



**Town of New Sampleford**  
**Financial Statement Presentation**  
**for December 31, 2016**

**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 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](http://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, 2016**

## 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, 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	<b>199,000</b>	69,000
Receivables		
Taxes and grants in place of taxes (Note 3)	<b>73,000</b>	71,000
Trade and other receivables	<b>21,000</b>	30,000
Land for resale inventory	<b>155,000</b>	30,000
Investments (Note 4)	<b>280,000</b>	480,000
Debt charges recoverable (Note 5)	<b>10,000</b>	11,000
	<b>738,000</b>	691,000
<b>LIABILITIES</b>		
Temporary bank indebtedness	<b>46,000</b>	---
Accounts payable and accrued liabilities	<b>140,000</b>	163,000
Deposit liabilities	<b>8,000</b>	7,000
Deferred revenue (Note 6)	<b>56,000</b>	23,000
Employee benefit obligations (Note 7)	<b>50,000</b>	40,000
Provision for landfill closure and post-closure costs (Note 8)	<b>20,000</b>	2,000
Long-term debt (Note 9)	<b>2,900,000</b>	2,701,000
	<b>3,220,000</b>	2,936,000
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>(2,482,000)</b>	(2,245,000)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	<b>7,865,675</b>	6,854,400
Inventory for consumption	<b>5,000</b>	4,000
Prepaid expenses	<b>1,000</b>	1,000
	<b>7,871,675</b>	6,859,400
<b>ACCUMULATED SURPLUS</b> (Schedule 1, Note 12)	<b>5,389,675</b>	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, 2016**

	Budget \$	2016 \$	2015 \$
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	1,425,000	<b>1,430,000</b>	1,278,000
User fees and sales of goods	775,000	<b>760,000</b>	742,000
Government transfers for operating (Schedule 4)	25,000	<b>27,000</b>	23,000
Investment income	15,000	<b>13,000</b>	15,000
Penalties and costs of taxes	17,000	<b>20,000</b>	19,000
Development levies	15,000	<b>9,000</b>	25,000
Licenses and permits	8,000	<b>10,000</b>	8,000
Other	---	<b>29,000</b>	20,000
<b>Total Revenue</b>	<u>2,280,000</u>	<u><b>2,298,000</b></u>	<u>2,130,000</u>
<b>EXPENSES</b>			
Legislative	55,000	<b>58,000</b>	46,000
Administration	165,000	<b>152,000</b>	163,000
Bylaws enforcement	30,000	<b>30,000</b>	29,000
Roads, streets, walks, lighting	950,000	<b>926,000</b>	977,000
Water supply and distribution	425,000	<b>444,000</b>	381,000
Wastewater treatment and disposal	74,000	<b>75,000</b>	71,000
Waste management	110,000	<b>106,000</b>	115,000
Family and community support	110,000	<b>113,000</b>	104,000
Land use planning, zoning and development	42,000	<b>40,000</b>	38,000
Subdivision land development	75,000	<b>117,000</b>	43,000
Parks and recreation	60,000	<b>60,000</b>	64,000
Culture	30,000	<b>30,000</b>	30,000
Amortization (illustrative only)	400,000	<b>463,725</b>	428,400
Loss on disposal of capital assets (illustrative only)	---	<b>8,000</b>	----
<b>Total Expenses</b>	<u>2,526,000</u>	<u><b>2,622,725</b></u>	<u>2,489,400</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	(246,000)	<b>(324,725)</b>	(359,400)
<b>OTHER</b>			
Contributed assets	800,000	<b>800,000</b>	---
Government transfers for capital (Schedule 4)	300,000	<b>300,000</b>	268,000
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<u>854,000</u>	<u><b>775,275</b></u>	<u>(91,400)</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	4,614,400	<b>4,614,400</b>	4,705,800
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u>5,468,400</u></u>	<u><u><b>5,389,675</b></u></u>	<u><u>4,614,400</u></u>

**Town of New Sampleford**  
**Consolidated Statement of Change in Net Financial Assets (Debt)**  
**For the Year Ended December 31, 2016**

	Budget \$	2016 \$	2015 \$
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	854,000	<b>775,275</b>	(91,400)
Acquisition of tangible capital assets	(700,000)	<b>(693,000)</b>	(411,000)
Contributed tangible capital assets	(800,000)	<b>(800,000)</b>	-
Proceeds on disposal of tangible capital assets	-	<b>10,000</b>	-
Amortization of tangible capital assets	400,000	<b>463,725</b>	428,400
(Gain) loss on sale of tangible capital assets	-	<b>8,000</b>	-
	<u>(1,100,000)</u>	<u><b>(1,011,275)</b></u>	<u>17,400</u>
Acquisition of supplies inventories	(150,000)	<b>(167,000)</b>	(146,000)
Acquisition of prepaid assets	(40,000)	<b>(40,000)</b>	(35,000)
Use of supplies inventories	150,000	<b>166,000</b>	149,000
Use of prepaid assets	40,000	<b>40,000</b>	35,000
	<u>-</u>	<u><b>(1,000)</b></u>	<u>3,000</u>
<b>(INCREASE) DECREASE IN NET DEBT</b>	(246,000)	<b>(237,000)</b>	(71,000)
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<u>(2,245,000)</u>	<u><b>(2,245,000)</b></u>	<u>(2,174,000)</u>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<u><u>(2,491,000)</u></u>	<u><u><b>(2,482,000)</b></u></u>	<u><u>(2,245,000)</u></u>



**Town of New Sampleford  
Consolidated Statement of Cash Flows  
For the Year Ended December 31, 2016**

	2016 \$	2015 \$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
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>
<b>CAPITAL</b>		
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>
<b>INVESTING</b>		
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>
<b>FINANCING</b>		
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>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>49,000</b>	<b>(210,000)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>69,000</b>	<b>279,000</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>118,000</u></b>	<b><u>69,000</u></b>

**Town of New Sampleford  
Consolidated Statement of Cash Flows, cont'd  
For the Year Ended December 31, 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Cash and cash equivalents is made up of:</b>		
Cash and temporary investments (Note 2)	<b>199,000</b>	69,000
Less: restricted portion of cash and temporary investments (Note 2)	<b>(35,000)</b>	-
Temporary bank indebtedness	<b>(46,000)</b>	-
	<b>118,000</b>	69,000

**Town of New Sampleford**  
**Schedule of Changes in Accumulated Surplus**  
**For the Year Ended December 31, 2016**  
**Schedule 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2016 \$	2015 \$
<b>BALANCE, BEGINNING OF YEAR</b>	<b>86,000</b>	<b>364,000</b>	<b>4,164,400</b>	<b>4,614,400</b>	4,705,800
Excess (deficiency) of revenues over expenses	775,275	-	-	<b>775,275</b>	(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	<b>775,275</b>	(91,400)
<b>BALANCE, END OF YEAR</b>	<b>92,000</b>	<b>322,000</b>	<b>4,975,675</b>	<b>5,389,675</b>	4,614,400

**Town of New Sampleford  
Schedule of Tangible Capital Assets  
For the Year Ended December 31, 2016  
Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2016 \$	2015 \$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	230,000	894,000	2,340,000	12,127,000	1,349,000	196,000	<b>17,136,000</b>	16,725,000
Acquisition of tangible capital assets	32,000	128,000	237,000	664,000	220,000	12,000	<b>1,293,000</b>	411,000
Construction-in-progress	-	-	-	200,000	-	-	<b>200,000</b>	-
Disposal of tangible capital assets	-	-	-	-	(80,000)	-	<b>(80,000)</b>	-
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>	<b><u>18,549,000</u></b>	<u>17,136,000</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	556,300	1,368,000	7,392,000	844,300	121,000	<b>10,281,600</b>	9,853,200
Annual amortization	-	27,000	66,725	312,000	35,000	23,000	<b>463,725</b>	428,400
Accumulated amortization on disposals	-	-	-	-	(62,000)	-	<b>(62,000)</b>	-
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>	<b><u>10,683,325</u></b>	<u>10,281,600</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b><u>262,000</u></b>	<b><u>438,700</u></b>	<b><u>1,142,275</u></b>	<b><u>5,287,000</u></b>	<b><u>671,700</u></b>	<b><u>64,000</u></b>	<b><u>7,865,675</u></b>	<b><u>6,854,400</u></b>
2015 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, 2016  
Schedule 3**

	Budget \$	<b>2016 \$</b>	2015 \$
<b>TAXATION</b>			
Real property taxes	2,062,000	<b>2,065,000</b>	1,910,000
Linear property taxes	105,000	<b>105,000</b>	98,000
Business taxes	63,000	<b>65,000</b>	64,000
Government grants in place of property taxes	35,000	<b>35,000</b>	32,000
Special assessments and local improvement taxes	90,000	<b>90,000</b>	83,000
	<u>2,355,000</u>	<u><b>2,360,000</b></u>	<u>2,187,000</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	900,000	<b>900,000</b>	879,000
Sampleview Seniors Lodge	30,000	<b>30,000</b>	30,000
	<u>930,000</u>	<u><b>930,000</b></u>	<u>909,000</u>
<b>NET MUNICIPAL TAXES</b>	<u>1,425,000</u>	<u><b>1,430,000</b></u>	<u>1,278,000</u>

**Town of New Sampleford  
Schedule of Government Transfers  
For the Year Ended December 31, 2016  
Schedule 4**

	Budget \$	2016 \$	2015 \$
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	25,000	<b>25,000</b>	22,000
Other Local Governments	2,000	<b>2,000</b>	2,000
	<u>27,000</u>	<u><b>27,000</b></u>	<u>24,000</u>
 <b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	260,000	<b>262,000</b>	250,000
Federal Government	38,000	<b>38,000</b>	17,000
	<u>298,000</u>	<u><b>300,000</b></u>	<u>267,000</u>
 <b>TOTAL GOVERNMENT TRANSFERS</b>	<u>325,000</u>	<u><b>327,000</b></u>	<u>291,000</u>

**Town of New Sampleford**  
**Schedule of Consolidated Expenses by Object**  
**For the Year Ended December 31, 2016**  
**Schedule 5**

	Budget \$	<b>2016</b> \$	2015 \$
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	417,000	<b>420,000</b>	412,000
Contracted and general services	655,000	<b>664,000</b>	642,000
Materials, goods and utilities	831,000	<b>847,000</b>	796,000
Provision for allowances	21,000	<b>19,000</b>	3,000
Transfers to local boards and agencies	30,000	<b>30,000</b>	30,000
Bank charges and short-term interest	2,000	<b>1,000</b>	3,000
Interest on long-term debt	170,000	<b>170,000</b>	175,000
Amortization of tangible capital assets	400,000	<b>463,725</b>	428,400
Loss on disposal of tangible capital assets	-	<b>8,000</b>	-
	<u>2,526,000</u>	<u><b>2,622,725</b></u>	<u>2,489,400</u>

**Town of New Sampleford  
Schedule of Segmented Disclosure  
For the Year Ended December 31, 2016  
Schedule 6**

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



**Town of New Sampleford**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2016**

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**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, 2016**

**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, 2016**

**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:

	<b>YEARS</b>
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, 2016**

**2. CASH AND TEMPORARY INVESTMENTS**

	<b>2016</b>	2015
	<b>\$</b>	\$
Cash	<b>14,000</b>	24,000
Temporary investments	<b>185,000</b>	45,000
	<b>199,000</b>	69,000

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

Council has designated funds of \$50,000 (2015 - \$45,000) included in the above amounts for equipment replacement.

Included in temporary investments is a restricted amount of \$35,000 (2015 – nil) received from the Municipal Sustainability Initiative and held exclusively for approved projects (Note 6).

**3. RECEIVABLES**

	<b>2016</b>	2015
	<b>\$</b>	\$
Property taxes		
Current taxes and grants in place of taxes	<b>58,000</b>	50,000
Arrears	<b>20,000</b>	25,000
Allowance for doubtful accounts	<b>(5,000)</b>	(4,000)
	<b>73,000</b>	71,000
Other		
Local improvement levies	<b>12,500</b>	20,500
Trade accounts	<b>6,400</b>	6,700
GST	<b>2,500</b>	3,000
Allowance for doubtful accounts	<b>(400)</b>	(200)
	<b>21,000</b>	30,000
	<b>94,000</b>	101,000

**Town of New Sampleford**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2016**

**4. INVESTMENTS**

	2016		2015	
	Cost \$	Market Value \$	Cost \$	Market Value \$
Short-term notes and deposits	<b>80,000</b>	<b>80,000</b>	80,000	80,000
Government/government - guaranteed bonds	<b>200,000</b>	<b>205,000</b>	400,000	410,000
	<b>280,000</b>	<b>285,000</b>	480,000	490,000

Short-term notes and deposits have effective interest rates of 3.1% to 4.75% (2015 – 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% (2015 – 3.75% to 6.5%) with maturity dates from September 17, 2017 to March 12, 2022.

**5. DEBT CHARGES RECOVERABLE**

	2016 \$	2015 \$
Current debt charges recoverable	<b>1,000</b>	1,000
Non-current debt charges recoverable	<b>9,000</b>	10,000
	<b>10,000</b>	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 2015; 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, 2025.

	Principal \$	Interest \$	Total \$
2017	1,000	300	1,300
2018	1,000	270	1,270
2019	1,000	240	1,240
2020	1,000	210	1,210
2021	1,000	180	1,180
Thereafter	5,000	450	5,450
	<b>10,000</b>	<b>1,650</b>	<b>11,650</b>

**Town of New Sampleford**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2016**

**6. DEFERRED REVENUE**

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
Requisition over-levy	<b>10,000</b>	10,000
Affordable Housing Grant	<b>11,000</b>	13,000
Municipal Sustainability Initiative – Capital	<b>30,000</b>	-
Municipal Sustainability Initiative – Operating	<b>5,000</b>	-
	<u><b>56,000</b></u>	<u>23,000</u>

**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 2017. 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 2017.

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**

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
Vacation and overtime	<b>15,000</b>	7,000
Post-employment benefits	<b>35,000</b>	33,000
	<u><b>50,000</b></u>	<u>40,000</u>

**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, 2016. 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 (2015 - \$3,000).

The post-employment benefit expenditure includes current period benefit costs of \$3,000 (2015 - \$3,000) and post-employment benefit interest of \$3,000 (2015 - \$2,000).

**Town of New Sampleford  
Notes to Financial Statements  
For the Year Ended December 31, 2016**

**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 (2015 – 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.

	<b>2016</b>	2015
	<b>\$</b>	<b>\$</b>
Estimated closure costs	<b>150,000</b>	150,000
Estimated post-closure costs	<b>600,000</b>	600,000
Estimated total liability	<b>750,000</b>	750,000
Estimated capacity remaining	<b>97.33%</b>	99.73%
Portion of total liability remaining to be recognized	<b>730,000</b>	748,000
Estimated capacity used	<b>2.67%</b>	0.27%
Accrued liability portion	<b>20,000</b>	2,000

**9. CONTAMINATED SITES LIABILITY**

The town has adopted PS3260 Liability for Contaminated Sites. The town did not identify any financial liabilities in 2016 (2015 – nil) as a result of this standard.

**Town of New Sampleford**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2016**

**10. LONG-TERM DEBT**

	<b>2016</b>	2015
	<b>\$</b>	<b>\$</b>
Tax supported debentures	<b>1,165,000</b>	1,217,000
Self supported debentures	<b>1,721,000</b>	1,459,000
Bank loans	<b>14,000</b>	25,000
	<b>2,900,000</b>	2,701,000

The current portion of long-term debt amounts to \$111,000 (2015 - \$101,000).

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2017	111,000	201,000	312,000
2018	113,000	197,000	310,000
2019	115,000	195,000	310,000
2020	116,000	192,000	308,000
2021	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 2017 through 2023. The average annual interest rate is 6.48% for 2016 (7.45% for 2015).

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, 2017. The bank loans are secured by a general assignment of property taxes receivable.

Interest on long-term debt amounted to \$ 170,000 (2015 - \$175,000).

The town's total cash payments for interest in 2016 were \$172,000 (2015 - \$177,000).



**Town of New Sampleford**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2016**

**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>2016</u> \$	<u>2015</u> \$
Total debt limit	<b>3,447,000</b>	3,195,000
Total debt	<b>2,936,000</b>	2,690,000
Amount of debt limit unused	<b>511,000</b>	505,000
Debt servicing limit	<b>574,400</b>	532,500
Debt servicing	<b>356,200</b>	270,000
Amount of debt servicing limit unused	<b>218,200</b>	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>2016</u> \$	<u>2015</u> \$
Tangible capital assets (Schedule 2)	<b>18,549,000</b>	17,136,000
Accumulated amortization (Schedule 2)	<b>(10,683,325)</b>	(10,281,600)
Long-term debt (Note 9)	<b>(2,900,000)</b>	(2,701,000)
Debt charges recoverable (Note 5)	<b>10,000</b>	11,000
	<b>4,975,675</b>	4,164,400

**Town of New Sampleford  
Notes to Financial Statements  
For the Year Ended December 31, 2016**

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**13. ACCUMULATED SURPLUS**

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

	<b>2016</b>	2015
	<b>\$</b>	<b>\$</b>
Unrestricted surplus (deficit)	<b>92,000</b>	86,000
Restricted surplus		
Tax rate stabilization	<b>80,000</b>	100,000
Roads	<b>60,000</b>	14,000
General equipment replacement	<b>50,000</b>	50,000
Water	<b>132,000</b>	200,000
Equity in tangible capital assets	<b>4,975,675</b>	4,164,400
	<b>5,389,675</b>	4,614,400

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**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).

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**15. TRUST FUNDS**

The Town of New Sampleford administers the following trust:

	<b>2016</b>	2015
	<b>\$</b>	<b>\$</b>
Cemetery Perpetual Care		
Balance, beginning of year	<b>2,000</b>	-
Sale of cemetery plots	-	2,000
Balance, end of year	<b>2,000</b>	2,000

**Town of New Sampleford**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2016**

**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:

	2016			2015
	\$			\$
	Salary <sup>1</sup>	Benefits & allowances <sup>2</sup>	Total	Total
Councillors:				
Division 1	11,030	2,500	<b>13,530</b>	11,450
Division 2	8,000	4,610	<b>12,610</b>	10,060
Division 3	15,500	2,677	<b>18,177</b>	15,820
Division 4	10,300	2,090	<b>12,390</b>	16,300
Division 5	14,500	3,800	<b>18,300</b>	17,156
Town manager <sup>3</sup>	60,000	8,040 <sup>4</sup>	<b>68,040</b>	67,000
Designated officers (2 positions)	80,000	8,900	<b>88,900</b>	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 2016 were \$12,702 (2015 - \$13,193). Total current service contributions by the employees of the town to the Local Authorities Pension Plan in 2016 were \$10,596 (2015 - \$10,929).

At December 31, 2016, the LAPP disclosed an actuarial deficiency of \$ xx billion.

**Town of New Sampleford**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2016**

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**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.

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**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.

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**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.

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**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 2016 financial statements.

Funding in the amount of \$1,230,000 has been received in 2017 and must be utilized to maintain and operate the airport facility.

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**22. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.