

**TOWN OF FORT SMITH  
FORT SMITH, NT**

**ANNUAL FINANCIAL REPORT  
For the Year Ended December 31, 2016**

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# TOWN OF FORT SMITH

Post Office Box 147, Northwest Territories, X0E 0P0

## **TOWN OF FORT SMITH MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016**

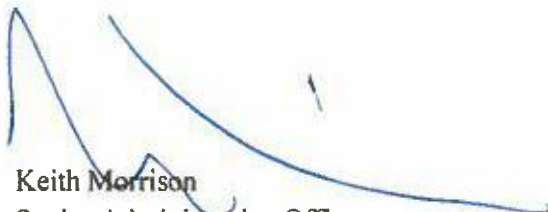
Overall, the Town of Fort Smith is in a fairly strong financial position. The total assets of the Town exceed total liabilities which includes long term debt for the arena being put in place with the completion of that project in 2015. The Town has sufficient resources meet its financial obligations over the next year.

In 2016, the total Financial Assets increased slightly over 2015 with the majority of the increase coming from Taxes and grant in lieu of taxes receivable. The balance on deposit with the bank is down from 2015 to \$ 1.3 million available for ongoing operations and \$1.4 million in reserve account balances. The Town also has over \$3.5 million on deposit for capital projects.

The total liabilities decreased by \$366,000. Accounts Payable and Accruals decreased by \$549,000 and Deferred Revenue increased by \$366,000. Long-term debt decreased by \$379,000, which represents the repayment of the debenture on the arena. This debenture will be retired in 2025. Total Non-Financial Assets decreased by over \$739,000 from 2015.

Accounts receivable continue to be a concern for the Town. Greater efforts will be made in the next year to collect Trade Receivables and Property Taxes Receivable. The Town also has a significant investment in Land for Resale with the development of Westgrove Subdivision in 2011. A marketing strategy will be developed over the next year to sell these lots.

Revenue increased in 2016 from \$9.4 million to \$10.1million with the majority of that coming from the use of government funds for the completion of capital projects. Municipal tax revenue and user fees increased by nearly \$116,000 over 2015; an increase of \$182 thousand in tax revenue and a decrease of \$66 thousand in user fees. Expenses increased slightly over 2015 at just under \$10.4 million. These budgeted increases occurred in the areas of General Government and Public Works and Transportation while decreases in expenses occurred in Recreation and Culture and Water and Sewer. At the end of 2016 there was a deficit of \$315 thousand.



Keith Morrison  
Senior Administrative Officer



# TOWN OF FORT SMITH

Post Office Box 147, Northwest Territories, X0E 0P0

## MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

Town Council, which is responsible for, among other things, the financial statements of the Town of Fort Smith, delegates to Administration the responsibility of the financial statements. Town Council appoints independent auditors to examine and report directly to them on the financial statements. Administration prepare the financial statements. Accounting principles have been followed as recommended by the Department of Municipal and Community Affairs, based upon the requirements of the Cities, Towns and Villages Act of the Northwest Territories, and the Canadian Public Sector Accounting Standards.

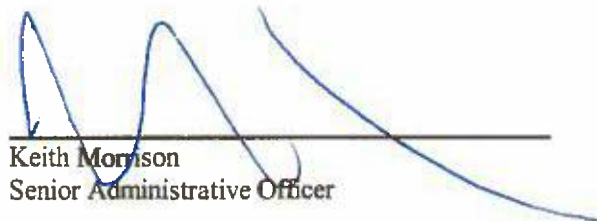
Administration maintains a system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. There are limits inherent in all systems based on the recognition that the cost of such systems should not exceed the benefits to be derived. Administration believes its system provides the appropriate balance in this respect.

Town Council carries out its responsibility for review of the financial statements primarily through the Corporate Services Committee. The Committee meets regularly with Administration to discuss financial matters, including the results of audit examinations. The Committee reports its findings to Town Council for its consideration in approving the financial statements for issuance.

The financial statements have been reported on by Avery Cooper & Co. Ltd., Chartered Professional Accountants. The auditor's report outlines the scope of the audit and their opinion on the presentation of the information included in the financial statements in accordance with Canadian generally accepted auditing standards.

  
\_\_\_\_\_  
Lynn Napier-Buckley  
Mayor

April 18, 2017  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Keith Morrison  
Senior Administrative Officer

April 18, 2017  
\_\_\_\_\_  
Date



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Chartered Professional Accountants

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## INDEPENDENT AUDITORS' REPORT

Mayor and Council  
Town of Fort Smith

### Report on the Financial Statements

We have audited the accompanying financial statements of Town of Fort Smith which comprise the Statement of Financial Position as at December 31, 2016 and the Statements of Operations, Changes in Net Financial Assets and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and the Cities, Towns and Villages Act, 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.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Town of Fort Smith as at December 31, 2016 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## INDEPENDENT AUDITORS' REPORT, cont'd

### Report on Other Legal and Regulatory Requirements

We further report that, in our opinion, these financial statements are prepared, in all material respects, in accordance with the policies and standards prescribed for municipalities by the Cities, Towns & Villages Act and by the department of Municipal and Community Affairs, Government of the Northwest Territories. As required by the Cities, Towns and Villages Act we further report that, in our opinion, proper books of account have been maintained by the Town, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Town. We also report that, in our opinion these principles have been applied on a basis consistent with that of the preceding year.

*Avery Cooper & Co. Ltd.*

Avery Cooper & Co. Ltd.  
Chartered Professional Accountants  
Yellowknife, NT

April 18, 2017

**TOWN OF FORT SMITH**

**Statement I**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2016

	<u>2016</u>	<u>2015</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 5,892,025	\$ 6,289,731
Taxes and grants in lieu of taxes receivable (Note 4)	1,128,499	679,481
Trade and other accounts receivable (Note 5)	346,008	339,247
Inventory for resale - land	<u>967,114</u>	<u>967,114</u>
	<u>8,333,646</u>	<u>8,275,573</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	517,420	1,066,243
Wages and benefits payable	254,618	163,480
School taxes payable	498,104	503,893
Deposit liabilities	162,023	169,831
Deferred revenue (Note 9)	2,089,288	1,722,743
Long-term debt (Note 10)	3,621,229	4,000,000
Provision for post-employment benefits	367,900	301,355
Provision for landfill closure (Note 21)	<u>726,386</u>	<u>675,386</u>
	<u>8,236,968</u>	<u>8,602,931</u>
<b>NET FINANCIAL RESOURCES (Statement III)</b>	<u>96,678</u>	<u>(327,358)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	37,164,792	38,015,309
Inventory for consumption - land	160,774	160,774
Inventory of supplies	141,924	30,990
Prepaid expenses	<u>106,484</u>	<u>106,041</u>
	<u>37,573,974</u>	<u>38,313,114</u>
<b>ACCUMULATED SURPLUS (Note 16) and (Statement II)</b>	<u>\$ 37,670,652</u>	<u>\$ 37,985,756</u>
<b>CONTINGENCIES (Note 18)</b>		

Approved:

\_\_\_\_\_ Mayor

\_\_\_\_\_ Senior Administrative Officer

See the accompanying notes and schedules.

## TOWN OF FORT SMITH

Statement II

### STATEMENT OF OPERATIONS For the Year Ended December 31, 2016

	2016 Budget <u>(Unaudited)</u>	2016 <u>Actual</u>	2015 Actual
<b>REVENUES</b>			
Government transfers for operations (Note 15)	\$ 5,186,600	\$ 3,964,293	\$ 2,712,960
Government transfers for capital (Note 15)	85,000	314,702	87,044
Net municipal taxes (Note 12)	3,016,864	3,055,139	2,873,015
User fees and sales of goods	2,254,972	2,325,118	2,391,193
Investment income	10,000	25,023	25,012
Fines, penalties and cost of taxes	160,000	359,252	259,703
Development levies, licences and permits	60,500	71,105	156,674
Insurance proceeds	<u>-</u>	<u>-</u>	<u>901,697</u>
<b>TOTAL REVENUES</b>	<u>10,773,936</u>	<u>10,114,632</u>	<u>9,407,298</u>
<b>EXPENSES</b>			
General Government Services (Schedule 1a)	1,445,795	1,435,510	1,178,399
Public Safety and Protective Services (Schedule 1b)	575,956	493,095	531,239
Public Works and Transportation Services (Schedule 1c)	2,752,129	2,906,252	1,494,627
Recreation and Culture Services (Schedule 1d)	2,752,811	3,090,913	3,300,933
Water and Sewage Services (Schedule 1e)	2,455,187	1,944,475	2,161,646
Environmental Fund (Schedule 1f)	574,112	559,386	473,818
Land Development Fund (Schedule 1g)	<u>5,000</u>	<u>105</u>	<u>110,922</u>
<b>TOTAL EXPENSES (Schedule 5)</b>	<u>10,560,990</u>	<u>10,429,736</u>	<u>9,251,584</u>
<b>ANNUAL SURPLUS</b>	<u>212,946</u>	<u>(315,104)</u>	<u>155,714</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>37,985,756</u>	<u>37,985,756</u>	<u>37,830,042</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 38,198,702</u>	<u>\$ 37,670,652</u>	<u>\$ 37,985,756</u>

See the accompanying notes and schedules.



**TOWN OF FORT SMITH**

**Statement III**

**STATEMENT OF CHANGES IN NET ASSETS**

December 31, 2016

	2016 Budget <u>(Unaudited)</u>	2016 <u>Actual</u>	2015 Actual
<b>ANNUAL SURPLUS</b>	\$ <u>212,946</u>	\$ <u>(315,104)</u>	\$ <u>155,714</u>
Amortization of tangible capital assets	1,485,685	1,623,397	1,578,310
Acquisition of tangible capital assets	(1,610,000)	(807,788)	(4,910,652)
Proceeds on disposal of tangible capital assets	-	10,855	-
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>24,053</u>	<u>-</u>
(Increase)/Decrease in tangible capital assets	<u>(124,315)</u>	<u>850,517</u>	<u>(3,332,342)</u>
Acquisition of inventory of supplies	-	(146,924)	(30,990)
Consumption of inventory	-	35,990	-
Acquisition of prepaid expenses	-	(64,398)	(106,041)
Use of prepaid expenses	<u>-</u>	<u>63,955</u>	<u>114,538</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	88,631	424,036	(3,199,121)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>(327,358)</u>	<u>(327,358)</u>	<u>2,871,763</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ (238,727)</u>	<u>\$ 96,678</u>	<u>\$ (327,358)</u>

See the accompanying notes and schedules.

**TOWN OF FORT SMITH**

**Statement IV**

**STATEMENT OF CASH FLOW**  
For the Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING TRANSACTIONS</b>		
Annual Surplus	\$ (315,104)	\$ 155,714
Add back non-cash items		
Accounts receivable	(666,048)	(275,212)
Land inventory	-	83,500
Liabilities (other than long-term)	256,211	1,502,862
Inventory of supplies	(110,934)	(30,990)
Prepaid expenses	(443)	8,497
Amortization expense	1,623,397	1,578,310
Loss on disposal of tangible capital assets	24,053	-
Bad debts expense	<u>210,269</u>	<u>38,429</u>
Net cash (used for) from Operations	<u>1,021,401</u>	<u>3,061,110</u>
<b>CASH FLOWS FROM CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(1,051,191)	(4,420,460)
Proceeds on disposal of tangible capital assets	<u>10,855</u>	<u>-</u>
Cash used in capital transactions	<u>(1,040,336)</u>	<u>(4,420,460)</u>
<b>CASH FLOWS FROM FINANCING TRANSACTIONS</b>		
Long-term debt issued	-	4,000,000
Long-term debt repaid	<u>(378,771)</u>	<u>(614,670)</u>
	<u>(378,771)</u>	<u>3,385,330</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(397,706)	2,025,980
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>6,289,731</u>	<u>4,263,751</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 5,892,025</u>	<u>\$ 6,289,731</u>

See the accompanying notes and schedules.

# TOWN OF FORT SMITH

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Fort Smith are the representations of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. They are also prepared in accordance with policies prescribed for municipalities by the Cities, Towns and Villages Act of the Northwest Territories, and by the Department of Municipal and Community Affairs, Government of the Northwest Territories.

The Municipality is exempt from income tax under Section 149 of the Income Tax Act.

Significant aspects of the accounting policies adopted by the Town of Fort Smith are as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, changes in net financial assets (debt) and change in financial position of the reporting entity. This entity comprises the municipal operations plus all of the organizations that are owned or controlled by the Town of Fort Smith and are, therefore, accountable to the Council for the administration of their financial affairs and resources. At present, there are no organizations that are owned or controlled by the municipality, other than its own management funds (see Segmented Information below).

Note 12 relating to taxes levied also includes requisitions for education that are not part of the municipal reporting entity.

Interdepartmental and organizational transactions and balances are eliminated.

The Town of Fort Smith receives significant funding from the Government of the Northwest Territories in the form of operating grants and capital grants. Administration is of the opinion that discontinuance of funding would significantly disrupt operations.

(b) Basis of Accounting

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

Externally restricted funds and earnings thereon are accounted for as deferred revenue until used for the purpose specified. Government transfers for general operations and water/sewage operations are recognized as revenue in their respective funds. Government transfers for capital purposes are accounted for as deferred revenue until the related tangible capital assets are acquired or constructed or eligible expenses are incurred.

## TOWN OF FORT SMITH

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

#### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES, *continued*

(c) Cash and Cash Equivalents

Cash consists of cash on hand and temporary investments. The Town of Fort Smith considers any and all highly liquid investments with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value, to be cash equivalents.

(d) Use of Estimates

The preparation of financial statements in conformity with 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 revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Significant estimates are used in determining the useful lives of depreciable assets, landfill closure and post-closure liability, allowance for doubtful accounts, and allocations of common administrative expenses between funds/programs.

(e) Land held 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 leveling 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.

(f) Landfill Closure and Post-Closure Liability

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

# TOWN OF FORT SMITH

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES, *continued*

(g) Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from a government for which the government making the transfer does not:

- i) receive any goods or services directly in return;
- ii) expect to be repaid in future; or
- iii) expect a direct financial return.

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

Capital transfers are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital assets are acquired or constructed.

(h) Post-Employment Benefits

Contributions for current and past service pension and sick leave benefits are recorded as expenses in the year in which they become due.

(i) Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

(j) Non-Financial Assets

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

(k) 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.

# TOWN OF FORT SMITH

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES, continued

(l) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost. Cost is determined in the specific item basis.

Other inventories held for resale are valued at the lower of cost or net realizable value with cost determined by the average cost method.

(m) 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:

	<u>Years</u>
Buildings, Improvements & Structures	15 - 50
Waste Management Facilities Infrastructure	40 - 50
Parks Infrastructure	15-75
Roads	30 - 40
IT and Other Infrastructure	5 - 40
Vehicles	7 - 25

One half year 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, and includes interest on related debt.

(n) Contributions of Tangible Capital Assets

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

(o) Cultural and Historical Tangible Capital Assets

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

# TOWN OF FORT SMITH

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

### NOTE 1      SIGNIFICANT ACCOUNTING POLICIES, *continued*

(p)      Reserve for Future Expenses

Reserves are established at the discretion of Council or as stipulated requirements to set aside funds for future operating and capital expenses. Transfers to and/or from reserves are reflected as an adjustment to the respective fund and not as revenue or expenses in the statement of operations.

The Town maintains the following reserves:

- i)      Municipal Infrastructure - to ensure sufficient funds available to replace or expand the municipal infrastructure, excluding recreation and utility infrastructure, as required.
- ii)     Mobile Equipment Replacement - to replace the Municipal mobile equipment fleet as required.
- iii)    Recreation Infrastructure - to ensure sufficient funds are available to replace or expand the recreation infrastructure as required.
- iv)    Emergency Equipment Replacement - to provide for the replacement, refurbishing or enhancing Emergency Department Equipment as required.
- v)     Computer Replacement - to replace the major computer systems as required.
- vi)    Water and Sewer Interruption - to have adequate funds available to provide for the repair and maintenance from the Town's mains to customer's buildings and provide assistance to customers.
- vii)   Utility Infrastructure - to ensure sufficient funds available to replace or expand the municipal utility infrastructure as required.

The balance in each reserve is disclosed in Note 11.

# TOWN OF FORT SMITH

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

### NOTE 1      SIGNIFICANT ACCOUNTING POLICIES, *continued*

(q)      Segmented Information

Municipal services are provided by departments and segmented financial information on their activities is reported in the schedules. The accounting policies used in these segments are consistent with those followed in preparation of the financial statements as disclosed in Note 1. Revenues not directly attributable to a specific segment are indicated as unallocated items in Note 16. The Town allocates certain common expenses to different departments based on the percentage of equipment owned or directly attributable to each department. The segments include:

- i) General Government Services, which provides internal support to council and other departments who provide services to its citizens. These internal departments include the Senior Administrative Officer, Financial services, Information Technology Support, and Human Resources.
- ii) Public Safety and Protective Services, which provides services to maintain public order, uphold municipal bylaws and emergency and prevention services related to firefighting and medical services.
- iii) Public Works and Transportation, which provides construction and maintenance of community assets and transportation planning.
- iv) Recreation and Culture Services, which provides services through a recreation and cultural program.
- v) Water and Sewage Services which provides for operations and maintenance related to water distribution and sewage collection.
- vi) Environmental Operating Fund which provides for operations and maintenance related to solid waste and garbage.
- vii) Land Development Fund, which creates plans, programs, and policies required for community planning, zoning, and subdivision.

(r)      Financial Instruments

The Town's financial instruments are initially recorded at fair value, unless fair value cannot be reliably determined, and subsequently measure at amortized cost. The estimated fair values of these financial instruments are assumed to approximate their carrying amounts due to the relatively short period to maturity. Transaction costs are expensed as incurred.



# TOWN OF FORT SMITH

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES, *continued*

(s) Prior year presentation

Prior year's figures have been restated, where applicable, to conform to current year's presentation.

### NOTE 2 FUTURE ACCOUNTING CHANGES

In March 2015, the PSAB issued Section PS 2200, "Related party disclosures". This new Section defines a related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material effect on the financial statements. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Town of Fort Smith is currently assessing the impact of this Section.

In June 2015, the PSAB issued Section PS 3210, "Assets". This new Section provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Town of Fort Smith is currently assessing the impact of this Section.

In June 2015, the new Section PS 3320, Contingent assets, was issued to define and establish disclosure standards on contingent assets. Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the organization's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset. Disclosure of information about contingent assets is required when the occurrence of the confirming future event is likely. This Section applies to fiscal years beginning on or after April 1, 2017. Early adoption is permitted. The Town of Fort Smith is currently assessing the impact on the financial statements.

In June 2015, the new Section PS 3380, Contractual rights, was issued to define and establish disclosure standards on contractual rights. Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. Disclosure of information about contractual rights is required including a description about their nature and extent and the timing. This Section applies to fiscal years beginning on or after April 1, 2017. Early adoption is permitted. The Town of Fort Smith is currently assessing the impact on the financial statements.

**TOWN OF FORT SMITH**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

**NOTE 3 CASH AND CASH EQUIVALENTS**

	<u>2016</u>	<u>2015</u>
Cash	\$ <u>5,892,025</u>	\$ <u>6,289,731</u>

Cash equivalents are short-term deposits with original maturities of three months or less.

**NOTE 4 TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLE**

	<u>2016</u>	<u>2015</u>
Taxes and grants in lieu	\$ 360,192	\$ 157,823
Arrears taxes	<u>1,418,542</u>	<u>1,018,221</u>
	1,778,734	1,176,044
Less: allowance for doubtful accounts	<u>(650,235)</u>	<u>(496,563)</u>
	<u>\$ 1,128,499</u>	<u>\$ 679,481</u>

**NOTE 5 TRADE AND OTHER ACCOUNTS RECEIVABLE**

	<u>2016</u>	<u>2015</u>
Utilities	\$ 171,449	\$ 174,721
Less: allowance for doubtful accounts	<u>(34,939)</u>	<u>(32,144)</u>
	<u>136,510</u>	<u>142,577</u>
Other	462,963	396,483
Less: allowance for doubtful accounts	<u>(253,465)</u>	<u>(199,813)</u>
	<u>209,498</u>	<u>196,670</u>
	<u>\$ 346,008</u>	<u>\$ 339,247</u>

**TOWN OF FORT SMITH**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

**NOTE 6 DEPOSITS**

<u>Source</u>	<u>Deferred Revenue</u>	<u>Reserves</u>	<u>Total Required Deposit</u>	<u>Actual Bank Deposit</u>	<u>Overage/ (Shortfall)</u>
Gas Tax	\$ -	\$ -	\$ -	\$ 932,456	\$ 932,456
Community Public Infrastructure	1,972,196	-	1,972,196	2,194,455	222,259
Municipal Infrastructure	-	159,353	159,353	104,835	(54,518)
Mobile Equipment Replacement	-	196,863	196,863	196,863	-
Recreation Infrastructure	-	42,144	42,144	42,144	-
Emergency Equipment Replacement	-	412,195	412,195	412,195	-
Computer Replacement	-	27,971	27,971	27,971	-
Water and Sewer Interruption	-	217,607	217,607	217,607	-
Utility Infrastructure	-	1,838,082	1,838,082	435,222	(1,402,860)
Daily operations	<u>117,092</u>	<u>-</u>	<u>117,092</u>	<u>1,328,277</u>	<u>1,211,185</u>
	<u>\$ 2,089,288</u>	<u>\$ 2,894,215</u>	<u>\$ 4,983,503</u>	<u>\$ 5,892,025</u>	<u>\$ 908,522</u>

Deposits comprise:

		<u>2016</u>	<u>2015</u>
Gas Tax	Current account	\$ 932,456	\$ 926,680
Community Public Infrastructure	Current account	2,194,455	1,176,730
Reserves	Current account	1,436,837	1,426,818
Daily Operations	Current account	<u>1,328,277</u>	<u>2,759,503</u>
		<u>\$ 5,892,025</u>	<u>\$ 6,289,731</u>

**NOTE 7 CREDIT FACILITY**

The Town has an Operating Line of Credit with the Bank of Montreal in the amount of \$100,000. The Operating Line of Credit bears interest at Prime plus 1%. At December 31, 2016, the Operating Line of Credit has a zero balance.

**TOWN OF FORT SMITH**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

**NOTE 8      ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2016</u>	<u>2015</u>
Accounts payable	\$ 417,050	\$ 793,672
Accrued liabilities	<u>100,370</u>	<u>272,571</u>
	<u>\$ 517,420</u>	<u>\$ 1,066,243</u>

**NOTE 9      DEFERRED REVENUE**

	<u>2016</u>	<u>2015</u>
Gas Tax	\$ -	\$ 533,644
Community Public Infrastructure	1,972,196	1,099,730
Children and Youth Resiliency	10,652	5,945
Youth Centre initiative	-	11,127
Ground Ambulance and Highway Rescue Services	-	50,000
Waster Reduction and Recycling Initiative	-	15,529
Mary Kaeser Library story time project	-	6,768
Fire Abatement	25,000	-
Snowboard Park	53,440	-
Riverside Park	<u>28,000</u>	<u>-</u>
	<u>\$ 2,089,288</u>	<u>\$ 1,722,743</u>

**TOWN OF FORT SMITH**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

**NOTE 10      LONG-TERM DEBT**

	<u>2016</u>	<u>2015</u>
Bank of Montreal fixed rate term loan bearing interest at 3.80% per annum, repayable in monthly blended payments of \$42,796. The loan matures in March 2025.	\$ <u>3,621,229</u>	\$ <u>4,000,000</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2017	382,563	130,990	513,553
2018	397,357	116,196	513,553
2019	412,722	100,831	513,553
2020	428,682	84,871	513,553
2021	<u>445,258</u>	<u>68,295</u>	<u>513,553</u>
	2,066,582	501,183	2,567,765
Thereafter	<u>1,554,647</u>	<u>99,558</u>	<u>1,654,205</u>
Total	<u>3,621,229</u>	<u>600,741</u>	<u>4,221,970</u>

**TOWN OF FORT SMITH**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

**NOTE 11 RESERVES**

Reserves for operating and capital activities changed as follows:

<u>Reserves</u>	<u>Type</u>	<u>2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>2016</u>
Municipal Infrastructure	Capital	\$ 78,998	\$ 80,355	\$ -	\$ 159,353
Mobile Equipment Replacement	Capital	257,378	10,855	71,370	196,863
Recreation Infrastructure	Capital	484,162	-	442,018	42,144
Emergency Equipment Replacement	Capital	387,195	25,000	-	412,195
Computer Replacement	Capital	27,971	-	-	27,971
Water and Sewer Interruption	Operating	213,593	36,708	32,694	217,607
Utility Infrastructure	Capital	<u>1,619,508</u>	<u>239,204</u>	<u>20,630</u>	<u>1,838,082</u>
		<u>\$ 3,068,805</u>	<u>\$ 392,122</u>	<u>\$ 566,712</u>	<u>\$ 2,894,215</u>

**NOTE 12 NET MUNICIPAL TAXATION**

	<u>2016</u>	<u>2015</u>
Taxes	\$ 2,181,479	\$ 2,116,529
Grants-in-lieu of taxes - GNWT	993,652	848,562
Grants-in-lieu of taxes - Government of Canada	170,179	214,376
Less: Education requisition	<u>(290,171)</u>	<u>(306,452)</u>
	<u>\$ 3,055,139</u>	<u>\$ 2,873,015</u>

**TOWN OF FORT SMITH**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

**NOTE 13 EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2016</u>	<u>2015</u>
Tangible Capital Assets (Schedule 1)	\$ 65,456,826	\$ 64,846,801
Accumulated amortization (Schedule 1)	(28,292,034)	(26,831,492)
Long-term debt (Note 10)	(3,621,229)	(4,000,000)
Tangible Capital Assets payable	<u>(246,790)</u>	<u>(490,192)</u>
	<u>\$ 33,296,773</u>	<u>\$ 33,525,117</u>

**NOTE 14 ACCUMULATED SURPLUS**

Accumulated surplus consists of restricted and unrestricted fund surplus (deficit), reserves and equity in tangible capital assets as follows:

	<u>2016</u>	<u>2015</u>
<b>Unrestricted surplus</b>		
General Fund (Schedule 4)	\$ <u>1,150,884</u>	\$ <u>999,204</u>
<b>Restricted surplus</b>		
Utility Operating Fund	634,847	699,795
Environmental Operating Fund	(357,911)	(358,514)
Land Development Fund	<u>51,844</u>	<u>51,349</u>
<b>Total Restricted surplus</b>	<u>328,780</u>	<u>392,630</u>
<b>Reserves</b>		
Municipal Infrastructure	159,353	78,998
Mobile Equipment Replacement	196,863	257,378
Recreation Infrastructure	42,144	484,162
Emergency Equipment Replacement	412,195	387,195
Computer Replacement	27,971	27,971
Water and Sewer Interruption	217,607	213,593
Utility Infrastructure	<u>1,838,082</u>	<u>1,619,508</u>
<b>Total Reserves</b>	<u>2,894,215</u>	<u>3,068,805</u>
<b>Equity in tangible capital assets</b>	<u>33,296,773</u>	<u>33,525,117</u>
<b>Accumulated surplus</b>	<u>\$ 37,670,652</u>	<u>\$ 37,985,756</u>

**TOWN OF FORT SMITH**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

**NOTE 15      GOVERNMENT TRANSFERS**

	<u>2016</u>	<u>2015</u>
<b>GOVERNMENT OF THE NORTHWEST TERRITORIES TRANSFERS</b>		
Operational funding:		
- Operations and Maintenance	\$ 1,920,000	\$ 1,813,000
- Water and Sewage	<u>494,000</u>	<u>432,000</u>
	<u>2,414,000</u>	<u>2,245,000</u>
Repayable Contributions:		
- Sport and Recreation	24,000	24,000
- Youth Centre Initiative	13,888	14,285
- Industry, Tourism and Investment	22,650	6,888
- ITI - Tourism Product Diversification - Snowboard Park	93,600	-
- ITI - Riverside Park	28,000	-
- Fire Abatement	25,000	-
- Ground Ambulance and Highway Rescue Services	-	50,000
- Waste Reduction and Recycling Initiative	-	18,000
- Other Grants	15,865	19,080
- Children and Youth Resiliency	15,000	15,850
- Transfers from (to) Deferred Revenue	<u>(27,723)</u>	<u>(63,132)</u>
	<u>210,280</u>	<u>84,971</u>
Other Restricted Funding:		
- Gas Tax	863,000	704,000
- Community Public Infrastructure	<u>1,114,000</u>	<u>1,114,000</u>
	1,977,000	1,818,000
- Interest earned	16,537	7,401
- Transfers from (to) Deferred Revenue	<u>(338,822)</u>	<u>(1,355,368)</u>
	<u>1,654,715</u>	<u>470,033</u>
	<u>\$ 4,278,995</u>	<u>\$ 2,800,004</u>



**TOWN OF FORT SMITH**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

**NOTE 16      ALLOCATED EXPENSES**

The Town of Fort Smith incurs a number of expenses that are common to the administration of the organization and each of its Funds. Accordingly, common expenses are allocated among Funds consistently each year proportionately on a percentage basis. Insurance expenses are allocated to Funds based on assessed building values. Wages and benefits expenses are allocated based on a percentage of estimated time spent.

**NOTE 17      UNALLOCATED AMOUNTS**

The following revenues were not allocated to the individual segments reported in the schedules:

	<u>2016</u>	<u>2015</u>
Municipal and Community Affairs - Operations and Maintenance	<u>1,920,000</u>	<u>1,813,000</u>

**NOTE 18      CONTINGENCIES**

The Town of Fort Smith participates in the NWT Association of Communities insurance programs. Under these programs 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. It is the opinion of the Town that losses are unlikely to occur.

The Northern Employee Benefits Services Pension Plan is currently in a solvency deficiency position. While the Town of Fort Smith does not intend to terminate its participation in the Plan for the foreseeable future, the Town would be obligated, per the NEBS Act, for its share of the solvency deficiency upon withdrawal. The Town's obligation, as Plan Sponsor, would be calculated based on actuarial estimates for all active, deferred and retired employees.

**NOTE 19      MUNICIPAL PENSION PLAN**

Eligible employees of the Town of Fort Smith are members of the Northern Employee Benefits Services (NEBS) Pension Plan (the Plan), a contributory defined benefit plan. The Plan is administered by NEBS as part of benefits program providing insurance, health care and pension benefits for employees of member employers in the North. NEBS is a member owned, not-for-profit corporation of which the Town of Fort Smith is a member.

Total contributions remitted by the Town of Fort Smith to the NEBS Pension Plan were as follows:

**TOWN OF FORT SMITH**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

	<u>2016</u>	<u>2015</u>
Employers' contribution	\$ 175,300	\$ 83,443
Employees' contribution	<u>175,300</u>	<u>83,443</u>
	<u>\$ 350,600</u>	<u>\$ 166,886</u>

Participating employers in the Plan, including the Town of Fort Smith are required to make contributions to the plan of 8% (2015 - 8%) of pensionable earnings, and to remit employee contributions of 8% (2015 - 8%). These contributions cover current service costs and a provision for adverse deviation.

The Plan is governed by the *Northern Employee Benefits Services Pension Plan Act* (in force October 1, 2015) (the Act) and a Plan text document maintained by the administrator of the Plan. Both the Act and the Plan text document provide that participating employers are liable for their share of any funding shortfalls in the Plan as determined on a going concern basis, and on Plan windup. The Act and the Plan text document provide any going concern shortfalls, should they arise, are to be paid down over no more than 15 years and that contribution rates may be increased if necessary to do so.

Pursuant to the Act, the Plan is exempt from compliance with the *Pension Benefits Standards Act, 1985* (PBSA) and is not required to be funded on a solvency basis.

As at January 1, 2016, the NEBS Pension Plan had a going concern surplus of \$12,500,000 (2015 - \$2,600,000) and a funded ratio of 109% (2015 - 102%). The Plan serves 2481 employee members and 93 participating employers.

**NOTE 20      COMMITMENTS**

In the course of normal operations the Town of Fort Smith has entered into a multi-year equipment lease. The minimum payments for this contract for the next four years is as follows:

Repayments are as follows:

2017	37,506
2018	37,506
2019	28,130

## TOWN OF FORT SMITH

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

#### **NOTE 21 LANDFILL CLOSURE AND POST-CLOSURE LIABILITY**

The Town of Fort Smith is required to fund the closure of its landfill site and provide for post-closure care of the facility. The requirement is being provided for over the estimated life of the landfill site based on usage.

The estimated remaining useful life expectancy of the landfill site is 50 years. This is based on the construction of a new landfill cell every five years, with the landfill having a capacity of 10 cells.

Construction of the first landfill cell is expected to begin in 2017. During the construction of this cell, the existing waste will be capped.

The main components of the landfill closure plan are capping using selected specific layers of earthen and synthetic materials based on engineered cap design and implementation of a drainage management plan. The post-closure care requirements will involve cap maintenance, installation of monitoring wells, groundwater monitoring and inspections.

The costs for future environmental assessment and reclamation are unknown. The remaining estimated life of the landfill is 50 years and monitoring will be required indefinitely.

Estimates for future landfill closure costs are subject to significant measurement uncertainty. The accuracy of the estimated closure costs is expected to improve when engineers determine standards for closing a section of the landfill.

#### **NOTE 22 FINANCIAL INSTRUMENTS**

The Town of Fort Smith financial instruments consist of cash and cash equivalents, taxes and grants in lieu of taxes receivable, trade and other accounts receivable, accounts payable and accrued liabilities, wages and benefits payable, school taxes payable, deposit liabilities, and long-term debt. It is management's opinion that the Town of Fort Smith is not exposed to significant interest rate, liquidity, market, currency or cash flow risks arising from these financial statements.

The Town of Fort Smith is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that customers to which the Town of Fort Smith provides services may experience financial difficulty and be unable to fulfill their obligations. The Town of Fort Smith regularly monitors the amounts of outstanding receivables and initiates collection procedures to minimize credit risk.

**TOWN OF FORT SMITH**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

**NOTE 23      BUDGET**

The budget information presented in these financial statements was adopted by Council on December 15, 2015 and is unaudited. Budget amounts have been restated, where applicable, to conform to Canadian public sector accounting standards.

The following chart reconciles the approved budget with the budget figures as presented in these financial statements.

	<u>2016</u>
Approved Budget:	
Revenue: Approved budget	\$ 14,971,936
Expenses: Approved budget	(14,971,936)
Adjustments:	
Tangible Capital Assets	1,610,000
Capital expenses	(3,323,000)
Transfers between Funds	1,590,720
Debenture Principal	<u>335,226</u>
Annual Surplus (Deficit)	<u>\$ 212,946</u>

**NOTE 24      CAPITAL BUDGET**

	<u>2016</u>
Capital Budget as Approved	\$ 3,323,000
General Government Services (Schedule 1a)	(63,000)
Public Safety and Protective Services (Schedule 1b)	(25,000)
Public Works and Transportation Services (Schedule 1c)	(1,075,000)
Recreation and Culture Services (Schedule 1d)	(25,000)
Water and Sewer Services (Schedule 1e)	(425,000)
Environmental Services (Schedule 1f)	<u>(100,000)</u>
Tangible Capital Asset Acquisitions (Statement III)	<u>\$ 1,610,000</u>

**NOTE 25      SUPPLEMENTAL CASH FLOW INFORMATION**

During the year, the Town acquired Tangible Capital Assets totalling \$807,788 (2015 - \$4,910,652) of which \$246,790 (2015 - \$490,192) is included in Accounts Payable and Accruals, and \$1,051,191 (2015 - \$4,420,460) is paid cash. Accordingly, non-cash capital transactions are excluded from the Statement of Cash Flow.

**TOWN OF FORT SMITH**

**Schedule 1**

**TANGIBLE CAPITAL ASSETS**

For the Year Ended December 31, 2016

		Waste Buildings, Management Improvements & Structures	Facilities Infrastructure	Parks Infrastructure	Roads	IT and Other Infrastructure	Vehicles	Assets Under Construction	2016	2015	
<b>COST:</b>											
Balance, opening	\$	3,520,600	\$ 37,960,396	\$ 6,073,750	\$ 858,082	\$ 10,737,091	\$ 1,508,341	\$ 4,114,991	\$ 73,550	\$ 64,846,801	\$ 59,990,765
Acquisition of tangible capital assets		-	217,710	-	181,944	251,611	116,518	-	-	807,788	4,910,652
Reallocation		-	73,550	-	-	-	-	(73,550)	-	-	-
Disposal of tangible capital assets		-	-	-	-	(58,875)	(138,888)	-	(197,763)	-	(54,616)
Balance, closing		<u>3,520,600</u>	<u>38,251,656</u>	<u>6,073,750</u>	<u>10,919,035</u>	<u>1,701,077</u>	<u>4,092,621</u>	<u>-</u>	<u>65,456,826</u>	<u>64,846,801</u>	<u>64,846,801</u>
<b>Accumulated amortization:</b>											
Balance, opening	-	15,674,060	3,764,478	508,037	3,959,254	501,621	2,424,042	-	-	26,831,492	25,307,798
Annual amortization	-	870,221	70,034	58,115	353,477	80,531	191,019	-	-	1,623,397	1,578,310
Accumulated amortization on disposals		-	-	-	-	(33,417)	(129,438)	-	(162,855)	-	(54,616)
Balance, closing		<u>16,544,281</u>	<u>3,834,512</u>	<u>566,152</u>	<u>4,312,731</u>	<u>548,735</u>	<u>2,485,623</u>	<u>-</u>	<u>28,292,034</u>	<u>26,831,492</u>	<u>26,831,492</u>
<b>Net book value</b>	<b>\$</b>	<b><u>3,520,600</u></b>	<b><u>21,707,375</u></b>	<b><u>2,239,238</u></b>	<b><u>6,606,304</u></b>	<b><u>1,152,342</u></b>	<b><u>1,606,998</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 37,164,792</u></b>	<b><u>\$ 38,015,309</u></b>	<b><u>\$ 38,015,309</u></b>

**TOWN OF FORT SMITH**

Schedule 1a

**SCHEDULE OF REVENUE AND EXPENSES, GENERAL GOVERNMENT SERVICES**

For the Year Ended December 31, 2016

	2016 Budget <u>(Unaudited)</u>	2016 <u>Actual</u>	2015 Actual
<b>REVENUES</b>			
Net Municipal taxes	\$ 3,016,864	\$ 3,055,139	\$ 2,873,015
Government transfers	3,075,000	2,138,428	1,940,956
Investment income	10,000	25,023	25,012
Fines, penalties and cost of taxes	160,000	359,252	259,703
Development levies, licences and permits	<u>60,500</u>	<u>71,105</u>	<u>156,674</u>
	<u>6,322,364</u>	<u>5,648,947</u>	<u>5,255,360</u>
<b>EXPENSES</b>			
Council Honoraria	126,000	119,809	115,774
Council Travel	11,000	7,856	1,725
Council Materials	19,500	21,094	24,806
Salaries and Benefits	372,644	399,925	373,661
Contracted costs	50,000	15,006	7,342
Bank and Interest Charges	25,000	19,015	16,041
Audit and Legal Fees	61,000	66,645	73,167
Freight	6,000	9,033	6,290
Insurance	110,000	6,201	5,873
Materials and Supplies	26,000	22,708	23,657
Business Travel and Expense	3,000	4,312	6,215
NWTAM Membership Fees	8,000	7,996	7,760
Advertising	43,000	22,294	29,395
Grants to Community Groups	25,500	25,125	25,375
Computer Hardware & Software	60,550	58,718	42,330
Equipment Purchase & Rental	27,000	25,180	30,388
Communications	20,000	22,879	19,886
Admin. Buildings Fuel	8,000	5,417	7,648
Admin. Buildings Electricity	12,000	9,439	10,304
Admin. Buildings Municipal Services	1,500	1,964	1,899
Admin. Buildings O & M	12,500	9,500	6,704
Equipment O & M	10,000	1,913	1,148
Miscellaneous	5,000	4,360	8,277
Staff Training	10,000	4,966	14,440
Bad Debts	15,000	207,474	37,671
Negotiation Costs	-	88	43,472
Tax Relief Program	128,400	128,190	103,956
Interest on Long-term Debt	146,201	144,209	29,241
AWG Contribution	50,000	-	50,000
Amortization	53,000	40,141	53,954
Loss/(Gain) on disposal of assets	<u>-</u>	<u>24,053</u>	<u>-</u>
Total Expenses	<u>1,445,795</u>	<u>1,435,510</u>	<u>1,178,399</u>
Excess (deficiency) of Revenue over Expenses	<u>\$ 4,876,569</u>	<u>\$ 4,213,437</u>	<u>\$ 4,076,961</u>

**TOWN OF FORT SMITH**

Schedule 1b

**SCHEDULE OF EXPENSES, PUBLIC SAFETY AND PROTECTIVE SERVICES**

For the Year Ended December 31, 2016

	2016 Budget (Unaudited)	2016 <u>Actual</u>	2015 <u>Actual</u>
<b>REVENUES</b>			
Government transfers	\$ <u>25,000</u>	\$ <u>23,474</u>	\$ <u>-</u>
<b>EXPENSES</b>			
Salaries and Benefits	235,056	223,813	205,397
Contract Services - Bylaw	3,000	1,410	225
Materials and Supplies	136,000	98,303	96,081
Staff Training and Travel	6,000	2,051	3,573
Highway Rescue	50,000	-	14,394
Communications	18,800	20,961	16,801
Heating (Fire Hall)	13,000	6,896	9,075
Electricity (Fire Hall)	10,500	9,478	10,763
Water and Sewage	2,100	2,400	2,400
Vehicle Fuel	8,500	5,005	6,204
Equipment - O & M	3,000	-	2,583
Fire Abatement	-	31,165	62,600
Staff Training	4,000	410	8,742
General Insurance	-	12,792	13,490
Amortization	<u>86,000</u>	<u>78,411</u>	<u>78,911</u>
Total Expenses	<u>575,956</u>	<u>493,095</u>	<u>531,239</u>
Excess (deficiency) of Revenue over Expenses	\$ <u>(550,956)</u>	\$ <u>(469,621)</u>	\$ <u>(531,239)</u>

**TOWN OF FORT SMITH**

Schedule 1c

**SCHEDULE OF EXPENSES, PUBLIC WORKS AND TRANSPORTATION SERVICES**

For the Year Ended December 31, 2016

	2016 Budget <u>(Unaudited)</u>	2016 <u>Actual</u>	2015 Actual
<b>REVENUES</b>			
Government transfers	\$ <u>1,075,000</u>	\$ <u>1,233,967</u>	\$ <u>-</u>
<b>EXPENSES</b>			
Salaries and Benefits	874,629	932,809	772,264
Materials and Supplies	1,102,500	1,214,986	57,946
Communication	9,500	10,059	9,547
Street Lighting	151,000	122,694	76,966
Heating Fuel	30,000	19,177	23,469
Electricity	10,000	9,826	10,915
Building - O & M	10,000	8,176	2,731
Water and Sewage	2,500	1,902	2,352
Equipment Repairs and Maintenance	45,000	45,235	41,023
Equipment - Fuel	58,000	50,059	42,269
Miscellaneous	10,000	35,227	6,232
Training and Development	12,000	9,574	13,661
Insurance	-	23,910	22,905
Equipment Lease	50,000	53,625	48,578
Recovery from Other Funds	(63,000)	(80,000)	(82,585)
Amortization	<u>450,000</u>	<u>448,993</u>	<u>446,354</u>
Total Expenses	<u>2,752,129</u>	<u>2,906,252</u>	<u>1,494,627</u>
Excess (deficiency) of Revenue over Expenses	<u>\$ (1,677,129)</u>	<u>\$ (1,672,285)</u>	<u>\$ (1,494,627)</u>



**TOWN OF FORT SMITH**

Schedule 1d

**SCHEDULE OF REVENUE AND EXPENSES, RECREATION AND CULTURE SERVICES**

For the Year Ended December 31, 2016

	2016 Budget (Unaudited)	2016 <u>Actual</u>	2015 <u>Actual</u>
<b>REVENUES</b>			
User fees and sales of goods	\$ 589,972	\$ 708,290	\$ 604,332
Government Transfers	25,000	20,630	-
Other Gov't transfers	139,600	238,003	130,103
Insurance Proceeds	<u>-</u>	<u>-</u>	<u>901,697</u>
	<u>754,572</u>	<u>966,923</u>	<u>1,636,132</u>
<b>EXPENSES</b>			
Salaries and Benefits	1,605,011	1,633,967	1,283,158
Insurance	-	77,051	77,005
Materials and Supplies	158,500	193,861	143,781
Travel	2,000	3,404	1,318
Special Event Days	36,000	95,759	110,574
Advertising	36,100	1,053	31,289
Communications	21,200	22,271	21,074
Building Heating Fuel	175,000	107,081	167,958
Electricity	194,000	257,114	240,242
Water and Sewage	8,000	17,046	6,006
Building Repairs and Maintenance	101,000	76,855	134,344
Miscellaneous	15,300	10,213	13,708
Training and Development	19,500	23,677	22,640
Arena Repairs	-	-	549,881
Grants to Groups	10,000	10,000	10,000
Equipment Repairs and Maintenance	50,200	67,777	63,742
Amortization	<u>321,000</u>	<u>493,784</u>	<u>424,213</u>
Total Expenses	<u>2,752,811</u>	<u>3,090,913</u>	<u>3,300,933</u>
Excess (deficiency) of Revenue over Expenses	\$ <u>(1,998,239)</u>	\$ <u>(2,123,990)</u>	\$ <u>(1,664,801)</u>

**TOWN OF FORT SMITH**

Schedule 1e

**SCHEDULE OF REVENUE AND EXPENSES, WATER AND SEWER SERVICES**

For the Year Ended December 31, 2016

	2016 Budget <u>(Unaudited)</u>	2016 <u>Actual</u>	2015 Actual
<b>REVENUES</b>			
GNWT - Transfers	\$ 832,000	\$ 552,975	\$ 726,475
Private	1,119,000	1,082,660	1,114,696
W/S Interruption	-	4,014	14,268
Other	<u>5,600</u>	<u>7,360</u>	<u>7,280</u>
Total Revenues	<u>1,956,600</u>	<u>1,647,009</u>	<u>1,862,719</u>
<b>EXPENSES</b>			
Salaries and Benefits	447,224	402,972	403,538
Vehicle Repairs and Maintenance	452,000	36,156	11,532
Insurance	68,000	59,556	59,468
Buildings Operations and Maintenance	9,500	8,178	3,290
Electricity	68,000	55,198	65,184
Sewage Pumpouts	11,000	2,306	11,431
Sewage Lagoon	16,353	-	-
Materials and Supplies	19,500	20,657	29,852
Staff Training	10,000	11,442	13,647
Bad Debts (Recoveries)	-	2,795	755
Contract Services	31,000	105,956	323,636
Water Delivery	93,555	100,463	109,553
Miscellaneous	30,500	22,409	1,692
Water treatment plant operations and maintenance	281,000	260,681	277,202
Allocations from Other Funds	367,555	339,666	326,340
Amortization	<u>550,000</u>	<u>516,040</u>	<u>524,526</u>
Total Expenses	<u>2,455,187</u>	<u>1,944,475</u>	<u>2,161,646</u>
Excess (deficiency) of Revenue over Expenses	<u>\$ (498,587)</u>	<u>\$ (297,466)</u>	<u>\$ (298,927)</u>

**TOWN OF FORT SMITH**

**Schedule 1f**

**SCHEDULE OF REVENUE AND EXPENSES, ENVIRONMENTAL OPERATING FUND**

For the Year Ended December 31, 2016

	2016 Budget (Unaudited)	2016 <u>Actual</u>	2015 <u>Actual</u>
<b>REVENUES</b>			
Levies	\$ 539,900	\$ 522,194	\$ 539,133
Government Transfers	<u>100,000</u>	<u>71,518</u>	<u>2,471</u>
Total Revenues	<u>639,900</u>	<u>593,712</u>	<u>541,604</u>
<b>EXPENSES</b>			
Salaries and benefits	229,767	244,678	239,050
General insurance	3,400	3,046	3,100
Material, goods and supplies	62,200	40,741	15,964
Contract services	115,000	93,686	32,164
Provision for landfill closure	51,000	51,000	51,000
Allocations from Other Funds	70,745	80,206	82,189
Amortization	<u>42,000</u>	<u>46,029</u>	<u>50,351</u>
Total Expenses	<u>574,112</u>	<u>559,386</u>	<u>473,818</u>
Excess (deficiency) of Revenue over Expenses	<u>\$ 65,788</u>	<u>\$ 34,326</u>	<u>\$ 67,786</u>

**TOWN OF FORT SMITH**

**Schedule 1g**

**SCHEDULE OF REVENUE AND EXPENSES, LAND DEVELOPMENT FUND**

For the Year Ended December 31, 2016

	2016 Budget (Unaudited)	2016 <u>Actual</u>	2015 <u>Actual</u>
<b>REVENUES</b>			
Lot leases- standard leases	\$ 500	\$ 600	\$ 600
Land Sales	<u>-</u>	<u>-</u>	<u>110,884</u>
Total Revenues	<u>500</u>	<u>600</u>	<u>111,484</u>
<b>EXPENSES</b>			
Cost of Sales	<u>5,000</u>	<u>105</u>	<u>110,922</u>
Total Expenses	<u>5,000</u>	<u>105</u>	<u>110,922</u>
Excess (deficiency) of Revenue over Expenses	<u>\$ (4,500)</u>	<u>\$ 495</u>	<u>\$ 562</u>

**TOWN OF FORT SMITH**

Schedule 2

**GAS TAX EXPENDITURE REPORT**

For the Year Ended December 31, 2016

	<u>2005 - 2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
<b>Funding</b>									
Opening balance	\$ -	\$ 1,357,935	\$ -	\$ -	\$ 366,711	594,074	219,212	\$ 533,644	\$ -
Annual Gas Tax Allocation	1,800,075	704,004	704,004	704,004	704,004	704,004	704,000	863,000	6,887,095
Interest earned	<u>38,797</u>	<u>17,435</u>	<u>308</u>	<u>1,861</u>	<u>1,540</u>	<u>1,640</u>	<u>3,468</u>	<u>4,462</u>	<u>69,511</u>
	<u>1,838,872</u>	<u>2,079,374</u>	<u>704,312</u>	<u>705,865</u>	<u>1,072,255</u>	<u>1,299,718</u>	<u>926,680</u>	<u>1,401,106</u>	<u>6,956,606</u>

**Eligible Project Category**

<b>Expenses</b>									
Capacity building - staff training	54,468								54,468
Landfill site improvements									
- site upgrades	62,399							28,573	90,972
- groundwater monitoring system									
GIS equipment and software	18,609								18,609
Water/Sewer system	24,714								24,714
expenses	305,053								305,053
ICSP Plan	15,694	78,845	42,163					15,005	151,707
Sewer system upgrade		702,592	7,142						709,734
Paving program		1,297,937	519,342	15,690				1,125,360	2,958,329
Lift stations			135,665	5,800		92,600		25,810	259,875
Water delivery truck				176,850			1,348		178,198
Chemical room expansion				39,692					39,692
Sidewalk and trail extensions						148,994	3,412		220,435
Waterworks - Fire hydrants				68,029					33,093
Excavated Landfill Site				33,093					29,989
Sidewalks					29,989				123,008
Water Main repairs					123,008				836,472
Trail Extension						836,472			230,811

**TOWN OF FORT SMITH**

**Schedule 2**

**GAS TAX EXPENDITURE REPORT - continued**

For the Year Ended December 31, 2016

	2005 - 2009	2010	2011	2012	2013	2014	2015	2016	Total
Tire Recycling	-	-	-	-	21,525	-	-	-	21,525
Burn Pit Divider	-	-	-	-	2,909	-	-	-	2,909
Water Treatment Plant upgrade	-	-	-	-	69,939	-	3,610	-	73,549
Drainage	-	-	-	-	-	2,440	87,044	-	89,484
W/S Engineering Services	-	-	-	-	-	-	8,105	-	8,105
Water and Sewer Upgrade	-	-	-	-	-	-	289,517	-	289,517
Vacuum Truck Replacement	-	-	-	-	-	-	-	440	440
Westgrove Paving	-	-	-	-	-	-	-	181,944	181,944
Waste Reduction Initiative	-	-	-	-	-	-	-	23,974	23,974
	<u>480,937</u>	<u>2,079,374</u>	<u>704,312</u>	<u>339,154</u>	<u>478,181</u>	<u>1,080,506</u>	<u>393,036</u>	<u>1,401,106</u>	<u>6,956,606</u>
Transfer to Deferred Revenue	<u>\$ 1,357,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 366,711</u>	<u>\$ 594,074</u>	<u>\$ 219,212</u>	<u>\$ 533,644</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF FORT SMITH**

Schedule 3

**COMMUNITY PUBLIC INFRASTRUCTURE FUND**

For the Year Ended December 31, 2016

	<u>2008 - 2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
<b>Funding</b>									
Opening balance	\$ -	\$ 1,158,166	\$ -	\$ 398,236	\$ 1,129,852	\$ 1,330,154	\$ 58,793	\$ 1,099,730	\$ -
Annual CPI Allocation	2,228,160	1,114,080	1,114,080	1,114,000	1,114,000	1,114,000	1,114,000	1,114,000	10,026,320
Interest earned	-	<u>15,016</u>	<u>1,404</u>	<u>7,306</u>	<u>2,428</u>	<u>3,297</u>	<u>3,934</u>	<u>12,075</u>	<u>45,460</u>
	<u>2,228,160</u>	<u>2,287,262</u>	<u>1,115,484</u>	<u>1,519,542</u>	<u>2,246,280</u>	<u>2,447,451</u>	<u>1,176,727</u>	<u>2,225,805</u>	<u>10,071,780</u>
<b>Expenses</b>									
Mobile equipment	126,012	-	-	-	-	28,888	-	-	154,900
Municipal									
Infrastructure	25,058	-	-	-	-	-	-	-	25,058
Utility Infrastructure	449,785	-	-	-	-	-	-	-	449,785
Recreation									
Infrastructure	144,472	-	-	-	-	-	-	-	144,472
Emergency									
Infrastructure	324,667	-	-	-	-	-	-	-	324,667
Paving program	-	1,632,961	-	228,909	-	-	-	55,022	1,916,892
Tower pines lift station	-	54,135	-	-	-	-	-	-	54,135
Sewer system upgrade	-	600,166	-	-	-	-	-	-	600,166
Town office upgrade	-	-	99,218	15,696	-	-	1,334	-	116,248
Computer upgrades	-	-	164,201	-	-	1,833	-	35,356	201,390
Asphalt Hot Tar repair unit for public works chemical room -	-	-	48,444	-	-	-	-	-	48,444
Recreation									
Alternate heat source for water plant	-	-	2,219	2,218	-	-	-	-	4,437
Pickup truck for public works	-	-	20,000	40,000	-	-	-	-	60,000
Fire hall repairs	-	-	25,490	-	-	-	-	-	25,490
Fire services	-	-	23,473	-	-	-	-	-	23,473
equipment									
Animal shelter	-	-	1,302	65,545	-	-	-	-	66,847
Arena upgrades	-	-	5,000	-	-	-	-	-	5,000
Track and field project	-	-	12,036	-	-	-	-	-	12,036
Library	-	-	315,865	-	-	-	-	-	315,865
	-	-	-	4,615	-	11,010	-	-	15,625

**TOWN OF FORT SMITH**

**Schedule 3**

**COMMUNITY PUBLIC INFRASTRUCTURE FUND - continued**

For the Year Ended December 31, 2016

	<u>2008 - 2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
Bobcats	-	-	-	14,974	-	-	-	-	14,974
Recreation master plan	-	-	-	2,518	-	-	-	-	2,518
Sidewalks and trails	-	-	-	15,215	-	-	-	-	15,215
Asset Management system	-	-	-	-	4,110	370	-	-	4,480
RCC Front Doors	-	-	-	-	72,320	-	-	-	72,320
General Plan & Zoning Bylaw	-	-	-	-	-	-	-	-	-
Reviews	-	-	-	-	50,285	11,847	-	-	62,132
Garbage Compactor	-	-	-	-	184,325	-	-	-	184,325
Community Centre - Air Handling	-	-	-	-	200,000	-	-	-	200,000
Salt Shed Replacement	-	-	-	-	143,465	60,519	-	-	203,984
Animal Shelter Upgrade	-	-	-	-	10,350	-	334	23,474	34,158
Gym floor refinsh	-	-	-	-	41,340	-	-	-	41,340
Portable Stage	-	-	-	-	127,974	-	-	-	127,974
Repair Pool Shower Rooms	-	-	-	-	8,427	-	-	-	8,427
AECOM - Water License Compliance	-	-	-	-	73,530	-	-	-	73,530
Issues	-	-	-	-	-	6,472	-	-	6,472
Tire Recycling	-	-	-	-	-	44,681	-	-	44,681
Environmental Studies	-	-	-	-	-	690	-	-	690
Parks and Playground	-	-	-	-	-	17,060	7,342	14,246	38,648
Website Development	-	-	-	-	-	-	-	-	-
Arena Renovation Project	-	-	-	-	-	2,205,288	-	-	2,205,288
Electronic Purchases	-	-	-	-	-	-	4,789	-	4,789
order system	-	-	-	-	-	-	63,198	-	63,198
Fire Abatement	-	-	-	-	-	-	-	53,586	53,586
Street Lighting	-	-	-	-	-	-	-	-	-
Vadim Accounting Software	-	-	-	-	-	-	-	4,700	4,700



**TOWN OF FORT SMITH**

Schedule 3

**COMMUNITY PUBLIC INFRASTRUCTURE FUND - continued**

For the Year Ended December 31, 2016

	<u>2008 - 2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
Water Plant Vehicle	-	-	-	-	-	-	-	31,350	31,350
Desludge Lagoon	-	-	-	-	-	-	-	34,500	34,500
Engineering services - W/S	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,375</u>	<u>1,375</u>
	<u>1,069,994</u>	<u>2,287,262</u>	<u>717,248</u>	<u>389,690</u>	<u>916,126</u>	<u>2,388,658</u>	<u>76,997</u>	<u>253,609</u>	<u>8,099,584</u>
Transfer to Deferred Revenue	<u>\$ 1,158,166</u>	<u>\$ -</u>	<u>\$ 398,236</u>	<u>\$ 1,129,852</u>	<u>\$ 1,330,154</u>	<u>\$ 58,793</u>	<u>\$ 1,099,730</u>	<u>\$ 1,972,196</u>	<u>\$ 1,972,196</u>

**TOWN OF FORT SMITH**

**Schedule 4**

**CHANGES IN FUND BALANCES**

For the Year Ended December 31, 2016

	<u>General Fund</u>	<u>Utility Operating Fund</u>	<u>Environmental Operating Fund</u>	<u>Land Development Fund</u>	<u>Equity in Tangible Capital Assets</u>	<u>Reserve Fund</u>	<u>2016</u>	<u>2015</u>
<b>Net Revenues (Expenses)</b>								
Net Interfund Transfers	\$	(52,459)	\$	34,326	\$	-	\$	(315,104)
(To) from Water and Sewer Fund	23,313	(23,313)	-	-	-	-	-	-
(To) from Environmental Fund	-	(601)	601	-	-	-	-	-
(To) from Capital Fund:								
Purchases	(776,438)	(31,350)	-	-	807,788	-	-	-
Amortization	1,061,329	516,040	46,029	-	(1,623,398)	-	-	-
Debt repayment	(378,771)	-	-	-	378,771	-	-	-
TCA payable	(243,402)	-	-	-	243,402	-	-	-
Disposals	34,908	-	-	-	(34,908)	-	-	-
(To) from Reserve Funds	483,204	(228,258)	(80,355)	-	-	(174,591)	-	-
<b>Change in fund balance</b>	<u>151,684</u>	<u>(64,948)</u>	<u>601</u>	<u>495</u>	<u>(228,345)</u>	<u>(174,591)</u>	<u>(315,104)</u>	<u>155,711</u>
Fund balance, beginning of year	999,204	699,795	(358,514)	51,349	33,525,117	3,068,805	37,985,756	37,830,042
<b>Fund balance, end of year</b>	<u>\$ 1,150,888</u>	<u>\$ 634,847</u>	<u>\$ (357,913)</u>	<u>\$ 51,844</u>	<u>\$ 33,296,772</u>	<u>\$ 2,894,214</u>	<u>\$ 37,670,652</u>	<u>\$ 37,985,753</u>

**RESERVES CONSIST OF:**

	<u>2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>2016</u>
Municipal Infrastructure	\$ 78,998	\$ 80,355	-	\$ 159,353
Mobile Equipment Replacement	257,378	10,855	71,370	196,863
Recreation Infrastructure	484,162	-	442,019	42,143
Emergency Equipment Replacement	387,195	25,000	-	412,195
Computer Replacement	27,971	-	-	27,971
Water and Sewer Interruption	213,593	36,708	32,694	217,607
Utility Infrastructure	<u>1,619,508</u>	<u>239,204</u>	<u>20,630</u>	<u>1,838,082</u>
	<u>\$ 3,068,805</u>	<u>\$ 392,122</u>	<u>\$ 566,713</u>	<u>\$ 2,894,214</u>
		<u>2016</u>		<u>2015</u>

**OPERATING FUND CONSISTS OF:**

Unfunded expenses to be funded from future revenues:

School taxes payable	\$	(498,104)	\$	(503,893)
Provision for post-employment benefits		(367,900)		(301,355)
Unrestricted surplus		<u>2,016,892</u>		<u>1,804,452</u>
	<u>\$</u>	<u>1,150,888</u>	<u>\$</u>	<u>999,204</u>

# TOWN OF FORT SMITH

Schedule 5

## EXPENSES BY OBJECT

For the Year Ended December 31, 2016

	2016 Budget (Unaudited)	2016 <u>Actual</u>	2015 <u>Actual</u>
Advertising	84,100	24,311	69,736
Audit and Legal Fees	61,000	66,645	73,167
Amortization	1,502,000	1,623,398	1,578,309
Bad Debts (Recovery)	15,000	210,269	38,426
Bank and Interest Charges	25,000	19,015	16,041
Building O & M	136,500	114,715	154,596
Buildings Electricity	341,500	387,933	389,754
Buildings Fuel	364,500	254,886	342,205
Business Travel and Expense	5,000	7,716	7,533
Communications	78,700	87,192	76,638
Contracted Services	199,000	216,058	363,367
Council Honoraria	126,000	119,809	115,774
Council Materials	19,500	21,094	24,806
Computer Hardware & Software	60,550	58,718	42,330
Negotiation costs	-	88	43,472
Equipment Purchase & Rental	77,000	78,805	78,966
Freight	12,500	18,033	12,354
Grants to Groups	25,500	25,125	25,375
Insurance	181,400	182,556	181,841
Landfill closure	51,000	51,000	51,000
Material and Supplies	1,429,000	1,543,816	331,398
Council Travel	11,000	7,856	1,725
Miscellaneous	55,300	88,891	28,217
Other Expenditures	697,454	604,759	609,495
Arena Repairs	-	-	549,881
Salaries and Benefits	3,910,631	4,003,288	3,451,776
Staff Training	63,500	52,454	77,294
Subscriptions and Memberships	8,000	7,996	7,760
Vehicle Fuel	97,500	70,931	69,061
Vehicle O & M	603,200	198,801	182,016
Water and Sewage	<u>319,655</u>	<u>283,579</u>	<u>257,271</u>
Total Expenses	<u>10,560,990</u>	<u>10,429,737</u>	<u>9,251,584</u>

**TOWN OF FORT SMITH**

**Schedule 6**

**SALARIES, HONORARIA AND TRAVEL PAID TO MAYOR AND COUNCIL**

For the Year Ended December 31, 2016

<u>Position</u>	<u>Salary</u>	<u>Honoraria</u>	<u>Travel</u>	<u>Total</u>
Mayor Napier-Buckley	\$ 38,548	\$ -	\$ 5,795	\$ 44,343
Deputy Mayor/Councillor Smith	-	9,300	1,000	10,300
Councillor McArthur	-	9,400	-	9,400
Councillor Holtorf	-	8,600	-	8,600
Councillor Dumont	-	9,100	-	9,100
Councillor Tuckey	-	9,700	-	9,700
Councillor Bell	-	9,700	-	9,700
Councillor Kikoak	-	9,800	-	9,800
Councillor Patel	-	9,600	-	9,600
	<u>\$ 38,548</u>	<u>\$ 75,200</u>	<u>\$ 6,795</u>	<u>\$ 120,543</u>