



# Financial Statement Presentation

Introduction and Sample: Town of New Sampleford

The Government of Alberta and Municipal Affairs will not be liable for any damages that result from the use of this manual. While Municipal Affairs attempts to ensure the accuracy of the information contained within this manual, a municipality may wish to obtain advice from a lawyer, in order to ensure the correct steps are taken throughout the financial reporting process. Municipal Affairs and the Government of Alberta do not warrant or make any other representations regarding the use, accuracy, applicability, or reliability of this manual.

It is important to recognize that this manual has been developed as a reference for, and as an explanatory document to the *Municipal Government Act*.

This manual is not legal advice, and it cannot be used in place of consulting with a lawyer.

This manual cannot anticipate every aspect, circumstance or situation that municipalities may encounter while working through their specific financial reporting process.

If a municipality needs help finding a lawyer, please visit the [Law Society of Alberta](#)

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Alberta Municipal Affairs, Government of Alberta  
Municipal Advisory and Capacity Unit, Municipal Capacity and Sustainability Branch

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# Supplementary Information

## Applicable Accounting Standards

The *Municipal Government Act (MGA)* requires a municipality to prepare annual audited financial statements (AFS) in accordance with generally accepted accounting principles recommended by the Chartered Professional Accountants of Canada (CPAC) 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 Town of New Sampleford financial statements have been prepared by Alberta Municipal Affairs to provide a suggested presentation and note disclosure. These financial statements conform to PSAB Handbook recommendations and incorporate features drawn from current municipal financial reporting practices.

The sample financials 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.

## Common terms:

- **Statement of Financial Position:** This statement reports the accumulated surplus as one amount. Note 14 is provided as a suggested additional disclosure of the unrestricted and internally restricted surplus, and equity in tangible capital assets (TCA). (PSG-4 *Funds and Reserves*).
- **Capital** may be defined differently by federal, provincial, and local governments.
- **Capital grants** : Defining these grants should be based on terminology used by the granting agency. Whether or not the funds were used to purchase tangible capital assets (TCA) does not have any bearing on the treatment of capital or operating grants in the financial statements.
- **Restructuring Transactions:** Transaction related to amalgamation, annexation, or dissolution of or in the municipality. Please refer to PS 3430 for guidance on reporting requirements and note disclosure.
- **Asset Retirement Obligation:** See Note 9 for an example of required disclosure. 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.alberta.ca/waste-facilities-financial-security.aspx](http://www.alberta.ca/waste-facilities-financial-security.aspx)
- **Budgeted financial results** relates to PS 1201.127 and provides that *“Financial statements need to provide a comparison of the actual and budgeted financial results of the government’s management on 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.

## Financial Advisory Services

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

## **Consolidated Financial Statements**

FOR THE YEAR ENDED DECEMBER 31, 20X5

# Management's Responsibility for Financial Reporting

Management of the Town of New Sampleford is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the town's financial position as of December 31, 20X5 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized, and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The town council carries out its responsibilities for review of the consolidated financial statements principally through its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Audit Committee with and without the presence of management. The town council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Auditors LLP, Chartered Professional Accountants, independent external auditors appointed by the town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the town's consolidated financial statements.

*(Signature here)*

*(Signature here)*

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**Chief Administrative Officer**

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**Financial Officer**

[Date]

[Date]

Town of New Sampleford, Canada

Town of New Sampleford, Canada

# Independent Auditor's Report

To the Mayor and Members of Council of the Town of New Sampleford.

## Opinion

We have audited the consolidated financial statements of the Town of New Sampleford (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 20X5;
- the consolidated statement of operations and accumulated surplus for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- notes to the consolidated financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 20X5, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in the "Annual Report."

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report therein, included in the "Annual Report," as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

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

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

***[Auditor's signature]***

***[Auditor Address]***

***[Date]***

# Consolidated Statement of Financial Position

**TOWN OF NEW SAMPLEFORD  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 20X5**

	20X5 \$	20X4 \$
<b>Financial Assets</b>		
Cash and cash equivalents (Note 2)	188,500	51,000
Receivables		
Taxes and grants in place of taxes (Note 3)	73,000	71,000
Trade and other receivables (Note 3)	21,000	30,000
Land for resale inventory	155,000	30,000
Loan Receivable (Note 4)	10,000	10,000
Investments (Note 5)	287,000	492,000
Debt charges recoverable (Note 6)	10,000	11,000
	<b>744,500</b>	<b>695,000</b>
<b>Liabilities</b>		
Temporary bank indebtedness	46,000	---
Accounts payable and accrued liabilities	140,000	163,000
Deposit liabilities	8,000	7,000
Deferred revenue (Note 7)	56,000	23,000
Employee benefit obligations (Note 8)	50,000	40,000
Asset retirement obligation - (Note 9)	182,500	172,500
Long-term debt (Note 11)	2,900,000	2,701,000
	<b>3,382,500</b>	<b>3,106,500</b>
<b>Net Financial Assets (Debt)</b>	<b>(2,638,000)</b>	<b>(2,411,500)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Schedule 2)	8,028,675	7,017,400
Intangible assets	4,000	4,000
Inventory for consumption	5,000	4,000
Prepaid expenses	1,000	1,000
	<b>8,038,675</b>	<b>7,026,400</b>
<b>Accumulated Surplus</b>	<b>5,400,675</b>	<b>4,614,900</b>
Accumulated operating surplus (Schedule 1, Note 14)	5,397,175	4,610,900
Accumulated remeasurement gains (losses)	3,500	4,000

**Commitments and contingencies – See Notes 19 and 20**

Approved on behalf of City Council:

*(Signature here)*

*(Signature here)*

**Mayor**

**Councillor**

## Consolidated Statement of Operations

**TOWN OF NEW SAMPLEFORD  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 20X5**

	Budget \$	20X5 \$	20X4 \$
<b>Revenue</b>			
Net municipal property taxes (Schedule 3)	1,425,000	<b>1,430,000</b>	1,278,000
User fees and sales of goods	775,000	<b>778,000</b>	742,000
Government transfers for operating (Schedule 4)	25,000	<b>27,000</b>	23,000
Investment income (Note 5)	15,000	<b>16,000</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>	<b>2,280,000</b>	<b>2,319,000</b>	2,130,000
<b>Expenses</b>			
General government			
Council and Other Legislative	55,000	<b>58,000</b>	54,000
General Administration	180,000	<b>190,500</b>	181,000
Protective services			
Bylaw enforcement	58,000	<b>60,000</b>	56,000
Police	50,000	<b>52,000</b>	48,000
Fire	55,000	<b>56,000</b>	54,000
Transportation			
Roads, streets, walks, lighting	940,000	<b>980,000</b>	930,000
Planning and development			
Land use planning, zoning and development	42,000	<b>40,000</b>	38,000
Subdivision land and development	110,000	<b>117,000</b>	111,000
Public Health and Welfare			
Family and community support	41,000	<b>45,000</b>	40,000
Recreation and culture			
Parks and recreation	78,000	<b>80,000</b>	77,000
Libraries, museums, halls	56,000	<b>57,725</b>	60,000
Environmental Use and Protection			
Water supply and distribution	540,000	<b>566,000</b>	535,000
Wastewater treatment and disposal	190,000	<b>195,000</b>	185,900
Waste management	131,000	<b>135,500</b>	129,000

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**TOWN OF NEW SAMPLEFORD**  
**CONSOLIDATED STATEMENT OF OPERATIONS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 20X5**

	Budget \$	20X5 \$	20X5 \$
<b>Total Expenses</b>	2,526,000	<b>2,632,725</b>	2,498,900
<b>Excess (Shortfall) of Revenue Over Expenses – Before Capital Revenue</b>	(246,000)	<b>(313,725)</b>	(368,900)
<b>Capital Revenue</b>			
Contributed assets	800,000	<b>800,000</b>	---
Government transfers for capital (Schedule 4)	300,000	<b>300,000</b>	268,000
<b>Total Capital Revenue</b>	1,100,000	<b>1,100,000</b>	268,000
<b>Excess (Shortfall) of Revenue Over Expenses</b>	854,000	<b>786,275</b>	(100,900)
<b>Accumulated Operating Surplus, Beginning of Year</b>	4,606,900	<b>4,610,900</b>	4,711,800
<b>Accumulated Operating Surplus, End of Year</b>	5,460,900	<b>5,397,175</b>	4,610,900

**Consolidated Statement of Remeasurement Gains and Losses**

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**TOWN OF NEW SAMPLEFORD**  
**CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
**FOR THE YEAR ENDED DECEMBER 31, 20X5**

	20X5 \$	20X4 \$
Accumulated remeasurement gains (losses) at the beginning of the year	4,000	2,000
Unrealized gains (losses) attributable to:		
Equity investments (Note 5)	<b>2,500</b>	2,000
Amounts reclassified to statements of operations		
Equity investments realized gains (Note 5)	<b>(3,000)</b>	---
Net remeasurement gains (losses) for the year	<b>(500)</b>	2,000
Accumulated remeasurement gains (losses) at end of year	<b>3,500</b>	4,000

## Consolidated Statement of Changes in Net Financial Assets

**TOWN OF NEW SAMPLEFORD  
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 20X5**

	Budget \$	20X5 \$	20X4 \$
<b>SURPLUS (DEFICIT) FROM OPERATIONS</b>	854,000	<b>786,275</b>	(100,900)
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 realized on investments	---	<b>(3,000)</b>	---
(Gain) loss on sale of tangible capital assets	---	<b>8,000</b>	---
	(1,100,000)	<b>(1,014,275)</b>	17,400
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
Unrealized remeasurement gains (losses)	---	<b>2,500</b>	2,000
	---	<b>1,500</b>	5,000
<b>(Increase) Decrease in Net Debt</b>	(246,000)	<b>(226,500)</b>	(78,500)
<b>Net Financial Assets (Debt), Beginning of Year</b>	(2,411,500)	<b>(2,411,500)</b>	(2,333,000)
<b>Net Financial Assets (Debt), End of Year</b>	(2,657,500)	<b>(2,638,000)</b>	(2,411,500)

## Consolidated Statement of Cash Flows

**TOWN OF NEW SAMPLEFORD  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 20X5**

	<b>20X5</b>	<b>20X4</b>
	<b>\$</b>	<b>\$</b>
<b>Net Inflow (Outflow) of Cash Related to the Following Activities:</b>		
<b>Operating</b>		
Surplus (deficit) from operations	<b>786,275</b>	(100,900)
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	<b>463,725</b>	428,400
(Gain) loss realized on investments	<b>(3,000)</b>	---
Loss on disposal of tangible capital assets	<b>8,000</b>	---
Tangible capital assets received as contributions	<b>(800,000)</b>	---
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	<b>(2,000)</b>	10,000
Decrease (increase) in trade and other receivables	<b>9,000</b>	(1,000)
Decrease (increase) in land held for resale	<b>(125,000)</b>	---
Decrease (increase) in inventory for consumption	<b>(1,000)</b>	2,000
Decrease (increase) in prepaid expenses	---	(1,000)
Increase (decrease) in accounts payable and accrued liabilities	<b>(23,000)</b>	2,000
Increase (decrease) in deposit liabilities	<b>1,000</b>	---
Increase (decrease) in deferred revenue	<b>33,000</b>	---
Increase (decrease) in employee benefit obligations	<b>10,000</b>	---
Increase (decrease) in asset retirement obligation	<b>10,000</b>	9,500
Cash provided by operating transactions	<b>367,000</b>	349,000
<b>Capital</b>		
Acquisition of tangible capital assets	<b>(693,000)</b>	(411,000)
Proceeds on disposal of tangible capital assets	<b>10,000</b>	---
Cash applied to capital transactions	<b>(683,000)</b>	(411,000)
<b>Investing</b>		
Decrease (increase) in restricted cash or cash equivalents	<b>(35,000)</b>	---
Proceeds on disposal of investments	<b>7,500</b>	---
Decrease (increase) in investments	<b>200,000</b>	(50,000)
Cash provided by (applied to) investing transactions	<b>172,500</b>	(50,000)

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**TOWN OF NEW SAMPLEFORD**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 20X5**

	<b>20X5</b>	<b>20X4</b>
	<b>\$</b>	<b>\$</b>
	<hr/>	<hr/>
<b>Financing</b>		
Debt charges recovered	<b>1,000</b>	1,000
Long-term debt issued	<b>300,000</b>	---
Long-term debt repaid	<b>(101,000)</b>	(101,000)
Cash provided by (applied to) financing transactions	<b>200,000</b>	(100,000)
	<hr/>	<hr/>
<b>Change in Cash and Equivalents During the Year</b>	<b>56,500</b>	(212,000)
	<hr/>	<hr/>
<b>Change in Cash and Equivalents, Beginning of Year</b>	<b>51,000</b>	263,000
	<hr/>	<hr/>
<b>Change in Cash and Equivalents, End of Year</b>	<b>107,500</b>	51,000
	<hr/>	<hr/>
Cash and cash equivalents is made up of:		
Cash and cash equivalents (Note 2)	<b>188,500</b>	51,000
Less: restricted portion of cash and cash equivalents (Note 2)	<b>(35,000)</b>	---
Temporary bank indebtedness	<b>(46,000)</b>	---
	<hr/>	<hr/>
	<b>107,500</b>	51,000
	<hr/>	<hr/>

# Town of New Sampleford

## **Schedules to Financial Statements**

FOR THE YEAR ENDED DECEMBER 31, 20X5

## Schedule 1 – Changes in Accumulated Operating Surplus

TOWN OF NEW SAMPLEFORD  
 SCHEDULE OF CHANGES IN ACCUMULATED OPERATING SURPLUS - SCHEDULE 1  
 FOR THE YEAR ENDED DECEMBER 31, 20X5

	Unrestricted Surplus	Restricted Reserves	Equity in Tangible Capital Assets	20X5 \$	20X4 \$
<b>Balance, Beginning of Year</b>	88,000	364,000	4,154,900	<b>4,610,900</b>	4,711,800
Annual Surplus	786,275	---	---	<b>786,275</b>	(100,900)
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	(643,000)	---	643,000	---	---
Contributed tangible capital assets	(800,000)	---	800,000	---	---
Disposal of tangible capital assets	18,000	---	(18,000)	---	---
Annual amortization expense	463,725	---	(463,725)	---	---
Asset retirement obligation accretion expense	10,000	---	(10,000)	---	---
Long term debt related to tangible capital assets issued	300,000	---	(300,000)	---	---
Debt charges recoverable	1,000	---	(1,000)	---	---
Long term debt related to tangible capital assets repaid	(101,000)	---	101,000	---	---
Change in accumulated operating surplus	27,000	(42,000)	801,275	<b>786,275</b>	(100,900)
<b>Balance, End of Year</b>	115,000	322,000	4,956,175	<b>5,397,175</b>	4,610,900

## Schedule 2 – Tangible Capital Assets

**TOWN OF NEW SAMPLEFORD  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 20X5**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Intangible Assets	20X5 \$	20X4 \$
<b>Cost</b>									
Balance, Beginning of Year	230,000	894,000	2,351,500	12,278,500	1,349,000	196,000	4,000	17,299,000	16,888,000
Acquisition of tangible capital assets	32,000	128,000	237,000	664,000	220,000	12,000	---	1,293,000	411,000
Acquisition of 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	262,000	1,022,000	2,588,500	13,142,500	1,489,000	208,000	4,000	18,712,000	17,299,000
<b>Accumulated Amortization</b>									
Balance, Beginning of Year	---	556,300	1,368,000	7,392,000	844,300	121,000	---	10,281,600	9,853,200
Add: amortization	---	27,000	66,725	312,000	35,000	23,000	---	463,725	428,400
Less: amortization on disposals	-	---	---	---	(62,000)	---	---	(62,000)	---
Balance, End of Year	---	583,300	1,434,725	7,704,000	817,300	144,000	---	10,683,325	10,281,600
<b>Net Book Value of Tangible Capital Assets</b>	<b>262,000</b>	<b>438,700</b>	<b>1,153,775</b>	<b>5,438,500</b>	<b>671,700</b>	<b>64,000</b>	<b>4,000</b>	<b>8,032,675</b>	<b>7,021,400</b>
<b>20x4 Net Book Value of Tangible Capital Assets</b>	230,000	337,700	983,500	4,886,500	504,700	75,000	4,000	7,021,400	

Engineered structures and machinery and equipment of \$800,000 (20X4 - \$nil) were acquired as contributed tangible capital assets.

## Schedule 3 – Property and Other Taxes

TOWN OF NEW SAMPLEFORD  
SCHEDULE OF PROPERTY AND OTHER TAXES - SCHEDULE 3  
FOR THE YEAR ENDED DECEMBER 31, 20X5

	Budget \$	20X5 \$	20X4 \$
<b>Net Municipal Taxes (after requisitions)</b>			
Real property taxes	1,247,707	<b>1,251,250</b>	1,116,132
Linear property taxes	63,535	<b>63,623</b>	57,267
Business taxes	38,121	<b>39,386</b>	37,399
Government grants in place of property taxes	21,178	<b>21,208</b>	18,700
Special assessments and local improvement taxes	54,459	<b>54,534</b>	48,502
<b>Total Net Municipal Taxes (after requisitions)</b>	<b>1,425,000</b>	<b>1,430,000</b>	1,278,000
<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
	<b>930,000</b>	<b>930,000</b>	909,000

## Schedule 4 – Government Transfers

TOWN OF NEW SAMPLEFORD  
SCHEDULE OF GOVERNMENT TRANSFERS - SCHEDULE 4  
FOR THE YEAR ENDED DECEMBER 31, 20X5

	Budget \$	20X5 \$	20X4 \$
<b>Transfers for Operating</b>			
Provincial Government	25,000	<b>25,000</b>	21,000
Other Local Governments	2,000	<b>2,000</b>	2,000
	<b>27,000</b>	<b>27,000</b>	23,000
<b>Transfers for Capital</b>			
Provincial Government	260,000	<b>262,000</b>	251,000
Federal Government	38,000	<b>38,000</b>	17,000
	<b>298,000</b>	<b>300,000</b>	268,000
<b>Total Government Transfers</b>	<b>325,000</b>	<b>327,000</b>	291,000

## Schedule 5 – Consolidated Expenses by Object

TOWN OF NEW SAMPLEFORD  
 SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT - SCHEDULE 5  
 FOR THE YEAR ENDED DECEMBER 31, 20X5

	Budget \$	20X5 \$	20X4 \$
<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>	---
Accretion of asset retirement obligation	---	<b>10,000</b>	9,500
	<b>2,526,000</b>	<b>2,632,725</b>	2,498,900

## Schedule 6 – Segmented Disclosure

TOWN OF NEW SAMPLEFORD  
SCHEDULE OF SEGMENTED DISCLOSURE – SCHEDULE 6  
FOR THE YEAR ENDED DECEMBER 31, 20X5

	General Government	Protective Services	Transportation	Planning & Development	Public Health & Welfare	Recreation & Culture	Environmental Use & Protection	Total \$
<b>Revenue</b>								
Net municipal taxes	1,430,000	---	---	---	---	---	---	<b>1,430,000</b>
Operating government transfers	---	---	27,000	---	---	---	---	<b>27,000</b>
User fees and sales of goods	---	---	---	---	---	---	778,000	<b>778,000</b>
Investment interest income	13,000	---	---	---	---	---	---	<b>13,000</b>
Investment realized gains	3,000	---	---	---	---	---	---	<b>3,000</b>
Other revenues	49,000	10,000	---	9,000	---	---	---	<b>68,000</b>
	<b>1,495,000</b>	<b>10,000</b>	<b>27,000</b>	<b>9,000</b>	<b>---</b>	<b>---</b>	<b>778,000</b>	<b>2,319,000</b>
<b>Expenses</b>								
Contract & general services	---	168,000	264,700	157,000	15,000	21,925	37,375	<b>664,000</b>
Salaries, wages & benefits	231,947	---	125,553	---	20,000	15,000	27,500	<b>420,000</b>
Materials, goods & utilities	7,053	---	215,872	---	10,000	33,000	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 expense	9,500	---	8,000	---	---	---	20,500	<b>38,000</b>
	<b>248,500</b>	<b>168,000</b>	<b>664,125</b>	<b>157,000</b>	<b>45,000</b>	<b>99,925</b>	<b>786,450</b>	<b>2,169,000</b>
<b>Net revenue, Before Amortization and Other</b>	<b>1,246,500</b>	<b>(158,000)</b>	<b>(637,125)</b>	<b>(148,000)</b>	<b>(45,000)</b>	<b>(99,925)</b>	<b>(8,450)</b>	<b>150,000</b>
Contributed assets	---	---	800,000	---	---	---	---	<b>800,000</b>
Capital government transfers	---	---	300,000	---	---	---	---	<b>300,000</b>
Amortization expense	---	---	(315,875)	---	---	(37,800)	(110,050)	<b>(463,725)</b>
<b>NET REVENUE</b>	<b>1,246,500</b>	<b>(158,000)</b>	<b>147,000</b>	<b>(148,000)</b>	<b>(45,000)</b>	<b>(137,725)</b>	<b>(118,500)</b>	<b>786,275</b>

# Notes to Consolidated Financial Statements

The Town of New Sampleford (the Town) is a municipality in the Province of Alberta and operates under the provisions of the *Municipal Government Act*, R.S.A., 2000, c. M-26, as amended (*MGA*).

## Note 1: Significant Accounting Policies

The consolidated financial statements of the town (hereafter referred to as the "financial statements") are the representations of management and are prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board and as published by the Chartered Professional Accountants of Canada. 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 recognizes 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 or goods have yet to be provided.

Revenue is recognized in the period when the related expenses are incurred, services performed/goods provided, or the tangible capital assets are acquired.

### c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 revenues and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from these estimates.

#### **d) Valuation of Financial Assets and Liabilities**

The town's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Short-term investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Loans receivable and debt charges recoverable	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term debt	Amortized cost

#### **e) Investments**

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations. Investments in interest bearing securities 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.

#### **f) Loans Receivable**

Loans receivable are initially recognized at cost, net of any transaction costs, with interest income recognized using the effective interest method. Loans receivable are subsequently measured at amortized cost net of any valuation allowances.

#### **g) 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.

#### **h) Long-term Debt**

Long-term debt is initially recognized net of any premiums, discounts, fees and transactions costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently, measured at amortized cost.

#### **i) 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

#### **j) 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.

#### **k) 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.

#### **l) Asset Retirement**

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a

present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the town reviews the carrying amount of the liability. The town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

#### **m) 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 the town is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance, and monitoring.

#### **n) Revenue Recognition**

Revenue from transactions with no performance obligation is recognized at realizable value when the town has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

#### **o) 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.

#### **p) 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 annual surplus, provides the consolidated change in net financial assets 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:

- Land Improvements: 15 – 20 Years
- Buildings: 25 – 50 Years
- Engineered Structures
  - Water system and wastewater system: 35 – 65 Years
  - Other engineered structures: 15 – 40 Years
- Machinery and Equipment: 5 – 20 Years
- Vehicles: 3 – 20 Years

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 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.

## q) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to Canadian public sector accounting standards. In 20X6, the Town will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (PS1201), Financial Instruments (PS3450), Foreign Currency Translations (PS2601) and Portfolio Investments (PS3041) must be implemented at the same time.

### i. Financial Statement Presentation

PS1201, Financial Statement Presentation, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for the fiscal years beginning on or after April 1, 2022.

### ii. Foreign Currency Translation

PS2601, Foreign Currency Translation must be adopted in conjunction with PS3450. It requires that monetary assets and liabilities be denominated in a foreign currency and non-monetary items included in the fair value category that are denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. This standard is applicable for fiscal years beginning on or after April 1, 2022.

### iii. Portfolio Investments

PS3041, Portfolio Investments has removed the distinction between temporary and portfolio investments and was amended to conform to Financial Instruments, PS3450. Once PS3450 and PS3041 are adopted, Temporary Investments PS3030 will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2022.

### iv. Financial Instruments

PS3450, Financial Instruments, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; all other financial instruments can be measured at cost, amortized cost, or fair value at the election of the government. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

### v. Asset Retirement Obligations

PS3280, Asset Retirement Obligations defines which activities would be included in a liability for retirement of a tangible capital asset, establishes when to recognize and how to measure a liability for asset retirement, and provides the related financial statement presentation and disclosure requirements. This new standard will effectively replace PS3270, Solid Waste Landfill Closure and Post-closure Liability. This standard is applicable for fiscal years beginning on or after April 1, 2022.

### vi. Revenue

PS3400, Revenue establishes standards on how to account for and report on revenue, specifically in regard to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). This standard is applicable for fiscal years beginning on or after April 1, 2023.

### vii. Purchased Intangibles

PSG-8, Purchased Intangibles, allows for purchased intangible assets to be recognized as assets in the public sector entity's financial statements. This standard is applicable for fiscal years beginning on or after April 1, 2023.

viii. **Public Private Partnerships**

PS3160, Public Private Partnerships, establishes standards on how to account for certain arrangements between public and private entities. The standard provides guidance on situations where a public entity acquires infrastructure assets using a private sector partner that designs, builds, or finances the infrastructure asset past the point where it is ready for use. This standard is applicable for fiscal years beginning on or after April 1, 2023.

**o) Deferred Revenues**

Deferred revenues represent government transfers, donations, and other amounts which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met. Interest earned on deferred revenues, reserves, and offsite levies are calculated using an average investment earnings monthly.

**p) 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 are 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.

**Note 2: Cash and Cash Equivalents**

	<b>20X5</b>	<b>20X4</b>
	<b>\$</b>	<b>\$</b>
Cash	<b>14,000</b>	24,000
Short-term investments – amortized cost	<b>139,500</b>	27,000
Restricted cash		
Municipal Sustainability Initiative – Capital	<b>30,000</b>	---
Municipal Sustainability Initiative – Operating	<b>5,000</b>	---
	<b>188,500</b>	51,000

Short-term investments are short-term deposits with original maturities of three months or less which are an integral part of the own's cash management.

Council has designated funds of \$50,000 (20X4 - \$45,000) included in the above amounts for equipment replacement.

Included in short-term investments is a restricted amount of \$35,000 (20X4 – nil) received from the Municipal Sustainability Initiative and held exclusively for approved projects (Note 7).

## Note 3: Receivables

Property taxes	20X5	20X4
	\$	\$
Current taxes and grants in places of taxes	58,000	50,000
Arrears	20,000	25,000
Allowance for doubtful accounts	(5,000)	(4,000)
	<b>73,000</b>	71,000
<b>Other</b>		
Local improvement levies	12,500	20,500
Trade accounts	6,400	5,700
Government grants receivable	---	1,000
GST	2,500	3,000
Allowance for doubtful accounts	(400)	(200)
	<b>21,000</b>	30,000
	<b>94,000</b>	101,000

As at December 31, 20X4, the Government of Alberta receivable of \$1,000 relates to the Municipal Sustainability Initiative (MSI) Capital Allocations of \$250 from the 20X3 allocation and \$750 from the 2021 allocation; whereas these allocations are receivable as the town has submitted eligible capital projects that were sufficient for the release of the MSI Capital Funding. The 20X5 MSI Capital Funding and previous allocation were received in 20X5.

## Note 4: Loan Receivable

Loan receivable of \$10,000 (20X4 - \$10,000), effective interest rate of 6.25% (20X4 - 6.25%), repayable in monthly interest only instalments, unsecured, due 20X8.

## Note 5: Investments

	20X5		20X4	
	Carrying Value \$	Market Value \$	Carrying Value \$	Market Value \$
Equity instruments quoted in active market – carried at fair value	7,000	7,000	12,000	12,000
Short-term notes and deposits – amortized cost	80,000	80,000	80,000	80,000
Government/government guaranteed bonds – amortized cost	200,000	205,000	400,000	410,000
Total investments carried at amortized cost	280,000	285,000	480,000	490,000
	287,000	292,000	492,000	502,000

Short-term notes and deposits have effective interest rates of 3.1% to 4.75% (20X4 – 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% (20X4 – 3.75% to 6.5%) with maturity dates from September 17, 20X6 to March 12, 20X9.

Investment income recognized in the statement of operations includes \$13,000 (20X4 - \$15,000) of interest income and \$3,000 (20X4 - \$nil) of realized gains on disposal of investments.

Unrealized gains on equity investments carried at fair value of \$2,500 (20X4 - \$2,000) have been recognized in the statement of remeasurement gains and losses.

	20X5	20X4
Blue Bank Fixed Rate 2.00%, matures June 24, 20X9	35,000	70,000
Green Bank Fixed Note 2.00%, matures October 20X7	20,000	35,000
Red Bank Subordinated Note 1.67%, January 28, 20X0	40,000	130,000
CPN BC Hydro, matures August 15, 20X3	50,000	80,000
Province of Ontario 3.75%, matures June 2, 20X2	30,000	60,000
Province of BC 3.20%, matures June 18, 20X3	30,000	35,000
	205,000	410,000

## Note 6: Debt Charges Recoverable

	20X5 \$	20X4 \$
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 totaling \$20,000 in 20X4; 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, 202X.

	Principal \$	Interest \$	Total \$
20X6	1,000	300	1,300
20X7	1,000	270	1,270
20X8	1,000	240	1,240
20X9	1,000	210	1,210
201X	1,000	180	1,180
Thereafter	5,000	450	5,450
	10,000	1,650	11,650

## Note 7: Deferred Revenue

	20X5	Received	Recognized	20X4
Requisition over-levy	10,000	---	---	10,000
Affordable Housing Grant	11,000	(2,000)	---	13,000
Municipal Sustainability Initiative – Capital	30,000	---	30,000	---
Municipal Sustainability Initiative – Operating	5,000	---	5,000	---
	56,000	(2,000)	35,000	23,000

Deferred revenue is comprised of the funds noted above, the use of which, together with any earnings thereon, is restricted by agreement. These funds are recognized as revenue in the period they are used for the purpose specified.

### 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 20X6. 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 20X6.

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

## Note 8: Employee Benefits Obligations

	20X5	20X4
	\$	\$
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, 20X5. 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 (20X4 - \$3,000).

The post-employment benefit expenditure includes current period benefit costs of \$3,000 (20X4 - \$3,000) and post-employment benefit interest of \$3,000 (20X4 - \$2,000).

## Note 9: Asset Retirement Obligation

### Landfill

The town operates a landfill site and is legally required to perform closure and post-closure activities upon retirement of this site. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. A liability for the total obligation, which was incurred when the site started accepting waste, irrespective of volume of waste accepted has been accrued. The town estimates that no obligation is

incurred incrementally due to the volume of waste accepted, therefore, no further obligation is being accrued based on volume of waste accepted. Undiscounted future cash flows expected are a closure cost in year 2050 of \$240,000 with annual post-closure activities starting in year 2051 of \$25,000 per year, increasing at an annual inflation rate of 2%, for 40 years to year 2090. The estimated total liability of \$170,000 (20X4 - \$160,500) is based on the sum of discounted future cash flows for closure and post-closure activities using a discount rate of 6% and assuming annual inflation of 2%. The town has not designated assets for settling closure and post-closure liabilities.

#### Asbestos abatement

The town owns a building which contains asbestos and, therefore, the town is legally required to perform abatement activities upon renovation or demolition of this building. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are an abatement cost in year 2040 of \$30,000. The estimated total liability of \$12,500 (20X4 - \$12,000) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 6% and assuming annual inflation of 2%. The town has not designated assets for settling the abatement activities.

#### Total asset retirement obligations

	20X5 \$	20X4 \$
Balance, beginning of year	172,500	163,000
Liabilities incurred	---	---
Liabilities settled	---	---
Change in estimated cash flows	---	---
Accretion expense	10,000	9,500
Estimated total liability	182,500	172,500

## Note 10: Contaminated Sites Liability

The town did not identify any financial liabilities in 20X5 (20X4 – nil) as a result of contaminated sites.

## Note 11: Long-term Debt

	20X5 \$	20X4 \$
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
	20X5 \$	20X4 \$
Current portion of long-term debt	111,000	101,000
	111,000	101,000

The current portion of long-term debt amounts to \$111,000 (20X4 - \$101,000). Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
20X6	111,000	201,000	312,000
20X7	113,000	197,000	310,000
20X8	115,000	195,000	310,000
20X9	116,000	192,000	308,000
20X0	117,000	191,000	308,000
Thereafter	2,328,000	1,600,000	3,928,000
	<b>2,900,000</b>	<b>2,576,000</b>	<b>5,476,000</b>

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 20X6 through 20X1. The average annual interest rate is 6.48% for 20X5 (7.45% for 20X4).

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, 20X6. The bank loans are secured by a general assignment of property taxes receivable.

Interest on long-term debt amounted to \$ 170,000 (20X4 - \$175,000).

The town's total cash payments for interest in 20X5 were \$171,000 (20X4 - \$178,000).

## Note 12: Debt Limits and Debt Servicing Limit

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 are to be disclosed as follows:

	20X5 \$	20X4 \$
Total debt limit	<b>3,478,500</b>	3,195,000
Total debt	<b>2,890,000</b>	2,690,000
Amount of debt limit unused	<b>588,500</b>	505,000
Debt servicing limit	<b>579,750</b>	532,500
Debt servicing	<b>310,700</b>	269,670
Amount of debt servicing limit unused	<b>218,550</b>	262,500

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the governments of Alberta and Canada for the purposes of capital property (as defined in Alberta Regulation 255/2000) 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.

Total debt includes long-term debt less debt charges recoverable. Debt servicing includes principal and interest payments due on long-term debt in the 12 months subsequent to year-end less amounts that are recoverable.



## Note 13: Equity in Tangible Capital Assets

	20X5 \$	20X4 \$
Tangible capital assets (Schedule 2)	<b>18,712,000</b>	17,299,000
Accumulated amortization (Schedule 2)	<b>(10,683,325)</b>	(10,281,600)
Asset retirement obligation (Note 9)	<b>(182,500)</b>	(172,500)
Long-term debt (Note 11)	<b>(2,900,000)</b>	(2,701,000)
Debt charges recoverable (Note 6)	<b>10,000</b>	11,000
	<b>4,956,175</b>	4,154,900

## Note 14: Accumulated Operating Surplus

Accumulated operating surplus consists of internally restricted and unrestricted amounts and equity in tangible capital assets.

	20X5 \$	20X4 \$
Unrestricted surplus (deficit)	<b>115,000</b>	88,000
Internally 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 (TCA)	<b>4,956,175</b>	4,154,900
Intangible Assets	<b>4,000</b>	4,000
	<b>5,397,175</b>	4,610,900

## Note 15: 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).

General government includes council and other legislative, and general administration. Protective services include bylaw enforcement, police, and fire. Transportation includes roads, streets, walks and lighting. Planning and development includes land use planning, zoning and subdivision land and development. Public health and welfare includes family and community support. Recreation and culture include parks and recreation, libraries, museums and halls. Environmental use and protection include water supply and distribution, wastewater treatment and disposal, and waste management.

## Note 16: Trust Funds

The Town of New Sampleford administers the following trust:

	20X5 \$	20X4 \$
Cemetery Perpetual Care		
Balance, beginning of year	2,000	---
Sale of cemetery plots	---	2,000
Balance, end of year	2,000	2,000

## Note 17: 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:

	20X5 \$			20X4 \$
	Salary <sup>1</sup>	Benefits & Allowances <sup>2</sup>	Severance	Total
Councillors				
Division 1	11,030	2,500	---	11,450
Division 2	8,000	4,610	---	10,060
Division 3	15,500	2,677	---	15,820
Division 4	10,300	2,090	---	16,300
Division 5	14,500	3,800	---	17,156
Town manager <sup>3</sup>	60,000	8,040 <sup>4</sup>	---	67,000
Designated officers (2 positions)	80,000	8,900	---	86,000
<b>Totals</b>	<b>199,330</b>	<b>32,617</b>	<b>---</b>	<b>223,786</b>

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.

### Note 18: 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.

	20X5 \$	20X4 \$
Current service contributions by Employer	12,072	13,193
Current service contributions by Employee	10,596	10,929
	<b>23,298</b>	24,122

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 20X5 were \$12,702 (20X4 - \$13,193). Total current service contributions by the employees of the town to the Local Authorities Pension Plan in 20X5 were \$10,596 (20X4 - \$10,929).

At December 31, 20X5, the LAPP disclosed an actuarial deficiency/surplus of \$ \_\_\_\_\_.

For further information of the amount of LAPP deficiency/surplus information see: [www.lapp.ca/page/annual-reports](http://www.lapp.ca/page/annual-reports)

### Note 19: 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.

### Note 20: 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.

### Note 21: Financial Instruments

The town’s financial instruments consist of cash and cash equivalents investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, 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. Tax receivables and requisition over/under-levy are compulsory in nature, rather than contractual, however, the town manages risk exposure on these items similar to other receivables and payables.

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. The town is exposed to market price risk from investments in equity instruments whose value fluctuates with changes in quoted market prices.

## Note 22: 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 20X6 financial statements. Funding in the amount of \$1,230,000 has been received in 20X6 and must be utilized to maintain and operate the airport facility.

## Note 23: Approval of Financial Statements

Council and Management have approved these financial statements.