

# Town of New Sampleford Annual Report

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Sample Template

Alberta Municipal Affairs, Government of Alberta  
Municipal Capacity Building, Municipal Capacity and Sustainability Branch  
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20X5 Annual Report Manual  
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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* (MGA).

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 website](#).

For more information regarding this content visit:

<https://www.alberta.ca/annual-financial-reporting-for-municipalities.aspx>

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## Purpose of the New Sampleford Annual Report

The New Sampleford annual report has been prepared by Alberta Municipal Affairs to provide an example and reference to municipalities looking to increase the accountability and transparency of their annual financial reporting documents. This annual report template is entirely optional, there is no legislative requirement to prepare anything beyond the annual financial statements and financial information return.

Those municipalities looking to utilize the template should feel free to make any modifications to the template as they choose. The template has been constructed using the best practices for annual reports outlined by the International Government Finance Officers Association.

The sample annual report, and any elements contained within, are not intended to constitute reporting recommendations or standards.

Please note that any and all data, charts and graphs included in this document are illustrative examples only and do not necessarily align with the New Sampleford Example financial statements. Graphs are presented in a variety of formats to provide example options for municipalities to consider.

Furthermore, this document is intended as a standing resource for use by municipalities, and while Municipal Affairs will strive to update and modify it as necessary, the dates are also for illustrative purposes only.

# Section 1: Introduction to Our Stakeholders

The Town of New Sampleford is pleased to present its Annual Report, which provides an overview of the town's various corporate and financial accomplishments throughout the year. These accomplishments are based on the Town of New Sampleford Strategic Plan outlined in the report and the town's audited financial statements.

The Annual report is divided into three sections:

## **Introductory Section**

- Messages from the Mayor and Chief Administrative Officer
- An overview of the Town of New Sampleford, including its municipal profile and government structure
- Year in review, which provides an overview of key corporate activities and accomplishments based on the town's strategic plan

## **Strategic Planning section**

- A summary of the town's financial and capital strategic planning

## **Financial Section**

- Management and Auditor's Reports
- Audited financial statements, including related notes and schedules
- Discussion and analysis of the financial statements is also included to enhance the reader's understanding of the town's fiscal results and overall condition

**Tip:** Use this section to highlight what makes your municipality unique and the strengths of your community.

### Community Profile

One of the most beautiful towns in Alberta, Town of New Sampleford, has long been recognized as a community of choice with its picturesque landscape, celebrated parks and trail system, state-of-the-art amenities, inviting neighborhoods, with tree-lined streets, lively arts and culture, and outstanding attractions and events.

Established in 1861, Town of New Sampleford, is steeped in history and is one of the oldest communities in Alberta. Today, New Sampleford is a vibrant town with a population of 1,842 (20X5 Census report).

With direct access to resource development in Northern Alberta and markets in the Capital Region, excellent transportation networks, and a highly-educated workforce, Town of New Sampleford is positioned to attract clean, world-class businesses with a focus on professional, scientific and technical services.

# Government Structure

The purposes of a municipality, as defined in the *Municipal Government Act (MGA)*, are to provide good government, foster the well-being of the environment, provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality, develop and maintain safe and viable communities, and work collaboratively with neighboring municipalities to plan, deliver and fund inter-municipal services.

The municipality consists of two branches:

- a legislative branch, comprised of town council; and
- an administrative branch, led by the Chief Administration Officer.

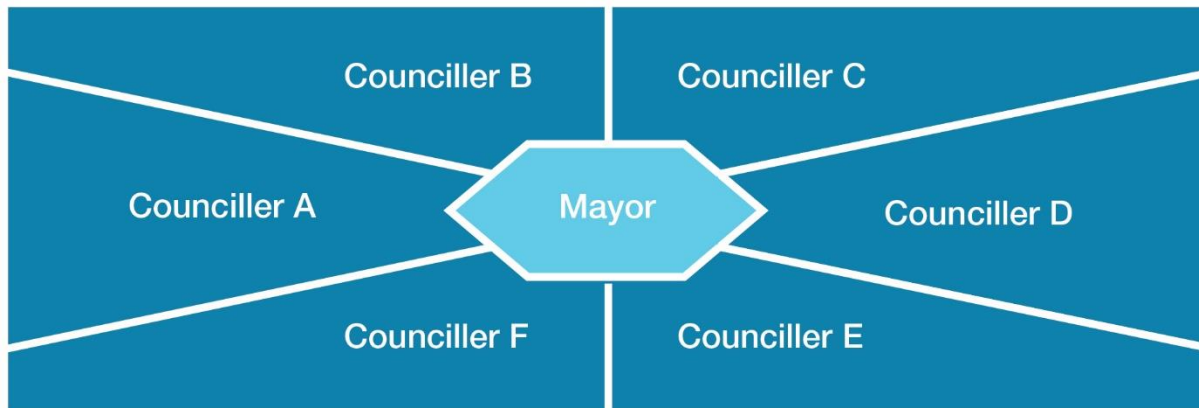
Town council is elected at large by residents to serve a four-year term and governs in accordance with powers granted under the *MGA*.

Town council consists of a Mayor and six councillors and provides strategic direction to Administration through a variety of plans, bylaws, policies and other governance processes.

## Legislative and Administrative Organization



## Town Council



# Town Committees

<b>Standing Committees</b>	<ul style="list-style-type: none"><li>• Corporate Services</li><li>• Budget Committee</li><li>• Development and Infrastructure</li><li>• Heritage Resources</li><li>• Legislative Review Board</li></ul>
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<b>Special Committees</b>	<ul style="list-style-type: none"><li>• Community Foundation</li><li>• Public Library</li><li>• Police Commission</li><li>• Subdivision and Development Appeal</li><li>• Friends of the Town Society</li></ul>
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**Tip:** This section allows the mayor to communicate council's success for the year and focus for the years to come as well any other information the community needs to know.

## Message from the Mayor

On behalf of town council, it is my pleasure to present the Town of New Sampleford's 20X5 Annual Report.

New Sampleford, is one of the safest, most beautiful and most creative places in Canada. We are blessed to live in the midst of a tremendous landscape, with many parks, trails and natural areas in walking distance. We are an active community, which embraces many recreational opportunities available in our town.

The Town of New Sampleford offers residents a variety of essential services and we are proud to do so in a fiscally responsible manner. Council has taken a long-term view of what is required to ensure we have a sustainable town well into the future.

We have developed the Town of New Sampleford Strategic Plan to outline our priorities and look forward to finalizing our Community Vision to guide councils and administrators over the next 20 years.

Council has identified three strategies that provide clarity on what we as a community are working together to achieve: Community Strategy, Governance Strategy and Service Delivery Strategy.

Council is committed to providing our town with wise and visionary governance on behalf of residents and local businesses.

I invite you to read the rest of this report to learn about the work Administration is doing to support council's strategic outcomes.

By working together with our community, we ensure New Sampleford continues to be one of the finest towns in which to live, work and welcome visitors.

**Cathy MacKay**

Mayor of Town New Sampleford

April 30, 20X6

**Tip:** This section allows the CAO to recognize the efforts of municipal administration over the past year as well as to inform the community on the key projects or focuses of administration, as well as any changes or projects on the horizon community needs to know.

## Message from the CAO

On behalf of the Administration, I am pleased to introduce the 20X5 Annual Report for the Town of New Sampleford.

During the past year, administration has worked to develop a host of policies and procedures aimed at helping the municipality realize the strategic direction of council. We also continue to strive for excellence in the provision of the many municipal services residents rely on.

Some of the key projects and programs we implemented over the past year include municipal asset management program, cross-functional municipal teams, municipal performance measures program and open data pilot project.

For the 20X6 year, our focus will be continuing to implement phase two for the open data pilot project as well as continue to improve the asset management program and the strategic planning for our municipality.

Administration is committed to continuing to provide residents with high quality, cost-effective and sustainable programs and services that are developed and delivered in alignment with council's priorities for the community.

If you have any questions about any of the information included in this report, please contact my office.

**Kevin Smith**

Chief Administration Officer, Town of New Sampleford

## Section 2: Vision, Mission and Values

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Town council's vision, mission and values provide a foundation for administration regarding how council expects the municipality to operate. These documents also provide guidance to administration on council's priorities when developing new programs, project or initiatives for the municipality.

- The Vision describes the type of town the council wants New Sampleford to become;
- The Mission describes the council's purpose and its mandate for administration; and
- The Values define council's priorities for the municipality.

### Vision

- A vibrant, safe, and innovative town
- Community where all people can fully participate
- Community life that sustains and cherishes its unique identity

### Mission

- Represent the residents of the town
- Make decisions in the best interests of the community
- Deliver results that will help sustain a high quality of life

### Values

- Citizen focused
- Community Engagement
- Integrity and Respect
- Stewardship and Forward Thinking

# 20X6 – 20X8 Strategic Planning

## Strategic Plans, Business Plans, Capital Plans and Budgets

Every four years, council develops Strategic Focus Areas which outline general goals, new initiatives or special projects they would like to see complete before the end of their four year term.

From those Strategic Focus Areas, a comprehensive action plan is developed, and financial plans are aligned beginning with a three-year Operating Plan and a five-year Capital Plan.

**Purpose:** To be recognized as a vibrant, safe and innovative community.



## COUNCIL PRIORITIES

<ul style="list-style-type: none"> <li>• Council embraces its role as government leaders of the corporation</li> <li>• Council demonstrates financial stewardship</li> </ul>	<ul style="list-style-type: none"> <li>• Council fosters a safe, healthy and vibrant community through inclusive policies, recreational and cultural opportunities and collaboration</li> </ul>	<ul style="list-style-type: none"> <li>• Council takes a leadership role in the protection and preservation of our natural environment</li> <li>• Council strives for a well-designed city by ensuring quality urban design</li> </ul>	<ul style="list-style-type: none"> <li>• Council fosters strong relationships with neighbouring communities through collaboration</li> </ul>
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# Financial Goals & Performance Measures

## Citizen

As resources become increasingly scarce due to our community’s exceptional growth, it is vital that the town targets those resources towards the provision of services that our citizens value most. The town conducts an annual comprehensive citizen satisfaction survey to assess perception of the organization’s performance.

The survey is used to determine issues that are of concern to the community and to identify the services deemed most important to Town of New Sampleford residents, and the quality of those services. The results are incorporated below and are compared against the 20X5 survey results; the results are valuable to council and to administration in setting direction.

Strategic Objectives	Measures	20X5	20X4
Infrastructure, Traffic, Roads	Citizen Satisfaction Survey	76%	64%
Rapid Growth Management	Citizen Satisfaction Survey	66%	68%
Public safety	Citizen Satisfaction Survey	81%	77%

## Financial

Given that the town’s primary source of revenue comes directly from our taxpayers, it is imperative the town is fiscally responsible with municipal funds and strives to provide good value for the ratepayer’s tax dollar. It is also important to ensure alternate sources of funding are sought, rather than relying strictly on taxpayer dollars.

Strategic Objectives	Measures	20X5	20X4
Improve Assessment split	Percent of non-residential assessment	18%	19%
Minimize tax incentive	Citizen satisfaction of perceived value for tax dollar	66%	69%
Sound fiscal Responsibility	Number of points in audit Management letter	2	6
Improve Internal Controls	Number of journal entries at year end	37	41

## Internal Processes

Effective and efficient processes and business practices are essential to improving service delivery and maximizing resources, which in turn affect customer satisfaction. The organization needs to remain flexible in order to respond to a rapidly changing environment.

Strategic Objectives	Measures	20X5	20X4
Improve Productivity	Operating costs/capita	\$1,569	\$1,588
Enhance service delivery	Citizen Satisfaction Survey	81%	74%
Improve Efficiency	Percent of accounts served electronically	75%	66%

## Learning & Growth

In our rapidly changing, knowledge-based environment, the corporate culture must support a mind-set of continuous learning and open communication, retain and attract high-caliber employees, and encourage the use of technology as a tool to support efficient and effective business processes.

The first step to obtain such a culture is a working environment that supports it, where employees feel the environment is one in which they can contribute and is a good place to work. The employee satisfaction survey is generally done every two years and the next one will be done in 20X7.

Strategic Objectives	Measures	20X5	20X3
Actively promote our culture	Employee Survey	97%	96%

## Corporate Scorecard

The town's Corporate Scorecards provides timely information on the efficiency and effectiveness of Town of New Sampleford in seven highlighted service areas. The goal is to provide citizens and policy makers with information that makes government support growth of local economy while delivering the best results for taxpayers.

The Corporate Scorecard highlights the goals identified for the town and provides a snapshot of progress towards the town's targets for key strategic objectives, incorporating the four perspectives of citizen, financial, internal process and learning. Key areas are mentioned below.

## Priorities and Objectives:

1. Economic Prosperity:
  - a. Support growth of local economy
2. Transportation and Mobility:
  - a. Provide and promote infrastructure to support safe mobility choices
  - b. Improve safety for all road users
  - c. Ensure reliable, safe, accessible and affordable transit services
3. Sustainable Environmental Services:
  - a. Support an environmentally sustainable town
  - b. Reduce long term costs through planned investment and staging of diversion and conservation strategies
4. Healthy and Caring Communities:
  - a. Advance equity and inclusion for the town's diverse population
  - b. Revitalize recreation services
  - c. Create new affordable housing options
  - d. Support the arts, heritage and culture
5. Service Excellence
  - a. Improve the client experience through established service expectations
  - b. Improve access to town services through digital service delivery
  - c. Develop positive, effective and engaged employees committed to the service promise
6. Governance, Planning and Decision-Making
  - a. Strengthen public engagement
  - b. Advance management oversight through tools and processes that support accountability and transparency
7. Financial Responsibility
  - a. Demonstrate sound financial management
  - b. Align strategic priorities to council's financial targets

# Section 3: Financial Summary

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## Financial Management and Control

The Town of New Sampleford is required by provincial legislation to prepare annual financial statements by May 1 for the immediate preceding year. These statements are consistent with principles and standards for financial reporting established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada as required by the *MGA*.

Canada's public sector accounting standards aim to ensure that a public entity's financial statements:

- account for the full nature and extent of the financial affairs and resources that the entity controls;
- show the entity's financial position at the end of the fiscal period, so the entity's ability to finance its activities and provide future services can be evaluated;
- describe the entity's change in financial position during the fiscal period; and
- demonstrate the entity's accountability for the management of the resources, obligations and financial affairs for which it is responsible.

This means that financial statements should provide readers with a clear understanding of the assets, liabilities, revenues and expenses of the entity in question. Public sector financial statements are prepared using the accrual basis of accounting. This method records transactions and their effect when they occur, which is often in a different period than when the associated cash exchanges to settle the transaction.

Three separate statements make up a full set of financial statements. The three separate financial statements, are described briefly below and in more detail in the pages that follow.

- Statement of Financial Position – This overarching statement summarizes a municipality's financial position at a point in time. Changes in the financial position of the entity are summarized in the following three statements.
- Statement of Operations – This statement explains the change in the overall financial position of the entity during the accounting period.
- Statement of Cash Flow – This statement explains the change in cash and cash equivalents from the prior year and provides important information about the entity's ability to generate cash to meet its cash requirements.



## **Accounting Process**

The Town of New Sampleford maintains an accounting system consistent with accepted standards for local government accounting in Alberta and Canada, and with Public Sector Accounting Board (PSAB) guidelines relative to accounting for local governments. The finance and accounting services are administered under the direction of the Director of Corporate Services and/or Chief Administration Officer.

## **Audit Process**

Pursuant to section 280 of the *MGA*, town council must appoint one or more auditors for the municipality. In October, 20X4, Auditors LLP was awarded the contract for professional audit services for a three-year term with the option to renew for one year. The preparation, accuracy and integrity of the financial statements is the responsibility of municipal administration. The auditor's responsibility is to express an opinion on the financial statements based on their audit results.

## **Budget process**

The town prepares comprehensive yearly Business Planning and Budget updates that are presented to council. This document reports on progress toward completion of town council's strategic priorities, departmental business plans and goals, and projects. Quarterly, a projected variance for revenues and expenses compared to budget is prepared, indicating whether a surplus or deficit is anticipated. If it appears a deficit is projected, the council takes the necessary actions to eliminate this possibility.

## **Financial Policies**

Council approves a number of financial management policies which are established to ensure good governance and fiscal responsibility. For more information, or to obtain copies of those policies, please contact the town office.

## **Asset Management Program**

In 20X5, an Asset Management committee was formed for the purpose of developing an asset management program for the town. The committee is made up of management personnel representing the Engineering, Planning & Development, Public Works, Recreation, Facilities and Finance departments.

The committee developed an Asset Management Policy which was approved by Council and a grant was secured from the Federation of Canadian Municipalities (FCM)

Municipal Asset Management Program which went towards the development of Potable Water, Wastewater and Transportation plans.

### **Supporting Economic Recovery**

The continued challenge of supporting both businesses and residents who have been impacted by the downturn of the economy has been an ongoing initiative for the Town of New Sampleford. Council continues to consider economic factors while developing strategic plans and establishing general policies. The town has engaged with the Regional Economic Development Service team of Alberta Economic Development, Trade and Tourism to develop a collaborative focus with respect to economic development for the town and their regional partners. New initiatives are being developed and growth opportunities are being aggressively pursued with the intent of strengthening and broadening the economic base within the region for the benefit of all.

## Statement of Financial Position

The Statement of Financial Position presents an entity's financial assets and liabilities at a point in time.

The statement layout provides two key performance measures of the entity's ability to finance its operations and provide future services:

- Net Debt or Net Financial Assets; and
- Accumulated Surplus or Deficit.

The main sections of this statement are described below along with an explanation of how the unique presentation of assets within the statement generates the two financial position performance measures.

### Financial Assets

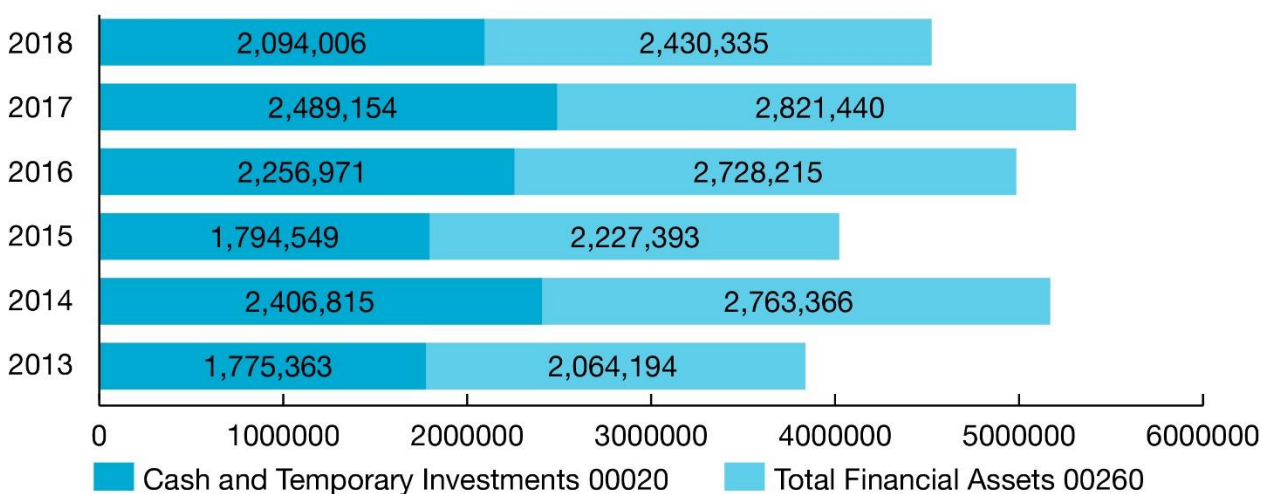
Financial assets are the financial resources an entity controls and can use to pay what it owes to others. These assets include cash, accounts receivable, investments, and assets that are convertible to cash or that generate cash so that the entity can pay its liabilities as they come due. Information about the liquidity of an entity's financial assets is not presented on the Statement of Financial Position. (Liquidity means how quickly assets can be used to pay bills.) However, the notes to the financial statements include disclosures on the liquidity of an entity's financial assets.

Total financial assets decreased by 13.9 per cent as a result of the following:

- cash and temporary investments decreased by 15.87 per cent
- long-term investments increased by 0.69 per cent

*(Note: Graph is for illustrative purposes only)*

#### Total Financial Assets



The current ratio calculation measures ability to meet short-term obligations with existing liquid assets.

- “Current Assets” are those which are liquid in nature (cash or an asset which can be easily converted to cash). Inventory is excluded from the calculation.
- “Current Liabilities” are generally obligations coming due within the next fiscal year.

A ratio greater than one indicates the degree to which current assets exceed current liabilities.

The ratio of current assets to liabilities increased by 34.58 per cent during 20X5 (5.76 versus 4.28 end of 20X4).

## Financial Liabilities

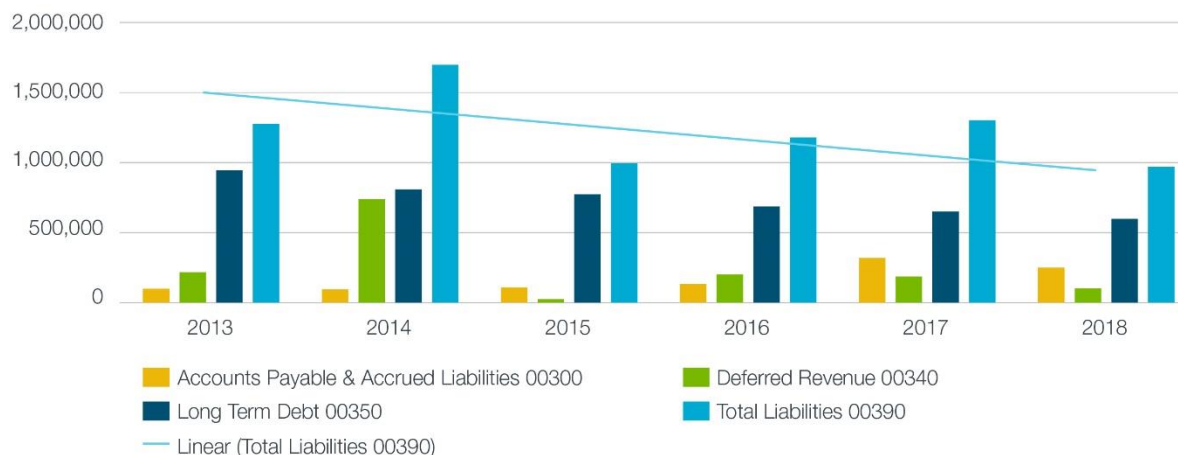
Liabilities are existing financial obligations to outside parties at the date of the financial statements. They result from past transactions and events and will lead to the future sacrifice of economic benefits (e.g., financial assets). Common liabilities are accounts payable, debt, employee pension obligations, and unearned revenue.

Users should also read the notes to the financial statements to better understand the nature of an entity’s liabilities and when liabilities are due.

During 20X3 fiscal year, financial liabilities increased by 29.59 per cent; in 20X4 they increased by 5.83 per cent; however, during 20X5 financial liabilities decreased by 22.3 per cent. Long-term municipal debt per capita decreased by 6.28 per cent (\$477 per capita versus \$509 end of 20X5).

*(Note: Graph is for illustrative purposes only)*

### Total Liabilities



## Reserves

Reserves are vital to municipal financial health. At the discretion of council, reserves are established to set aside funds for future operating and capital initiatives as the town grows. Having healthy levels of reserve enable the Town of New Sampleford to:

- Plan for future operating and capital needs of the municipality
- Plan for contingencies
- Help to avoid interest expense for debt
- Generate investment income
- Deal with the flow of cash management throughout the fiscal year

Healthy reserves result from having policy surrounding their management as well as effective long term planning to determine correct reserve levels. Standards in a reserve policy should support standards in a long-term planning policy and vice-versa.

	20X5	20X4
Unrestricted Surplus	\$1,050,103	\$1,080,059
Restricted Surplus	\$1,001,858	\$1,127,683
Reserves per Capita	\$1,114	\$ 1,200

## Net Financial Assets or Net Debt

The net assets refer to the difference between financial assets and liabilities and is a key indicator of the town's ability to meet commitments and liabilities as well as financing future activities.

This performance measure provides readers with important information regarding the entity's requirement to generate future revenues to fund past services and transactions. Financial assets are the resources available to settle an entity's liabilities to external parties.

- When liabilities exceed financial assets, an entity is in a net debt position. Entities in a net debt position must generate future revenues to cover the cost of past transactions and events.
- The reverse is true when an entity is in a net financial asset position (financial assets exceed liabilities). Entities in a net financial asset position have sufficient financial assets to settle existing liabilities and assist in financing future projects.

To understand how an entity's net debt (or net financial asset) position has changed, users should read the statement of change in net debt.

*(Note: Graph is for illustrative purposes only)*

### Net Financial Assets



In 20X5, net financial assets decreased by 7.2 per cent. This change is representative of the decrease in cash and Temporary Investments by \$395,148 and decrease in deferred revenues by \$153,901.

Net financial assets as at December 31, 20X5 are \$1,570,308 (20X4 - \$1,545,999) and attest to the town's stable position.

### Non-Financial Assets

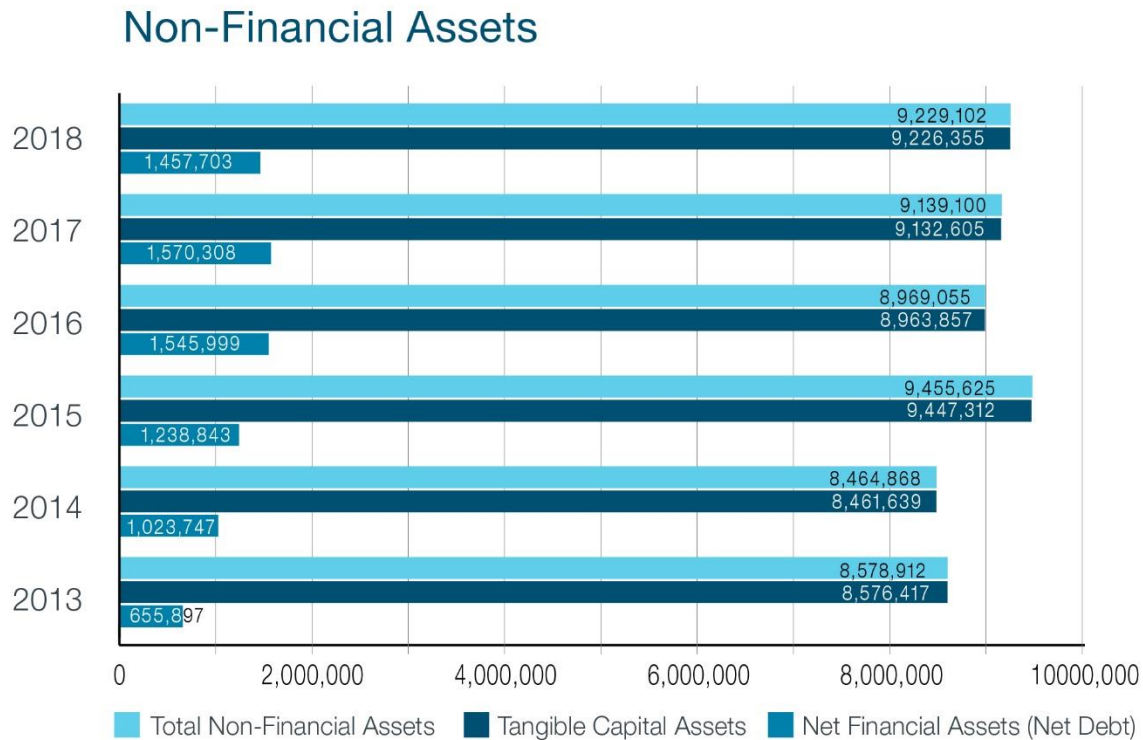
Non-financial assets are assets that an entity will use up when providing future services to the public. These assets are not normally used by an entity to settle its liabilities with external parties. As a result, they are shown separately in the Statement of Financial Position. During the 20X5 fiscal year, the non-financial assets increased by 9.84 per cent compared with an increase of 18.96 per cent during 20X4 fiscal year.

Often, the most significant group of assets within this category are the value of tangible capital assets, like buildings or roads, which are acquired to provide services over many years. As entities deliver services, the estimated portion of the assets used is recorded as an expense in the Statement of Operations. The balance presented represents the remaining service potential of the non-financial assets. Crown lands and natural resources inherited in right of crown and all intangible assets are not recognized as assets in public sector financial statements.

The town prepares a five-year capital budget. The challenge with capital budgeting is the balancing of infrastructure needs and ensuring fiscal stewardship.

The 20X5 capital budget included more than \$400,000 to be spent over the next three years. As of December 31, 20X5, the cost of tangible capital assets less amortization was \$9,226,355.

*(Note: Graph is for illustrative purposes only)*



Net book value as percentage of total capital property costs is 57.9 per cent.

### Financial Performance measure: Accumulated Surplus or Deficit

The accumulated surplus or deficit represents the net recognized economic resources (all assets and liabilities) of the municipality at the date of the financial statements. This measure provides the net economic position of the entity at a point in time.

The accumulated surplus or deficit is comprised of all of the past operating surpluses or deficits; and re-measurement gains and losses, if any.

- When total assets exceed total liabilities, the entity is in an accumulated surplus position. An accumulated surplus position means that the municipality has net

positive resources that, subject to direction of the government or governing board, could be used to provide future services.

- When an entity is in an accumulated deficit position (total liabilities exceed total assets), the entity must fund past transactions and events from future revenue.

During the last two fiscal years the net accumulated surplus for the town decreased by an average of 4.15 per cent.

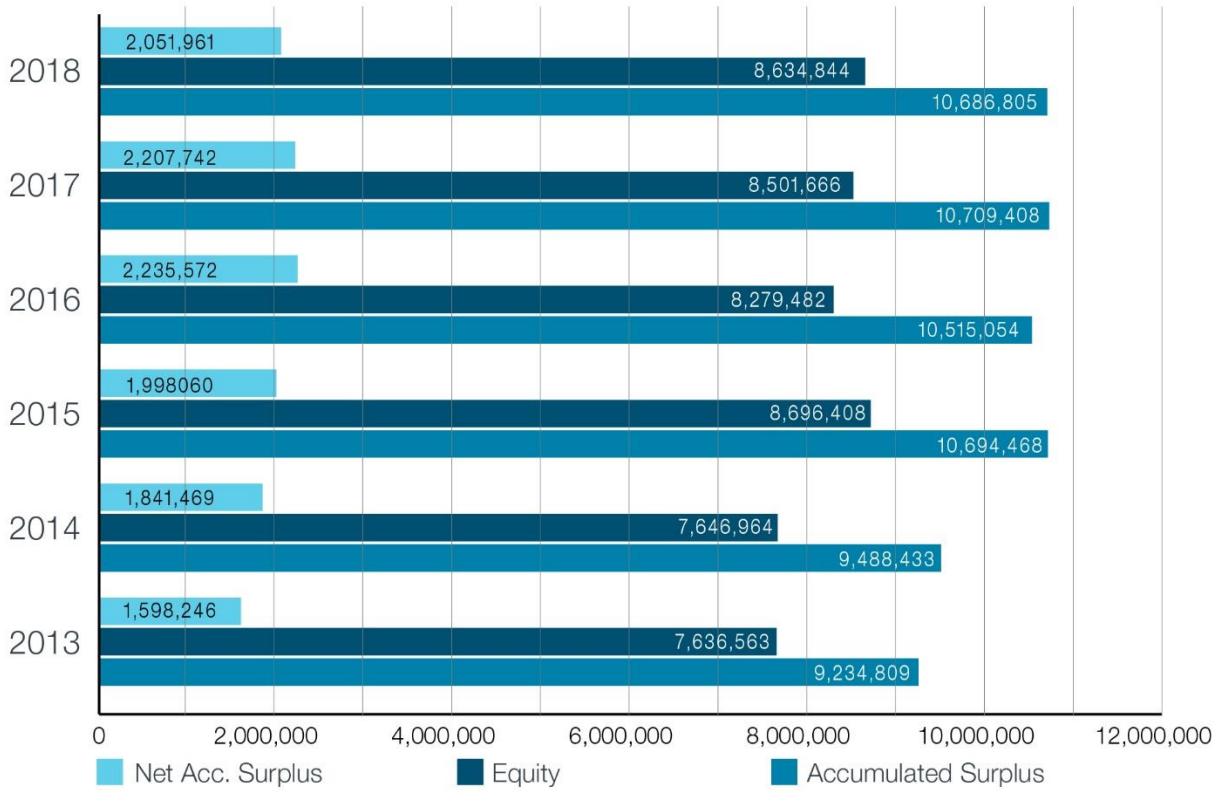
Municipal regulations require that the accumulated surplus net of equity in tangible capital assets cannot be less than zero.

At the end of 20X5, the net accumulated surplus is \$2,051,961.



(Note: Graph is for illustrative purposes only)

## Net Accumulated Surplus

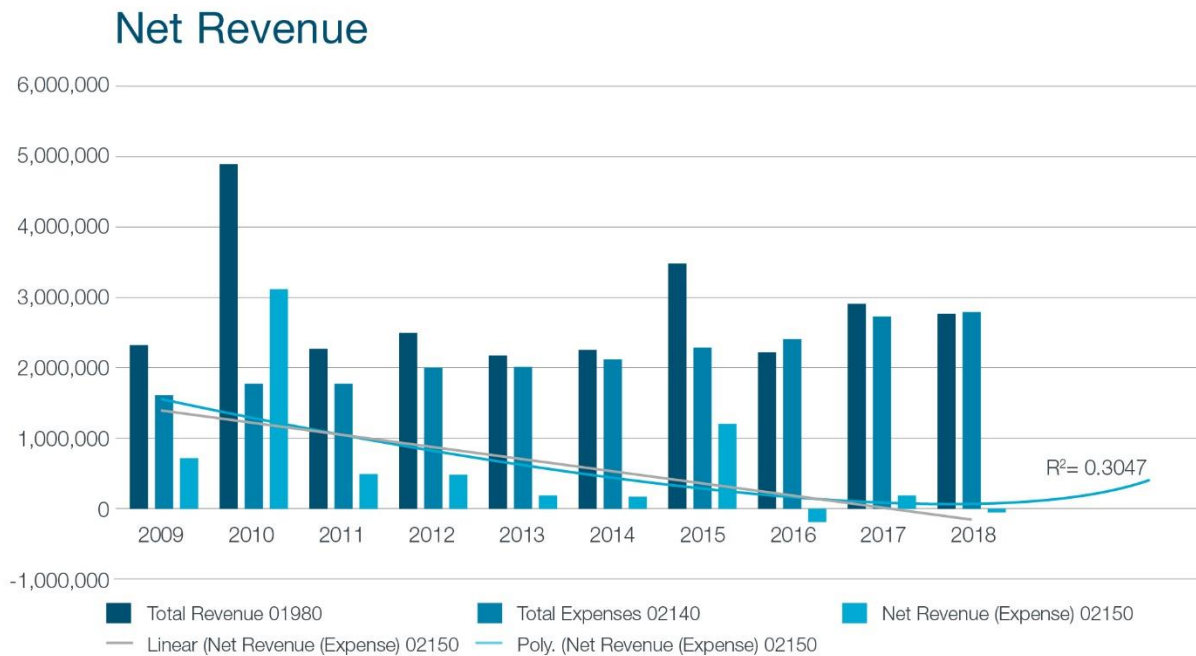


# Statement of Operations

The Statement of Operations is prepared to explain the changes in the overall financial position of the entity during the accounting period. This statement explains the change in the accumulated surplus or deficit from the prior year. The financial elements in the Statement of Operations include revenues and expenses.

The performance and accountability measures in this statement are the annual surplus or deficit and the comparison of budgeted to actual results. The operations of the town are presented on a consolidated basis and include the town’s operating and capital activity as well as financial operations related to all associated organizations including Municipal Library and Sampleford Housing Limited. The town reported a small operating deficit of \$22,603 for 20X5.

*(Note: Graph is for illustrative purposes only)*



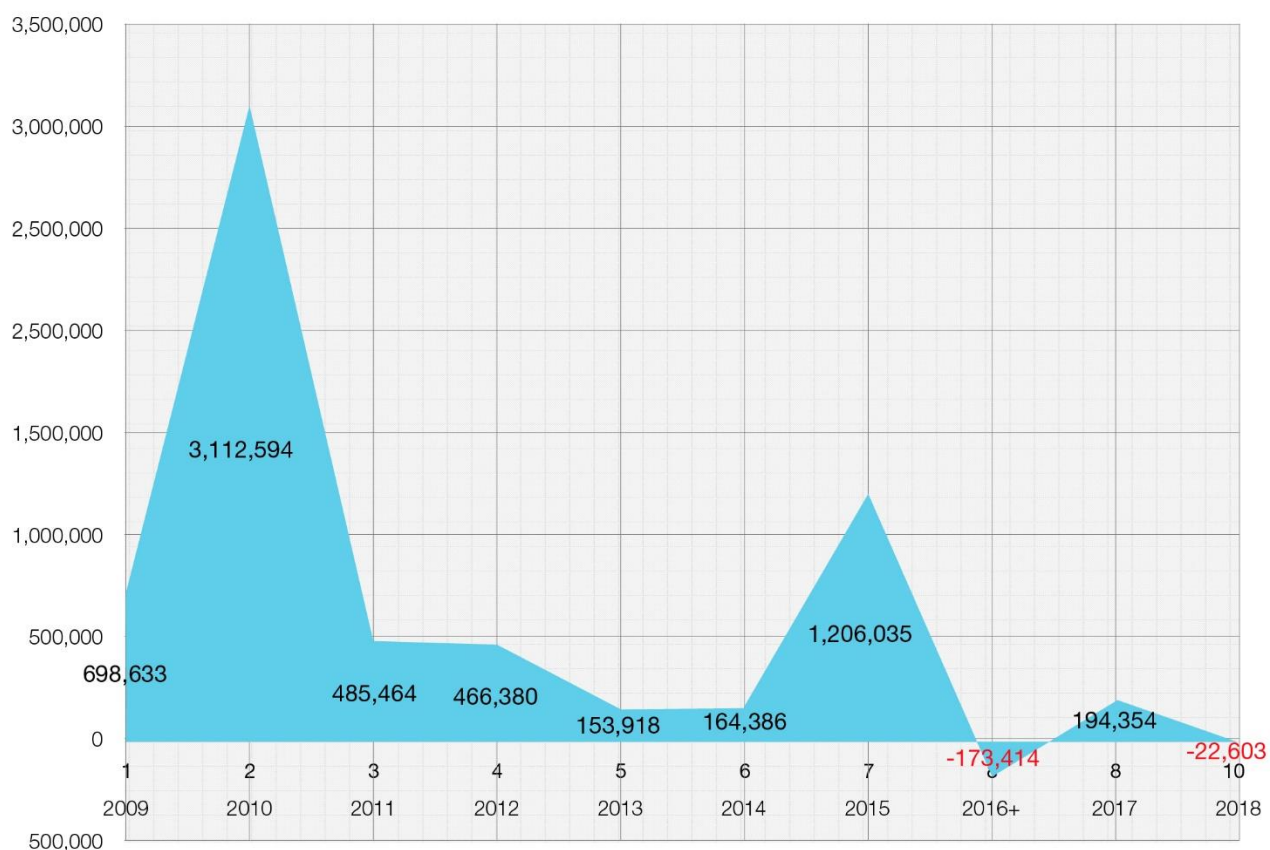
## Financial Performance measure: Annual operating Surplus or Deficit

The annual operating surplus or deficit shows whether the revenues raised in the year were sufficient to cover the year's operating expenses and consequently, whether the financial position improved, was unchanged or declined during the year. The impact of an entity's annual operating surplus or deficit must be viewed in the context of the entity's overall financial position. An entity in a strong financial position is better positioned to absorb the impact of annual operating deficits than an entity in a weak financial position. This makes it important to look at the annual operating surplus or deficit trends over time.

The total operating deficit for 20X5 was \$22,603 representing a decrease of \$216,957 during the last twelve months (from an operating surplus of \$194,354 at the end of 20X4).

This 20X5 deficit resulted in a decline in accumulated surplus. The beginning surplus balance of \$10,709,408 was reduced to \$10,686,805.

*(Note: Graph is for illustrative purposes only)*



## Revenue

Revenues are economic resources that result from the entity's operations, transactions and events during the accounting period. Revenues result from decreases in liabilities or increases in assets.

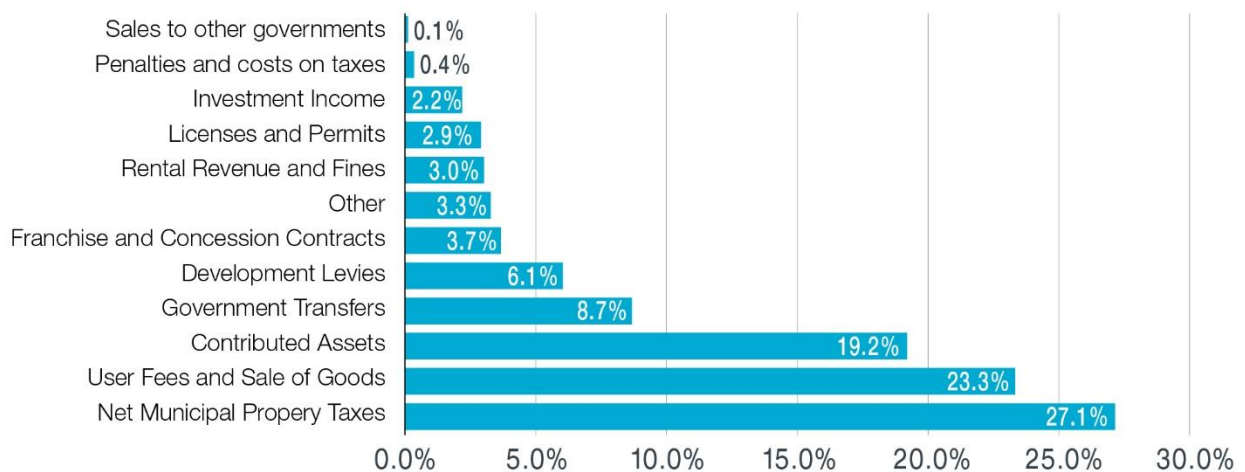
Common revenues include: taxation revenue (i.e. income or property tax); transfers from governments (i.e. federal and provincial grants); investment income; and revenues from the sale of goods and services.

Revenue for 20X5 decreased by 5.2 per cent from 20X4. The decrease in revenue is primarily attributable to a decrease in federal conditional grant payments.

During the last ten years, the net property taxes (property taxes net of provincial property taxes collected by the municipality on behalf of the province) increased by an average of 2.45 per cent; sales and user charges increased by 5.38 per cent; penalties and cost on taxes increased by 8.88 per cent; licenses and permits decreased by 9.9 per cent; franchise and concession contracts increased by 8.38 per cent; returns on investments increased by 67.46 per cent; provincial government conditional transfers increased by 48.85 per cent. Actual total revenue was 14.7 per cent lower than budget expectations due to 36 per cent overestimated revenues to be received from "sales and user fees".

*(Note: Graph is for illustrative purposes only)*

## Revenues



## Expenses

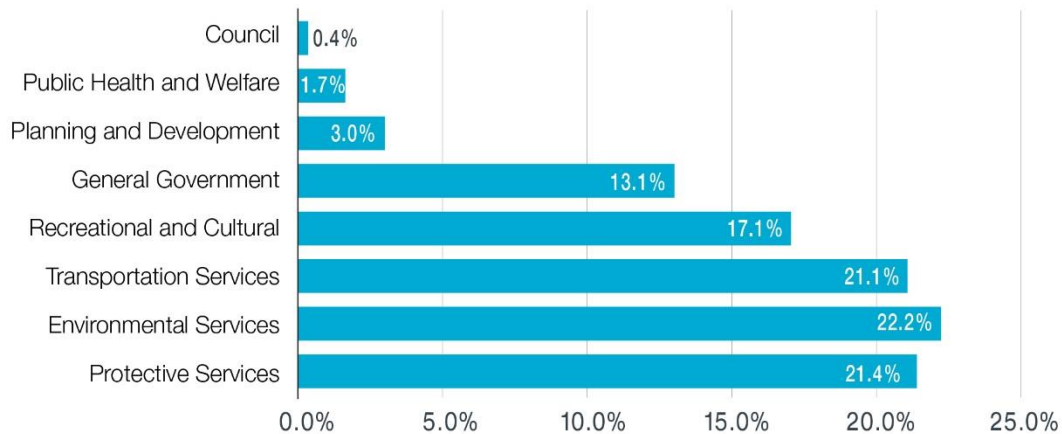
Expenses are decreases in economic resources that result from the entity's operations, transactions and events during the accounting period. Expenses result from decreases to assets or increases in liabilities.

The Statement of Operations presents expenses by function or program, such as public health and welfare, transportation services, environmental services, general government, recreation and cultural and other. The notes to the financial statements contain additional information on the classification of expenses by type or objects. For example, amortization expense represents the portion of tangible capital assets consumed during the year and is disclosed in the notes; contracted and general services; salary and benefits, and other.

During the 20X5 fiscal year, the town spent \$617,223 (\$335 per capita) to operate municipal services, an increase of \$56,000 (9.98%) over 20X4.

*(Note: Graph is for illustrative purposes only)*

### Expenses by Function



# Expenses by Object



## Financial Accountability: Budget to Actual Results

Annual budgets approved by town council convey the financial policy and resource decisions for the town. As a result, a key component of financial accountability in the public sector is comparing the actual financial results with the originally planned results in the budget.

To achieve this reporting objective, the Statement of Operations includes an entity’s original approved annual budget. This is a unique requirement of public sector financial statements.

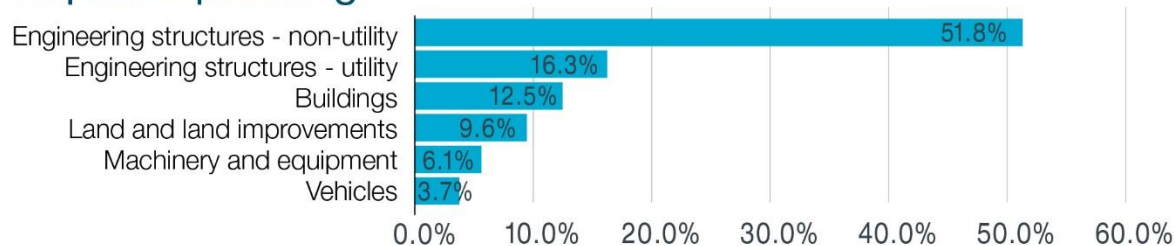
By reporting the budget, the entity’s revenues and expenses are compared against the original plan.

	Budget	20X5
<b>REVENUES</b>		
Net municipal taxes	\$958,993	\$959,619
User fees and sales of goods	\$1,254,324	\$802,369
Government transfers for operating (Schedule 4)	\$333,143	\$343,902
Investment income	\$25,000	\$44,745
Penalties and costs of taxes	\$54,079	\$70,634
Development levies	\$155,000	\$144,673
Licenses and permits	\$10,000	\$6,835
Government transfers for capital (Schedule 4)	-	\$366,188
Other	\$13,075	\$19,841
	<b>\$2,803,614</b>	<b>\$2,758,806</b>
<b>EXPENSES</b>		
Legislative	\$98,730	\$94,054
Administration	\$508,140	\$521,169
Bylaws enforcement	\$49,737	\$44,388
Roads, streets, walks, lighting	\$793,516	\$670,091
Water and Wastewater	\$749,322	\$859,824
Waste Management	\$57,266	\$57,571
Planning and development	\$21,512	\$24,757
Public Health and Welfare	\$100,068	\$94,025
Parks and Recreation	\$425,049	\$415,530
	<b>\$2,803,340</b>	<b>\$2,781,409</b>
<b>Excess (Shortfall) of REVENUE over EXPENSES</b>	<b>\$274</b>	<b>-\$22,603</b>

## Capital spending

Capital transactions amounted to \$556,733 during 20X5 versus \$634,321 during 20X4.

## Capital Spending



## Financial Assets (Debt)

The Statement of Change in Net Debt reconciles the change in net debt for the current and the prior year. This information helps readers understand why the net debt position of the entity changed.

To explain how the expenditures of the period were met by revenues, the statement reconciles the annual operating surplus or deficit shown in the Statement of Operations to the change in net debt.

The common items that explain the difference between the annual surplus (deficit) and the change in net debt are:

- the acquisition and disposal of tangible capital assets (TCA);
- the current year amortization expense for tangible capital assets (expense for current year consumption); and
- the acquisition and disposal of other non-financial assets.

	Budget	20X5
Excess (deficiency) of revenue over expenses	\$274	-\$22,603
Acquisition of tangible capital assets (TCA)	-	-\$556,733
Amortization of tangible capital assets (TCA)	\$462,983	\$462,983
Net (gain) loss on sale of TCA	-	-\$2,381
Proceeds on sale of TCA	-	\$2,381
	\$463,257	-\$116,353
Prepaid Expenses	-	\$3,748
Net Change in Net Financial Assets	\$463,257	-\$112,605
Water and Wastewater	\$1,570,308	\$1,570,308
<b>Net Financial Assets, end of year</b>	<b>\$2,033,565</b>	<b>\$1,457,703</b>

The town's long-term debt levels decreased to \$591,511, resulting in the town's per capita debt decreasing slightly to \$321 from \$343 at the end of 20X5. Principal debt payments total \$39,428.



## Debt Limit

Section 276(2) of the *MGA* requires that debt and debt limits, as defined by Alberta Regulation for the town, be disclosed as follows:

	20X5	20X4
Total debt limit	\$3,588,927	\$3,462,969
Total debt	\$591,511	\$630,939
Total Debt Limit Available	\$2,997,416	\$2,832,030

	20X5	20X4
Debt servicing limit	\$598,155	\$577,162
Debt servicing	\$65,790	\$65,790
Total Debt servicing limit Available	\$532,365	\$511,372

The table shows the municipality's debt of the regulated limit.

The debt limit used is 17 per cent of the total limit available. The median per cent for a group of similar sized municipalities is 22 per cent.

The debt service limit used is 11 per cent of the total limit available. The median per cent for a group of similar sized municipalities is 17 per cent.

## The Statement of Cash Flow

The Statement of Cash Flow explains the change in cash and cash equivalents from the prior year and provides readers with important information about how the entity generated cash to meet its requirements.

The layout of the statement is designed to show how the entity financed its activities during the current and prior year.

Cash and Cash Equivalents	20X5	20X4
Cash and cash equivalents, beginning of year	\$694,430	\$942,064
Net change in cash and cash equivalents	(274,743)	(247,634)
Cash and cash equivalents, end of year	\$ 419,687	\$694,430
Net change in cash and cash equivalents per capita	(\$149)	(\$134)

The statement presents cash flow in four categories. How the cash is generated and used is shown separately in each case:

### Operating activities:

Cash flow from operating activities demonstrates the cash flow generated from operations and accounts for the differences between net revenues and cash due to non-cash items such as amortization and non-cash working capital.

### Investing activities:

The primary investment activities of a municipality relate to investment in tangible capital assets to support the delivery of services to residents. This section of the statement details the use of cash on asset purchases, as well as any changes to the cash position as a result of financial investments.

### Financing activities:

Cash flow from financing activities includes the issuance and payment of debt obligations by the town. This category also includes cash transactions associated with tangible capital assets acquired through a capital lease.

For additional details, please refer to the audited financial statements.

## Section 4: Additional Information

Statistics Profile	20X5	20X4	20X3
Population	1,842	1,527	1,242
Total Full time Municipal Positions	10	10	8
Length of all Open Roads Maintained (KMs)	19.25	19.25	19.25
Total area of Municipality (Hectares)	304	304	304
Water Mains Length (KMs)	11	11	10
Wastewater Mains Length (KMs)	10	10	10
Storm Drainage Mains Length	1.5	1.5	1.5
Number of Dwelling Units	1,152	1,147	1,142
Property Taxes Levied	20X5	20X4	20X3
Net Municipal Taxes Levied	\$959,619	\$918,905	919,631
Real Property taxation	\$1,250,791	\$1,209,791	\$1,210,661
Requisitions:			
1. AB School Foundation Fund	\$ 278,157	\$ 273,275	\$ 265,641
2. AB Catholic School	\$ 13,015	\$ 17,069	\$ 12,463
Government Transfers	20X5	20X4	20X3
1. Operating Government transfers	\$343,902	\$289,159	\$221,209
2. Capital Government Transfers	\$366,188	\$601,532	\$-
<b>Total Government Transfers</b>	<b>\$710,090</b>	<b>\$890,691</b>	<b>\$221,209</b>
Taxable Assessments	20X5	20X4	20X3
1. Residential	\$95,270,820	\$96,774,440	\$98,836,800
2. Farmland	\$62,790	\$62,790	\$62,790
3. Non-Residential	\$12,724,280	\$10,326,860	\$10,407,320
<b>Total Assessment</b>	<b>\$108,057,890</b>	<b>\$107,164,090</b>	<b>\$109,279,130</b>

Mill Rate	20X5	20X4	20X3
Residential	0.00822130	0.00793165	0.00776886
Residential OIC (Order in Council)	0.00376031	0.00376031	0.00375990
Non-Residential	0.01456480	0.01537013	0.01524349
Non-Residential OIC (Order in Council)	0.01102480	0.00794600	0.00794600
Farmland	0.00794600	0.00794600	0.00375990

Taxes Receivable	20X5	20X4	20X3
Current	\$89,083	\$82,253	\$92,842
In arrears one year or more	\$162,652	\$137,589	\$121,235
	\$251,735	\$219,842	\$214,077

## Commercial and Industrial Construction Growth

The Town of New Sampleford recorded an increase 5.9 per cent in total construction value in 20X5, down 4.3 per cent from 20X4. Some of the largest construction projects included: Coopers Crossing including Save on Foods and Shell gas station, K-7 school, K-4 school, Field of Hopes RV, Angels Playing Daycare, Fun Creek recreation center, Co-op Liquor Store.

## Business License Growth

Alberta is known for its entrepreneurial spirit and Town of New Sampleford is no exception. Many of our storefront businesses are classified as self-employed, and a further 46 residents run home-based businesses.

The competitive economic environment and Town of New Sampleford's superb quality of life resulted in a 5.7 per cent increase in business licenses issued in 20X5.