This standard is effective for the 2019 fiscal year and addresses the distinction between temporary and portfolio investments.

- PSAB Section 3280, Asset Retirement Obligations

The standard is intended to provide guidance on accounting for ARO's and will apply in years beginning on or after April 1, 2021.

- PSAB Section 3450, Financial Instruments

PS3450 establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments, effective for the 2019 fiscal year.

Supplementary Information on New Sampleford

Financial Statements

- The Statement of Financial Position reports the accumulated surplus as one amount. Note 12 is provided as a suggested additional disclosure of the unrestricted and restricted surplus, and equity in tangible capital assets.
- Amortization expense and loss on disposal of capital assets are shown as separate items on the Statement of Operations for illustrative purposes only. These amounts would typically be recorded as function expenses.
- The term capital may be defined differently by senior governments and local governments. Capital grants reported in the financial statements should be based on terminology used by the granting agency. Whether or not the funds were used to purchase tangible capital assets does not have any bearing on the treatment of capital or operating grants in the financial statements.
- Note 8 is an example of required disclosure of landfill closure and post closure liabilities. Alberta Environment maintains a landfill financial security template as well as calculation examples for class I, II, and III landfills. This information is available online at www.environment.alberta.ca/waste/wastemanagementfacilities/landfills.
- PS 1200.119 provides that "*Financial statements need to provide a comparison of the actual and budgeted financial results of the government's management of its economic resources, obligations and financial affairs. In addition, a more focused comparison of the government's actual and budgeted financial results in its management of its financial resources, obligations and financial affairs alone needs to be provided. Such comparisons serve as a starting point for understanding and assessing trends in government operations and future revenue requirements as well as for identifying variances that need to be explained.*"

It may be necessary to provide additional note disclosure to reconcile the financial plan and the financial statements if the approved budget is not PSAB compliant and/or does not include the full scope of the financial statements.

Please contact Financial Advisory Services at Alberta Municipal Affairs at 780 427-2225 if you have any questions. Dial 310-0000 to call toll-free within Alberta.

TOWN OF NEW SAMPLEFORD

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

AUDITOR'S REPORT

To the Members of Council:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Town of New Sampleford, which comprise the statement of financial position as at December 31, 20XX, and the statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of New Sampleford as at December 31, 20XX, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Town of New Sampleford
February 20, 20XX

PUBLIC ACCOUNTANTS

**Town of New Sampleford
Consolidated Statement of Financial Position
As at December 31, 2017**

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	199,000	69,000
Receivables		
Taxes and grants in place of taxes (Note 3)	73,000	71,000
Trade and other receivables	21,000	30,000
Land for resale inventory	155,000	30,000
Investments (Note 4)	280,000	480,000
Debt charges recoverable (Note 5)	10,000	11,000
	738,000	691,000
LIABILITIES		
Temporary bank indebtedness	46,000	---
Accounts payable and accrued liabilities	140,000	163,000
Deposit liabilities	8,000	7,000
Deferred revenue (Note 6)	56,000	23,000
Employee benefit obligations (Note 7)	50,000	40,000
Provision for landfill closure and post-closure costs (Note 8)	20,000	2,000
Long-term debt (Note 9)	2,900,000	2,701,000
	3,220,000	2,936,000
NET FINANCIAL ASSETS (DEBT)	(2,482,000)	(2,245,000)
NON-FINANCIAL ASSETS		
Tangible capital assets	7,865,675	6,854,400
Inventory for consumption	5,000	4,000
Prepaid expenses	1,000	1,000
	7,871,675	6,859,400
ACCUMULATED SURPLUS (Schedule 1, Note 12)	5,389,675	4,614,400

Commitments and contingencies – See Notes 17 and 18

**Town of New Sampleford
Consolidated Statement of Operations
For the Year Ended December 31, 2017**

	Budget \$	2017 \$	2016 \$
REVENUE			
Net municipal taxes (Schedule 3)	1,425,000	1,430,000	1,278,000
User fees and sales of goods	775,000	760,000	742,000
Government transfers for operating (Schedule 4)	25,000	27,000	23,000
Investment income	15,000	13,000	15,000
Penalties and costs of taxes	17,000	20,000	19,000
Development levies	15,000	9,000	25,000
Licenses and permits	8,000	10,000	8,000
Other	---	29,000	20,000
Total Revenue	<u>2,280,000</u>	<u>2,298,000</u>	<u>2,130,000</u>
EXPENSES			
Legislative	55,000	58,000	46,000
Administration	165,000	152,000	163,000
Bylaws enforcement	30,000	30,000	29,000
Roads, streets, walks, lighting	950,000	926,000	977,000
Water supply and distribution	425,000	444,000	381,000
Wastewater treatment and disposal	74,000	75,000	71,000
Waste management	110,000	106,000	115,000
Family and community support	110,000	113,000	104,000
Land use planning, zoning and development	42,000	40,000	38,000
Subdivision land development	75,000	117,000	43,000
Parks and recreation	60,000	60,000	64,000
Culture	30,000	30,000	30,000
Amortization (illustrative only)	400,000	463,725	428,400
Loss on disposal of capital assets (illustrative only)	---	8,000	----
Total Expenses	<u>2,526,000</u>	<u>2,622,725</u>	<u>2,489,400</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(246,000)	(324,725)	(359,400)
OTHER			
Contributed assets	800,000	800,000	---
Government transfers for capital (Schedule 4)	300,000	300,000	268,000
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>854,000</u>	<u>775,275</u>	<u>(91,400)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	4,614,400	4,614,400	4,705,800
ACCUMULATED SURPLUS, END OF YEAR	<u>5,468,400</u>	<u>5,389,675</u>	<u>4,614,400</u>

Town of New Sampleford
Consolidated Statement of Change in Net Financial Assets (Debt)
For the Year Ended December 31, 2017

	Budget \$	2017 \$	2016 \$
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	854,000	775,275	(91,400)
Acquisition of tangible capital assets	(700,000)	(693,000)	(411,000)
Contributed tangible capital assets	(800,000)	(800,000)	-
Proceeds on disposal of tangible capital assets	-	10,000	-
Amortization of tangible capital assets	400,000	463,725	428,400
(Gain) loss on sale of tangible capital assets	-	8,000	-
	<u>(1,100,000)</u>	<u>(1,011,275)</u>	<u>17,400</u>
Acquisition of supplies inventories	(150,000)	(167,000)	(146,000)
Acquisition of prepaid assets	(40,000)	(40,000)	(35,000)
Use of supplies inventories	150,000	166,000	149,000
Use of prepaid assets	40,000	40,000	35,000
	<u>-</u>	<u>(1,000)</u>	<u>3,000</u>
(INCREASE) DECREASE IN NET DEBT	(246,000)	(237,000)	(71,000)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>(2,245,000)</u>	<u>(2,245,000)</u>	<u>(2,174,000)</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u><u>(2,491,000)</u></u>	<u><u>(2,482,000)</u></u>	<u><u>(2,245,000)</u></u>

**Town of New Sampleford
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2017**

	2017 \$	2016 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	775,275	(91,400)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	463,725	428,400
Loss on disposal of tangible capital assets	8,000	--
Tangible capital assets received as contributions	(800,000)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(2,000)	10,000
Decrease (increase) in trade and other receivables	9,000	(1,000)
Decrease (increase) in land held for resale	(125,000)	-
Decrease (increase) in inventory for consumption	(1,000)	2,000
Decrease (increase) in prepaid expenses	-	(1,000)
Increase (decrease) in accounts payable and accrued liabilities	(23,000)	2,000
Increase (decrease) in deposit liabilities	1,000	-
Increase (decrease) in deferred revenue	33,000	-
Increase (decrease) in employee benefit obligations	10,000	-
Increase (decrease) in provision for landfill closure/post-closure	18,000	2,000
Cash provided by operating transactions	<u>367,000</u>	<u>351,000</u>
CAPITAL		
Acquisition of tangible capital assets	(693,000)	(411,000)
Sale of tangible capital assets	10,000	-
Cash applied to capital transactions	<u>(683,000)</u>	<u>(411,000)</u>
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	(35,000)	-
Decrease (increase) in investments	200,000	(50,000)
Cash provided by (applied to) investing transactions	<u>165,000</u>	<u>(50,000)</u>
FINANCING		
Debt charges recovered	1,000	1,000
Long-term debt issued	300,000	-
Long-term debt repaid	(101,000)	(101,000)
Cash provided by (applied to) financing transactions	<u>200,000</u>	<u>(100,000)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	49,000	(210,000)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	69,000	279,000
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>118,000</u>	<u>69,000</u>

**Town of New Sampleford
Consolidated Statement of Cash Flows, cont'd
For the Year Ended December 31, 2017**

	<u>2017</u> \$	<u>2016</u> \$
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	199,000	69,000
Less: restricted portion of cash and temporary investments (Note 2)	(35,000)	-
Temporary bank indebtedness	(46,000)	-
	<u>118,000</u>	<u>69,000</u>

Town of New Sampleford
Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2017
Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017 \$	2016 \$
BALANCE, BEGINNING OF YEAR	86,000	364,000	4,164,400	4,614,400	4,705,800
Excess (deficiency) of revenues over expenses	775,275	-	-	775,275	(91,400)
Unrestricted funds designated for future use	(28,000)	28,000	-	-	-
Restricted funds used for operations	20,000	(20,000)	-	-	-
Restricted funds used for tangible capital assets	-	(50,000)	50,000	-	-
Current year funds used for tangible capital assets	(343,000)	-	343,000	-	-
Contributed tangible capital assets	(800,000)	-	800,000	-	-
Disposal of tangible capital assets	18,000	-	(18,000)	-	-
Annual amortization expense	463,725	-	(463,725)	-	-
Long term debt repaid	(100,000)	-	100,000	-	-
Change in accumulated surplus	6,000	(42,000)	811,275	775,275	(91,400)
BALANCE, END OF YEAR	92,000	322,000	4,975,675	5,389,675	4,614,400

**Town of New Sampleford
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2017
Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2017 \$	2016 \$
COST:								
BALANCE, BEGINNING OF YEAR	230,000	894,000	2,340,000	12,127,000	1,349,000	196,000	17,136,000	16,725,000
Acquisition of tangible capital assets	32,000	128,000	237,000	664,000	220,000	12,000	1,293,000	411,000
Construction-in-progress	-	-	-	200,000	-	-	200,000	-
Disposal of tangible capital assets	-	-	-	-	(80,000)	-	(80,000)	-
Write down of tangible capital assets	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	<u>262,000</u>	<u>1,022,000</u>	<u>2,577,000</u>	<u>12,991,000</u>	<u>1,489,000</u>	<u>208,000</u>	<u>18,549,000</u>	<u>17,136,000</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	556,300	1,368,000	7,392,000	844,300	121,000	10,281,600	9,853,200
Annual amortization	-	27,000	66,725	312,000	35,000	23,000	463,725	428,400
Accumulated amortization on disposals	-	-	-	-	(62,000)	-	(62,000)	-
BALANCE, END OF YEAR	-	<u>583,300</u>	<u>1,434,725</u>	<u>7,704,000</u>	<u>817,300</u>	<u>144,000</u>	<u>10,683,325</u>	<u>10,281,600</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>262,000</u>	<u>438,700</u>	<u>1,142,275</u>	<u>5,287,000</u>	<u>671,700</u>	<u>64,000</u>	<u>7,865,675</u>	<u>6,854,400</u>
2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>230,000</u>	<u>337,700</u>	<u>972,000</u>	<u>4,735,000</u>	<u>504,700</u>	<u>75,000</u>	<u>6,854,400</u>	

**Town of New Sampleford
Schedule of Property and Other Taxes
For the Year Ended December 31, 2017
Schedule 3**

	Budget \$	2017 \$	2016 \$
TAXATION			
Real property taxes	2,062,000	2,065,000	1,910,000
Linear property taxes	105,000	105,000	98,000
Business taxes	63,000	65,000	64,000
Government grants in place of property taxes	35,000	35,000	32,000
Special assessments and local improvement taxes	90,000	90,000	83,000
	<u>2,355,000</u>	<u>2,360,000</u>	<u>2,187,000</u>
REQUISITIONS			
Alberta School Foundation Fund	900,000	900,000	879,000
Sampleview Seniors Lodge	30,000	30,000	30,000
	<u>930,000</u>	<u>930,000</u>	<u>909,000</u>
NET MUNICIPAL TAXES	<u>1,425,000</u>	<u>1,430,000</u>	<u>1,278,000</u>

**Town of New Sampleford
Schedule of Government Transfers
For the Year Ended December 31, 2017
Schedule 4**

	Budget \$	2017 \$	2016 \$
TRANSFERS FOR OPERATING:			
Provincial Government	25,000	25,000	22,000
Other Local Governments	2,000	2,000	2,000
	<u>27,000</u>	<u>27,000</u>	<u>24,000</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	260,000	262,000	250,000
Federal Government	38,000	38,000	17,000
	<u>298,000</u>	<u>300,000</u>	<u>267,000</u>
TOTAL GOVERNMENT TRANSFERS	<u>325,000</u>	<u>327,000</u>	<u>291,000</u>

Town of New Sampleford
Schedule of Consolidated Expenses by Object
For the Year Ended December 31, 2017
Schedule 5

	Budget \$	2017 \$	2016 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	417,000	420,000	412,000
Contracted and general services	655,000	664,000	642,000
Materials, goods and utilities	831,000	847,000	796,000
Provision for allowances	21,000	19,000	3,000
Transfers to local boards and agencies	30,000	30,000	30,000
Bank charges and short-term interest	2,000	1,000	3,000
Interest on long-term debt	170,000	170,000	175,000
Amortization of tangible capital assets	400,000	463,725	428,400
Loss on disposal of tangible capital assets	-	8,000	-
	<u>2,526,000</u>	<u>2,622,725</u>	<u>2,489,400</u>

**Town of New Sampleford
Schedule of Segmented Disclosure
For the Year Ended December 31, 2017
Schedule 6**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
REVENUE								
Net municipal taxes	1,430,000							1,430,000
Government transfers	-	-	327,000	-	-	-	-	327,000
User fees and sales of goods	-	-	-	-	-	760,000	-	760,000
Investment income	13,000	-	-	-	-	-	-	13,000
Contributed assets	-	-	800,000	-	-	-	-	800,000
Other revenues	20,000	10,000	-	9,000	-	-	29,000	68,000
	1,463,000	10,000	1,127,000	9,000	-	760,000	29,000	3,398,000
EXPENSES								
Contract & general services	-	55,000	264,700	157,000	36,925	37,375	113,000	664,000
Salaries & wages	231,947	-	125,553	-	35,000	27,500	-	420,000
Goods & supplies	7,053	-	215,872	-	43,000	581,075	-	847,000
Transfers to local boards	-	-	-	-	30,000	-	-	30,000
Long-term debt interest	-	-	50,000	-	-	120,000	-	170,000
Other expenses	1,000	-	8,000	-	-	11,000	8,000	28,000
	240,000	55,000	664,125	157,000	144,925	776,950	121,000	2,159,000
NET REVENUE, BEFORE AMORTIZATION	1,223,000	(45,000)	462,875	(148,000)	(144,925)	(16,950)	(92,000)	1,239,000
Amortization expense	-	-	(315,875)	-	(37,800)	(110,050)	-	(463,725)
NET REVENUE	1,223,000	(45,000)	147,000	(148,000)	(182,725)	(127,000)	(92,000)	775,275

Town of New Sampleford
Notes to Financial Statements
For the Year Ended December 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of New Sampleford are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the town are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that 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:

Town of New Sampleford Fire Department

New Sampleford Waterworks System

New Sampleford Library Board

New Sampleford Waste Disposal Enterprise

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Town of New Sampleford
Notes to Financial Statements
For the Year Ended December 31, 2017

e) Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

f) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

g) Inventories for Resale

Land held for resale is recorded at the 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 levelling 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 the respective function.

h) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

i) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

j) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

k) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

**Town of New Sampleford
Notes to Financial Statements
For the Year Ended December 31, 2017**

l) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

i. 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 cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Land Improvements	15-20
Buildings	25-50
Engineered structures	
Water system	35-65
Wastewater system	35-65
Other engineered structures	15-40
Machinery and equipment	5-20
Vehicles	3-20

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all 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.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

Town of New Sampleford
Notes to Financial Statements
For the Year Ended December 31, 2017

2. CASH AND TEMPORARY INVESTMENTS

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash	14,000	24,000
Temporary investments	185,000	45,000
	<u>199,000</u>	<u>69,000</u>

Temporary investments are short-term deposits with original maturities of three months or less.

Council has designated funds of \$50,000 (2016 - \$45,000) included in the above amounts for equipment replacement.

Included in temporary investments is a restricted amount of \$35,000 (2016 – nil) received from the Municipal Sustainability Initiative and held exclusively for approved projects (Note 6).

3. RECEIVABLES

	<u>2017</u>	<u>2016</u>
	\$	\$
Property taxes		
Current taxes and grants in place of taxes	58,000	50,000
Arrears	20,000	25,000
Allowance for doubtful accounts	(5,000)	(4,000)
	<u>73,000</u>	<u>71,000</u>
Other		
Local improvement levies	12,500	20,500
Trade accounts	6,400	6,700
GST	2,500	3,000
Allowance for doubtful accounts	(400)	(200)
	<u>21,000</u>	<u>30,000</u>
	<u>94,000</u>	<u>101,000</u>

**Town of New Sampleford
Notes to Financial Statements
For the Year Ended December 31, 2017**

4. INVESTMENTS

	2017		2016	
	Cost \$	Market Value \$	Cost \$	Market Value \$
Short-term notes and deposits	80,000	80,000	80,000	80,000
Government/government - guaranteed bonds	200,000	205,000	400,000	410,000
	280,000	285,000	480,000	490,000

Short-term notes and deposits have effective interest rates of 3.1% to 4.75% (2016 – 2.7% to 4.75%) and mature in less than one year. Government and government guaranteed bonds have effective interest rates of 3.75% to 6.8% (2016 – 3.75% to 6.5%) with maturity dates from September 17, 2018 to March 12, 2023.

5. DEBT CHARGES RECOVERABLE

	2017 \$	2016 \$
Current debt charges recoverable	1,000	1,000
Non-current debt charges recoverable	9,000	10,000
	10,000	11,000

The town has undertaken a joint ball diamond development project with the Municipal District of Sample View. The town assumed long-term financing totalling \$20,000 in 2016; however, \$11,000 plus interest at 3% is recoverable from the Municipal District of Sample View with respect to this financing. Amounts are recoverable in annual principal instalments of \$1,000 plus interest, and mature September 1, 2026.

	Principal \$	Interest \$	Total \$
2018	1,000	300	1,300
2019	1,000	270	1,270
2020	1,000	240	1,240
2021	1,000	210	1,210
2022	1,000	180	1,180
Thereafter	5,000	450	5,450
	10,000	1,650	11,650

**Town of New Sampleford
Notes to Financial Statements
For the Year Ended December 31, 2017**

6. DEFERRED REVENUE

	2017 \$	2016 \$
Requisition over-levy	10,000	10,000
Affordable Housing Grant	11,000	13,000
Municipal Sustainability Initiative – Capital	30,000	-
Municipal Sustainability Initiative – Operating	5,000	-
	56,000	23,000

Municipal Sustainability Initiative

Funding in the amount of \$35,000 was received in the current year from the Municipal Sustainability Initiative. Of the \$35,000 received, \$30,000 is from the capital component of the program and is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2018. The remaining \$5,000 is from the operating component of the program and is restricted to eligible operating projects, as approved under the funding agreement, which are also scheduled for completion in 2018.

Unexpended funds related to the advance are supported by temporary investments of \$35,000 held exclusively for these projects (refer Note 2).

7. EMPLOYEE BENEFIT OBLIGATIONS

	2017 \$	2016 \$
Vacation and overtime	15,000	7,000
Post-employment benefits	35,000	33,000
	50,000	40,000

Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

Post-employment benefits

The town sponsors extended health, dental, and life insurance benefits to qualifying retirees and their surviving spouses from the date of retirement to the age of 65, when coverage under the Alberta Seniors Plan begins. The town and the retirees share equally in the cost of benefits. The town's cost of these benefits is recognized as a program expenditure as the employees provide service. The plan is unfunded.

The most recent actuarial accounting valuation report for the plan was prepared on December 31, 2017. Significant assumptions used in the valuation include a discount rate of 6.0%, annual inflation of 2.0%, compensation increases of 3.5%, and inflationary increases in health, dental and life insurance premiums ranging from 3.0% to 9.0% over several years.

Total benefit payments on behalf of retirees during the year were \$4,000 (2016 - \$3,000).

The post-employment benefit expenditure includes current period benefit costs of \$3,000 (2016 - \$3,000) and post-employment benefit interest of \$3,000 (2016 - \$2,000).

**Town of New Sampleford
Notes to Financial Statements
For the Year Ended December 31, 2017**

8. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 40 years after closure using a discount rate of 6% and assuming annual inflation of 2%.

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total capacity of the site is estimated at 2.8 million cubic metres. The estimated remaining capacity of the landfill site is 2.725 (2016 – 2.793) million cubic metres. The existing landfill site is expected to reach capacity in approximately the year 2048.

The town has not designated assets for settling closure and post-closure liabilities.

	2017	2016
	\$	\$
Estimated closure costs	150,000	150,000
Estimated post-closure costs	600,000	600,000
Estimated total liability	750,000	750,000
Estimated capacity remaining	97.33%	99.73%
Portion of total liability remaining to be recognized	730,000	748,000
Estimated capacity used	2.67%	0.27%
Accrued liability portion	20,000	2,000

9. CONTAMINATED SITES LIABILITY

The town has adopted PS3260 Liability for Contaminated Sites. The town did not identify any financial liabilities in 2017 (2016 – nil) as a result of this standard.

Town of New Sampleford
Notes to Financial Statements
For the Year Ended December 31, 2017

10. LONG-TERM DEBT

	2017	2016
	\$	\$
Tax supported debentures	1,165,000	1,217,000
Self supported debentures	1,721,000	1,459,000
Bank loans	14,000	25,000
	2,900,000	2,701,000

The current portion of long-term debt amounts to \$111,000 (2016 - \$101,000).

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2018	111,000	201,000	312,000
2019	113,000	197,000	310,000
2020	115,000	195,000	310,000
2021	116,000	192,000	308,000
2022	117,000	191,000	308,000
Thereafter	2,328,000	1,600,000	3,928,000
	<u>2,900,000</u>	<u>2,576,000</u>	<u>5,476,000</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 5.38% to 10% per annum and matures in periods 2018 through 2024. The average annual interest rate is 6.48% for 2017 (7.45% for 2016).

Debenture debt is issued on the credit and security of the town at large.

Bank loans are repayable in monthly instalments of \$934 including principal and interest at 5% due May 31, 2018. The bank loans are secured by a general assignment of property taxes receivable.

Interest on long-term debt amounted to \$ 170,000 (2016 - \$175,000).

The town's total cash payments for interest in 2017 were \$172,000 (2016 - \$177,000).

Town of New Sampleford
Notes to Financial Statements
For the Year Ended December 31, 2017

11. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of New Sampleford be disclosed as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Total debt limit	3,447,000	3,195,000
Total debt	2,936,000	2,690,000
Amount of debt limit unused	511,000	505,000
Debt servicing limit	574,400	532,500
Debt servicing	356,200	270,000
Amount of debt servicing limit unused	218,200	262,500

The debt limit is calculated at 1.5 times revenue of the municipality (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 that 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.

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
	\$	\$
Tangible capital assets (Schedule 2)	18,549,000	17,136,000
Accumulated amortization (Schedule 2)	(10,683,325)	(10,281,600)
Long-term debt (Note 9)	(2,900,000)	(2,701,000)
Debt charges recoverable (Note 5)	10,000	11,000
	4,975,675	4,164,400

**Town of New Sampleford
Notes to Financial Statements
For the Year Ended December 31, 2017**

13. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2017	2016
	\$	\$
Unrestricted surplus (deficit)	92,000	86,000
Restricted surplus		
Tax rate stabilization	80,000	100,000
Roads	60,000	14,000
General equipment replacement	50,000	50,000
Water	132,000	200,000
Equity in tangible capital assets	4,975,675	4,164,400
	5,389,675	4,614,400

14. SEGMENTED DISCLOSURE

The Town of New Sampleford provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (schedule 6).

15. TRUST FUNDS

The Town of New Sampleford administers the following trust:

	2017	2016
	\$	\$
Cemetery Perpetual Care		
Balance, beginning of year	2,000	-
Sale of cemetery plots	-	2,000
Balance, end of year	2,000	2,000

Town of New Sampleford
Notes to Financial Statements
For the Year Ended December 31, 2017

16. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2017			2016
	\$			\$
	Salary ¹	Benefits & allowances ²	Total	Total
Councillors:				
Division 1	11,030	2,500	13,530	11,450
Division 2	8,000	4,610	12,610	10,060
Division 3	15,500	2,677	18,177	15,820
Division 4	10,300	2,090	12,390	16,300
Division 5	14,500	3,800	18,300	17,156
Town manager ³	60,000	8,040 ⁴	68,040	67,000
Designated officers (2 positions)	80,000	8,900	88,900	86,000

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.
3. An automobile is provided and no amount is included in the benefits and allowances figure.
4. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

17. LOCAL AUTHORITIES PENSION PLAN

Employees of the town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the *Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The town is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount.

Total current service contributions by the town to the LAPP in 2017 were \$12,702 (2016 - \$13,193). Total current service contributions by the employees of the town to the Local Authorities Pension Plan in 2017 were \$10,596 (2016 - \$10,929).

At December 31, 2017, the LAPP disclosed an actuarial deficiency of \$ xx billion.

Town of New Sampleford
Notes to Financial Statements
For the Year Ended December 31, 2017

18. COMMITMENTS

The town is committed to make annual payments of \$10,000 for the next nine years for the use of the Sampleview Community Hall.

19. CONTINGENCIES

The town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the 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 is the defendant in a lawsuit related to off-site levies amounting to \$300,000 plus interest and costs. At present, the outcome is not determinable. The amount of any future settlement would be accounted for as a current transaction in the year of the settlement.

20. FINANCIAL INSTRUMENTS

The town's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the town is not exposed to significant interest or currency risks arising from these financial instruments.

The town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

21. SUBSEQUENT EVENTS

Subsequent to the fiscal year end, under the terms of an agreement with the Government of Canada, the town acquired the physical assets of the New Sampleford Airport for a consideration of \$1. These assets will be recorded at fair value in the 2018 financial statements.

Funding in the amount of \$1,230,000 has been received in 2018 and must be utilized to maintain and operate the airport facility.

22. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.