

Financial Statements of

**TOWN OF FORT SMITH**

December 31, 2009

Approved on Behalf of the Council:

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Mayor

Senior Administrative Officer

# TOWN OF FORT SMITH

## Financial Statements

Year Ended December 31, 2009

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## MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The 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. The Town Council appoints independent auditors to examine and report directly to them on the financial statements. The financial statements were prepared by Administration. 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 Public Sector Accounting Board recommendations of the Canadian Institute of Chartered Accountants.

Administration maintains a system of internal 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.

The Town Council carries out its responsibility for review of the financial statements by meeting regularly with Administration to discuss financial matters, including the results of audit examinations.

The financial statements have been reported on by Ashton Chartered Accountants. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Senior Administrative Officer  
Town of Fort Smith

Fort Smith, NT  
June 14, 2010

## AUDITORS' REPORT

Mayor and Council  
Town of Fort Smith  
Fort Smith, NT

We have audited the Statement of Financial Position of the Town of Fort Smith as at December 31, 2009 and the Statements of Financial Activities, Changes in Fund Balances, Changes in Financial Position and the changes in net assets for the year then ended. These financial statements are the responsibility of the Town's administration. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by administration, as well as evaluating the overall financial statement presentation.

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, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants.

We further report in accordance with the Cities, Towns and Villages Act that proper books of account have been kept, the financial statements are in agreement with the books of account, and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Town.



ASHTON  
Chartered Accountants  
Business Advisors

Hay River, NT  
June 14, 2010

# TOWN OF FORT SMITH

## Consolidated Statement of Financial Position

December 31, 2009

	2009	2008
<b>Financial Assets</b>		
Cash	\$ 8,602,816	\$ 6,295,629
Taxes and grants in lieu of taxes receivable, Note 2	420,478	495,446
Government grants receivable	4,923	1,036,623
Accounts receivable, Note 3	339,889	462,133
Land held for resale	169,422	209,752
<b>Total financial assets</b>	<b>9,537,528</b>	<b>8,499,583</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	658,673	648,292
School taxes payable	432,158	425,270
Contribution repayable	-	164,341
Accrued employee severance benefits	183,431	151,578
Long-Term Debt , Note 7	2,731,442	5,204,005
Deferred revenue, Note 8	3,984,355	2,462,298
Deposits held	144,326	131,069
<b>Total liabilities</b>	<b>8,134,385</b>	<b>9,186,853</b>
<b>Net financial assets (debt)</b>	<b>\$ 1,403,143</b>	<b>\$ (687,270)</b>
Contingent liabilities, Note 10		
<b>Non-Financial Assets</b>		
Prepaid expenses	\$ 60,923	\$ -
Work in progress - projects, page 12	2,210,882	1,526,365
Tangible capital assets, Note 6	25,920,974	28,817,066
<b>Total non-financial assets</b>	<b>\$ 28,192,779</b>	<b>\$ 30,343,431</b>
<b>Accumulated Surplus</b>		
Reserves, page 13	\$ 5,259,813	\$ 5,402,577
General Fund	832,501	245,433
Utility Operating Fund	161,808	-
Environmental Operating Fund	240,333	395,090
Land Development Fund	(88,063)	-
Invested in Tangible Capital Assets, Note 5	23,189,530	23,613,061
<b>Total accumulated surplus</b>	<b>\$ 29,595,922</b>	<b>\$ 29,656,161</b>

# TOWN OF FORT SMITH

## Consolidated Statement of Financial Activities

For the year ended December 31, 2009

	2009 Budget	2009 Actual	2008 Actual
<b>Revenue</b>			
General government	\$ 2,104,685	\$ 2,166,206	\$ 2,057,088
Other revenue	452,855	651,867	672,600
GNWT insurance transfer	-	-	89,639
GNWT formula-based transfer	2,654,000	1,540,000	1,413,000
Gas tax transfer	723,000	320,747	-
Utility operating fund	1,386,900	1,240,538	1,230,618
Environmental operating fund	259,000	231,132	320,269
Land development fund	-	35,823	84,673
Projects, page 12	-	330,818	164,878
<b>Total Revenue</b>	<b>7,580,440</b>	<b>6,517,131</b>	<b>6,032,765</b>
<b>Expenditure</b>			
General government	953,900	876,647	960,768
Protective services	294,560	294,986	256,361
Transportation and public works	692,140	679,801	610,679
Environmental and public health services	23,000	7,540	187
Recreation and culture	1,605,350	1,574,034	1,437,920
Fiscal and valuation	195,586	253,544	490,291
Community services and other	99,000	106,616	91,179
Utility operating fund	1,117,880	1,052,605	1,140,332
Environmental operating fund	259,000	385,889	264,112
Land development fund	-	123,886	112,739
Project expense	-	216,756	180,218
<b>Total Expenditure</b>	<b>5,240,416</b>	<b>5,572,304</b>	<b>5,544,786</b>
<b>Net revenue (expenditure) from operations</b>	<b>2,340,024</b>	<b>944,827</b>	<b>487,979</b>
<b>Capital</b>			
Gain (loss) on disposal of capital assets	-	8,217	-
Amortization of tangible capital assets	-	(1,013,283)	(1,235,339)
<b>Net capital revenue (expenditures)</b>		<b>(1,005,066)</b>	<b>(1,235,339)</b>
<b>Net revenue (expenditure) for the year</b>	<b>\$ 2,340,024</b>	<b>\$ (60,239)</b>	<b>\$ (747,360)</b>

# TOWN OF FORT SMITH

## Consolidated Statement of Changes in Fund Balances

For the Year Ended December 31, 2009

	General Fund	Utility Operating Fund	Environmental Operating Fund	Development Fund	Land Investment in Capital Assets	Reserves	Total 2009
Net Revenue (Expenditure)	\$ 999,714	\$ 187,933	\$ (154,757)	\$ (88,063)	\$ (1,005,066)	\$ -	\$ (60,239)
Net interfund Transfers							
(To) From General Fund	-	(3,175)	-	-	581,535	(165,714)	412,646
(To) From Utility Op. Fund	3,175	-	-	-	-	22,950	26,125
(To) From Environmental Fund	-	-	-	-	-	-	-
(To) From Land Dev Fund	-	-	-	-	-	-	-
(To) From Reserves	165,714	(22,950)	-	-	-	-	142,764
(To) From Capital fund	(581,535)	-	-	-	-	-	(581,535)
	587,068	161,808	(154,757)	(88,063)	(423,531)	(142,764)	(60,239)
Fund balance, beginning of year	245,433	-	395,090	-	23,613,061	5,402,577	29,656,161
Fund balance, end of year	\$ 832,501	\$ 161,808	\$ 240,333	\$ (88,063)	\$ 23,189,530	\$ 5,259,813	\$ 29,595,922

Reserves consist of:	2008		2009	
	Increases	Decreases	Increases	Decreases
Municipal Infrastructure	\$ 1,266,314	\$ -	\$ -	\$ 1,266,314
Recreation Infrastructure	1,665,768	-	150,000	1,515,768
Utility Infrastructure	1,455,588	-	-	1,455,588
Emergency Equipment	478,060	-	-	478,060
Mobile Equipment	334,493	60,100	76,031	318,562
Computer Replacement	127,820	-	-	127,820
Perpetual Care	7,478	716	500	7,694
Water/Sewer Interruption	67,056	31,407	8,456	90,007
	\$ 5,402,577	\$ 92,223	\$ 234,987	\$ 5,259,813

# TOWN OF FORT SMITH

## Consolidated Statement of Changes in Financial Position

For the year ended December 31, 2009

	2009	2008
<b>Operating Activities</b>		
Excess of revenue over expenditures	\$ (60,239)	\$ (747,360)
Add (Less):		
School taxes assessed on prior years	-	(143,849)
Adjustment to opening retained earnings	-	2,218,692
Gain on sale of capital assets	(8,217)	-
Amortization tangible capital assets	1,013,283	1,235,339
	944,827	2,562,822
Changes in non-cash working capital		
Land held for resale (increase) decrease	40,330	70,219
Prepaid expenses (increase) decrease	(60,923)	-
Work in progress (increase) decrease	(684,517)	(55,138)
Taxes and grants in lieu receivable (increase) decrease	74,968	125,708
Government grants receivable (increase) decrease	1,031,700	(890,000)
Accounts receivable (increase) decrease	122,244	112,689
Accounts payable and accrued liabilities increase (decrease)	10,382	13,640
Contribution repayable increase	(164,341)	15,954
School tax payable increase (decrease)	6,888	181,577
Deposits held increase (decrease)	13,257	22,173
Deferred revenue increase (decrease)	1,522,057	1,415,296
Accrued employee severance increase (decrease)	31,853	10,746
Net cash from (used by) operations	2,888,725	3,585,686
<b>Financing Activity</b>		
Principal repayment of long-term debt	(2,472,563)	(460,252)
<b>Capital Activities</b>		
Capital asset additions	(400,708)	(2,016,482)
Capital asset disposals	2,291,733	-
Net cash used by investing	1,891,025	(2,016,482)
Increase (Decrease) in cash during the year	2,307,187	1,108,952
Cash, beginning of year	6,295,629	5,186,677
Cash, end of year	\$ 8,602,816	\$ 6,295,629

## TOWN OF FORT SMITH

### Statement of Changes in Net Financial Assets (Debt)

For the year ended December 31, 2009

	2009	2008
Excess revenue (expenditure) for the year		
General Operating Fund	\$ (60,239)	\$ (747,360)
Amortization of tangible capital assets	1,013,283	1,235,339
Acquisition of tangible capital assets	(400,708)	2,016,482
Disposal of tangible capital assets	2,291,733	-
(Gain) loss on sale of tangible capital assets	(8,217)	-
Change in prepaid expenses	(60,923)	-
Change in work-in-progress	(684,516)	55,138
Increase in net financial assets	2,090,413	2,559,599
Net financial assets (debt), beginning of year	(687,270)	(3,246,869)
Net financial assets (debt), end of year	\$ 1,403,143	\$ (687,270)

# TOWN OF FORT SMITH

## General Operating Fund Statement of Fund Activities

For the year ended December 31, 2009

	2009 Budget	2009 Actual	2008 Actual
<b>Revenue</b>			
Property taxes	\$ 1,620,040	\$ 1,685,952	\$ 1,600,086
Grants in lieu of taxes	729,645	733,863	699,057
Other taxes	18,000	20,200	17,071
Less: School taxes assessed on behalf of GNWT	(263,000)	(273,809)	(259,126)
Net municipal taxation	2,104,685	2,166,206	2,057,088
Other revenue	452,855	651,867	672,600
Project revenue	-	330,818	164,878
Gas tax transfer	723,000	320,747	-
GNWT insurance transfer	-	-	89,639
GNWT formula-based transfer and capital block funding	2,654,000	1,540,000	1,413,000
Total revenue	5,934,540	5,009,638	4,397,205
<b>Expenditure</b>			
General government	953,900	876,647	960,768
Protective services	294,560	294,986	256,361
Transportation and public works	692,140	679,801	610,679
Environmental and public health services	23,000	7,540	187
Recreational and cultural	1,605,350	1,574,034	1,437,920
Fiscal and valuation	195,586	253,544	490,291
Community services and other	99,000	106,616	91,179
Project expense	-	216,756	180,218
Total expenditure	3,863,536	4,009,924	4,027,603
Net operating revenue for the year	\$ 2,071,004	\$ 999,714	\$ 369,602

# TOWN OF FORT SMITH

## Utility Operating Fund Statement of Fund Activities

For the year ended December 31, 2009

	2009 Budget	2009 Actual	2008 Actual
<b>Revenue</b>			
Utility services	\$ 1,129,500	\$ 983,076	\$ 1,019,935
GNWT subsidy	257,400	257,462	210,683
	<u>1,386,900</u>	<u>1,240,538</u>	<u>1,230,618</u>
<b>Expenditure</b>			
Overhead charges from General Operating Fund			
Administration	113,320	113,320	113,320
Public Works	157,660	158,660	157,660
Wages and administrative costs	408,900	379,053	417,579
Water treatment plant	235,300	207,250	240,520
Transmission line maintenance	8,000	4,895	3,686
Reservoir, tower, pumps	25,500	19,169	57,261
Meters	8,000	8,071	8,186
Water delivery	67,500	54,368	51,850
Water intake power and maintenance	25,500	19,112	24,393
Sanitary sewer maintenance	11,500	44,686	43,309
Lift stations	37,500	21,005	6,997
Sewage lagoon	2,700	800	1,760
Sewage pump-out	16,500	19,724	13,811
Miscellaneous	-	2,492	-
	<u>1,117,880</u>	<u>1,052,605</u>	<u>1,140,332</u>
<b>Net revenue (expenditure) Utility Operating Fund</b>	<b>\$ 269,020</b>	<b>\$ 187,933</b>	<b>\$ 90,286</b>

# TOWN OF FORT SMITH

Environmental Operating Fund  
Statement of Fund Activities

For the year ended December 31, 2009

	2009	2009	2008
	Budget	Actual	Actual
Revenue			
Levies and fees	\$ 259,000	\$ 231,132	\$ 320,269
Expenditure			
Ground water monitoring	-	28,584	12,118
Wages and benefits	139,700	198,419	164,636
Operations	86,500	98,848	65,333
Administration	18,000	21,759	19,149
Miscellaneous	14,800	38,279	2,876
	259,000	385,889	264,112
Net revenue (expenditure) Environmental Operating Fund	\$ -	\$ (154,757)	\$ 56,157

# TOWN OF FORT SMITH

## Land Development Fund Statement of Fund Activities

For the year ended December 31, 2009

	2009 Budget	2009 Actual	2008 Actual
Revenue			
Sale of land	\$ -	\$ 35,573	\$ 84,423
Leases	-	250	250
	-	35,823	84,673
Expenditure			
Cost of land sold	-	35,573	80,212
Loss on exchange of land	-	4,755	28,800
Write-off of unrealizable development cost	-	83,558	3,727
	-	123,886	112,739
Net revenue (expenditure) Land Development Fund	\$ -	\$ (88,063)	\$ (28,066)

**TOWN OF FORT SMITH**

Projects - Schedule of Revenue and Expenditure

For the Year Ended December 31, 2009

**COMPLETED PROJECTS:**

	REVENUE			EXPENDITURE					Transfers to (from) Reserves	Transfers to Revenues (Expenditures)	Excess (Deficient) Funding
	Deferred Revenue, Opening	Other Revenue (Repayable)	Grants and Other Revenue	Total Revenue	Work in Progress, Opening	Expenditure During Year	Total Expenditure	Net Revenue (Expenditure)			
<i>General Operations -</i>											
Recreation and Sport Funding	\$ -	\$ 24,000	\$ 24,000	\$ 24,000	-	\$ 24,000	\$ 24,000	\$ -	\$ -	\$ -	
After Four Program	8,619	2,132	10,751	10,751	-	10,751	10,751	-	-	-	
SEED: Community Economic Development	-	6,400	6,400	6,400	-	6,400	6,400	-	-	-	
SEED: New Website Design	-	13,237	13,237	13,237	-	13,237	13,237	-	-	-	
ICPS Plan	-	-	-	-	-	15,684	15,684	(15,684)	-	-	
Community Asset Database	20,000	394	20,394	20,394	22,660	(2,266)	20,394	-	(15,684)	-	
Youth Initiative Project	-	13,469	13,469	13,469	-	13,469	13,469	-	-	-	
Youth with potential	-	124,584	124,584	124,584	-	124,584	124,584	-	-	-	
Biz Pal Project	-	958	958	958	-	958	958	-	-	-	
2008 Landslide	-	50,000	50,000	50,000	33,402	16,598	50,000	-	-	-	
Ambulance, fire rescue initiative	-	40,000	40,000	40,000	18,097	33,503	40,000	-	-	-	
Landfill reclamation	-	-	-	-	38,279	-	38,279	(38,279)	-	-	
Westgrove drainage	28,619	275,174	303,793	303,793	56,320	27,238	83,558	(83,558)	(38,279)	(83,558)	
				303,793	168,758	284,166	441,324	(137,531)	(137,531)	-	
<i>Recreation infrastructure -</i>											
Recreation Facility	-	4,500	4,500	4,500	-	4,500	4,500	-	-	-	
<i>Emergency Operations -</i>											
Fire Abatement	2,525	20,000	22,525	22,525	-	22,525	22,525	-	-	-	
	\$ 31,144	\$ 299,674	\$ 330,818	\$ 330,818	\$ 168,758	\$ 311,191	\$ 466,349	\$ (137,531)	\$ (137,531)	\$ -	

**ONGOING PROJECTS:**

	DEFERRED REVENUE			WORK IN PROGRESS				
	Deferred Revenue, Opening	Grants and Other Revenue	Deferred Revenue, Ending	Work in Progress, Opening	Expenditure During Year	Work in Progress, Ending		
Fire abatement	\$ -	\$ 74,550	\$ 74,550	-	\$ 7,789	\$ 7,789		
Recreation and sport	24,000	-	24,000	8,000	12,578	20,578		
GNWT for multi-use trail	450,000	-	450,000	-	-	-		
After Four program	-	8,026	8,026	11,923	17,421	29,344		
Fire Protection Planning	-	35,000	35,000	-	20,399	20,399		
Community Capacity Fund	800,000	(300,000)	500,000	800,000	(300,000)	500,000		
Parents and tots program	-	6,000	6,000	-	-	-		
Sewer System Repair/Replace	-	323,437	323,437	57,194	1,040,119	1,097,313		
Youth Initiative Project	10,428	6,812	17,241	-	10,860	10,860		
Tower Pines Lifestation	-	-	-	-	28,907	28,907		
Aggregate Supply	-	-	-	-	8,572	8,572		
RCC Landscaping/paving	-	-	-	466,521	855	467,376		
Running track	30,000	-	30,000	13,969	5,775	19,744		
	\$ 1,314,428	\$ 153,825	\$ 1,468,254	\$ 1,357,607	\$ 853,275	\$ 2,210,882		

# TOWN OF FORT SMITH

General Operating Fund  
Statement of Reserves

For the year ended December 31, 2009

	2009	2008
<b>Perpetual Care</b>		
Balance, beginning of year	\$ 7,478	\$ 4,854
General operations transfer	(500)	2,599
50% of plot sales	716	25
Balance, end of year	7,694	7,478
<b>Mobile Equipment Replacement</b>		
Balance, beginning of year	334,493	350,572
Disposals of mobile equipment	60,100	-
Purchase of mobile equipment	(71,151)	-
Maintenance expense	(4,880)	-
Projects transfer	-	(16,079)
Balance, end of year	318,562	334,493
<b>Municipal Infrastructure</b>		
Balance, beginning of year	1,266,314	1,589,805
Infrastructure expenditures	-	(298,433)
Projects transfer	-	(25,058)
General operations transfer	-	-
Balance, end of year	1,266,314	1,266,314
<b>Recreation Infrastructure</b>		
Balance, beginning of year	1,665,768	1,493,871
Transfers	-	171,897
Recreation grants	(150,000)	-
Balance, end of year	1,515,768	1,665,768
<b>Emergency Equipment</b>		
Balance, beginning of year	478,060	426,343
Transfers	-	51,717
Balance, end of year	478,060	478,060
<b>Computer Replacement</b>		
Balance, beginning of year	127,820	142,819
Transfers	-	(14,999)
Balance, end of year	127,820	127,820
<b>Utility Infrastructure reserve</b>		
Balance, beginning of year	1,455,588	1,106,469
Transfers	-	349,119
Balance, end of year	1,455,588	1,455,588
<b>Water &amp; Sewer Interruption</b>		
Balance, beginning of year	67,056	67,056
Utility levies	31,407	-
Repairs and maintenance	(8,456)	-
Balance, end of year	90,007	67,056
Total Balance, end of year	\$ 5,259,813	\$ 5,402,577

## TOWN OF FORT SMITH

### Schedule of Property Taxes Levied

For the year ended December 31, 2009

	2009 Budget	2009 Actual	2008 Actual
Revenue			
Property taxes	\$ 1,620,040	\$ 1,685,952	\$ 1,600,085
Grants in lieu of taxes - Government of Canada	197,015	198,692	191,064
Grants in lieu of taxes - Government of NWT	537,630	535,171	507,993
Other taxes	18,000	20,200	17,071
	2,372,685	2,440,015	2,316,213
Requisitions			
School taxes assessed on behalf of GNWT	263,000	273,809	259,126
Net Municipal Taxation	\$ 2,109,685	\$ 2,166,206	\$ 2,057,087

## TOWN OF FORT SMITH

### Schedule of Government Transfers

For the year ended December 31, 2009

	2009 Budget	2009 Actual	2008 Actual
Government of the Northwest Territories			
Block funding	\$ 2,654,000	\$ 1,540,000	\$ 2,527,080
Utility operations	257,400	257,462	210,683
Insurance contribution	-	-	89,639
Gas tax	-	320,747	-
CPI Funding	-	-	1,069,994
Project transfers	-	330,817	164,878
	\$ 2,911,400	\$ 1,797,462	\$ 2,827,402

## TOWN OF FORT SMITH

### Schedule of Consolidated Expenditures by Object

For the year ended December 31, 2009

	2009	2008
Salaries, wages and benefits	\$ 2,647,515	\$ 2,504,755
Projects	320,566	92,075
Interest on long-term debt	149,116	168,036
Maintenance supplies and services	525,455	583,148
Administration supplies and services	496,841	584,523
Contracted services	90,103	198,225
Insurance	106,324	137,220
Mayor and council expenses	71,840	82,076
Training	33,812	50,793
Vehicle maintenance	68,485	41,776
Vehicle fuel	82,432	106,662
Tax relief program	58,017	51,298
Cost of land sold, and For town use	123,886	200,917
Grants	31,411	29,430
Utilities - water	12,951	21,804
- electricity	372,638	357,225
- fuel	208,717	263,411
Professional services	149,306	47,775
Travel	7,683	11,648
Bank charges	15,206	11,989
Amortization expense	1,013,283	1,235,339
<b>Total</b>	<b>\$ 6,585,587</b>	<b>\$ 6,780,125</b>

## TOWN OF FORT SMITH

### Schedule of Salary, Honoraria and Travel

For the year ended December 31, 2009

	Salary/ Honoraria	Travel
<b>Mayor</b>		
Peter Matselos	\$ 28,943	\$ -
Janie Hobart	5,789	-
	<b>\$ 34,732</b>	<b>\$ -</b>
<b>Councilor</b>		
Brenda Johnson	\$ 5,067	\$ -
Fred Daniels	4,000	-
Timothy McDonald	4,000	-
Pat Borke	5,333	-
Marion Berls	4,000	4,419
Rebecca Linaker	4,000	1,976
Bernie Minute	800	-
Brad Marta	800	-
Ronald Holtorf	800	-
Kevin Smith	800	-
Shiela Sauter-Chadwick	800	-
Christial Westwell	800	-
Claudette James	800	-
	<b>\$ 32,000</b>	<b>\$ 6,395</b>

## TOWN OF FORT SMITH

### Gas Tax Report

For the year ended December 31, 2009

	2009	2008
Deferred revenue, opening balance	\$ 952,054	\$ 575,316
Revenue		
Government of Canada	723,742	360,015
Interest	2,886	16,723
<b>Total revenues</b>	<b>1,678,682</b>	<b>952,054</b>
Spent on eligible projects:		
ICSP plan	15,694	-
Water/sewer system expenses	305,053	-
<b>Total expense</b>	<b>320,747</b>	<b>-</b>
Deferred revenue, closing balance	\$ 1,357,935	\$ 952,054

## TOWN OF FORT SMITH

### Community Public Infrastructure Report

For the year ended December 31, 2009

	2009	2008
Deferred revenue, opening balance	\$ 44,086	\$ -
Revenue		
Government of Canada contribution	1,114,080	1,114,080
<b>Total revenues</b>	<b>1,158,166</b>	<b>1,114,080</b>
Expenses		
Mobile equipment	-	126,012
Municipal Infrastructure	-	25,058
Utility Infrastructure	-	449,785
Recreation Infrastructure	-	144,472
Emergency infrastructure	-	324,667
<b>Total expenses</b>	<b>-</b>	<b>1,069,994</b>
Deferred revenue, closing balance	\$ 1,158,166	\$ 44,086

# TOWN OF FORT SMITH

## Notes to the Financial Statements

December 31, 2009

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### Note 1. **Significant Accounting Policies**

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

#### **Reporting Entity**

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balance and change in financial position of the reporting entity.

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.

#### **Basis of Accounting**

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

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

#### **Investments**

Investments are recorded at amortized cost.

#### **Revenue and Expenditure Recognition**

The basis of accounting followed in the financial statement presentation includes revenues recognized in the period in which the transactions or events occurred that gave rise to the revenues, and expenditures recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

#### **Land for Resale**

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes cost for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related developments 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.

#### **Liability for Landfill Closure and Post-Closure Costs**

The Town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. These costs are recognized when information is available to estimate the liability. To date the Town does not have the information required to estimate the liability.

# TOWN OF FORT SMITH

Notes to the Financial Statements

December 31, 2009

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Note 1. **Significant Accounting Policies (continued)**

**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:

- receive any goods or services directly in return;
- expect to be repaid in future; or
- 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 or transfers of tangible capital assets are initially recognized as deferred capital contributions and subsequently recognized as revenue when the related tangible capital asset are purchased.

**Non-Financial Assets**

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

**Leases**

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

**Tangible Capital Assets**

Effective January 1, 2009, the Town adopted Handbook Section 3150 of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants with respect to the reporting of tangible capital assets. In accordance with the handbook, the change in accounting policy has been applied retrospectively.

As a result of this change, opening accumulated surplus in 2009 decreased \$3,082,476 and excess revenues over expenses increased \$781,143.

Prior to January 1, 2009, the Town recorded tangible capital assets as expenditures on the statement of operations.

As of January 1, 2009, capital assets are recorded at the net book value (cost less accumulated amortization) on the statement of financial position. Cost includes all amounts directly attributable to acquisition, construction, development or betterment of the asset. The assets are amortized over their estimated useful lives at the following rates:

Asset	Method	Rate
Land held for town use	Not amortized	
Buildings	Straight line	15-50 years
Building improvements	Straight line	15-50 years
IT Infrastructure	Declining balance	2-10 years
Infrastructure	Declining balance	15-75 years
Parks Infrastructure	Declining balance	15-25 years
Vehicles Machinery and Equipment	Declining balance	7-25 years

One-half of the annual amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

# TOWN OF FORT SMITH

Notes to the Financial Statements

December 31, 2009

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Note 1. **Significant Accounting Policies (continued)**

Donated assets are capitalized and recorded at their estimated fair market value upon acquisition. Works of art for display are not included as capital assets. Certain capital assets for which the historical cost information is not available have been recorded at current fair market value discounted by a relevant inflation factor.

**Employee Benefits**

Employee benefits such as vacation pay, travel benefits, and sick leave are recorded as accrued liabilities.

**School Taxes**

School taxes are collected by the Town on behalf of the Government of the Northwest Territories. These taxes are payable to the Government of the Northwest Territories upon collection from taxpayers.

**Reserves**

Operating surplus for the year, for each functional area, is transferred to a related reserve. Other transfers to reserves are amounts allocated by Town Council for future expenditure.

**Projects Work-in-Progress and Deferred Revenue**

The cost of incomplete projects is recorded as work in progress, and related funding is recorded as deferred revenue.

**Financial Instruments**

Cash and receivables, and current liabilities are recorded at approximately fair market value due to their short term maturities.

**Inventories Held for Consumption**

Inventory held for consumption is not reported on the Statement of financial position as information is not readily available to record the asset.

**Use of Estimates**

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

Note 2. **Taxes and Grants in Lieu of Taxes Receivable**

	2009	2008
Municipal taxes receivable	\$ 662,501	\$ 697,394
Grants in lieu of taxes	10,095	-
	672,596	697,394
Less: Allowance for doubtful accounts	252,118	201,948
Net taxes and grants in lieu of taxes receivable	\$ 420,478	\$ 495,446

# TOWN OF FORT SMITH

## Notes to the Financial Statements

December 31, 2009

### Note 3. Accounts Receivable

	2009		2008
<b>Current</b>			
Goods and services tax rebate	\$ 48,818	\$	44,610
Utilities	110,226		133,251
Other	150,716		241,364
	309,760		419,225
Less: Allowance for doubtful accounts	57,813		47,940
	251,947		371,285
<b>Long term</b>			
Recreation facilities	-		46,677
Airport refuelling facility	87,942		90,848
	87,942		137,525
Less: Allowance for doubtful accounts	-		46,677
	87,942		90,848
<b>Total accounts receivable</b>	<b>\$ 339,889</b>	<b>\$</b>	<b>462,133</b>

### Note 4. Current Assets and Liabilities

	2009		2008
<b>Current Assets</b>			
Cash	\$ 8,602,816	\$	6,295,629
Taxes and grants in lieu of taxes receivable	420,478		495,446
Government grant receivable	4,923		1,036,623
Other receivables, Note 3	251,947		371,285
	\$ 9,280,164	\$	8,198,983
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	\$ 658,673	\$	648,291
School tax payable	432,158		425,270
Contribution repayable	-		164,341
Deferred revenue	3,984,355		2,462,298
Current portion of long term debt, Note 7	380,830		478,927
	\$ 5,456,016	\$	4,179,127

### Note 5. Equity in Property, Plant & Equipment

	2009		2008
Balance, opening	\$ 23,613,061	\$	22,371,656
Long term debt principal repaid - Northern Lights centre	2,110,909		117,273
Net long term debt principal applied - swimming pool	361,651		342,989
Property, plant & equipment disposals	(2,283,516)		-
Property, plant & equipment acquisitions	400,708		2,016,482
Amortization of tangible capital assets	(1,013,283)		(1,235,339)
	\$ 23,189,530	\$	23,613,061

**TOWN OF FORT SMITH**

Note 6.  
Schedule of Tangible Capital Assets

For the year ended December 31, 2009

	Opening Balance	Additions	Disposals	Closing Balance	Accumulated Amortization Beginning of Year	Net Carrying Amount Beginning of year	Deletions	Amortization	Accumulated Amortization End of Year	Net Carrying Amount
Land held for town use	\$ 3,520,600	\$ -	\$ -	\$ 3,520,600	\$ -	\$ 3,520,600	\$ -	\$ -	\$ -	\$ 3,520,600
Buildings	23,736,300	34,340	2,587,749	21,182,891	6,750,812	16,885,488	476,840	454,398	6,728,370	14,454,521
Building improvements	8,529,845	11,000	-	8,540,845	4,228,363	4,301,482	-	303,204	4,531,567	4,009,278
IT Infrastructure	412,453	37,876	-	450,329	82,491	328,962	-	44,311	126,802	323,527
Infrastructure	8,121,624	48,354	-	8,169,978	6,702,803	1,418,821	-	22,818	6,725,621	1,444,357
Parks Infrastructure	457,961	32,161	-	490,122	188,853	269,108	-	26,463	215,316	274,806
Vehicles, machinery & equipment	3,245,297	236,978	222,402	3,259,873	1,253,692	1,991,605	49,794	162,090	1,365,988	1,893,885
	\$ 48,024,080	\$ 400,709	\$ 2,810,151	\$ 45,614,638	\$ 19,207,014	\$ 28,817,066	\$ 526,634	\$ 1,013,284	\$ 19,693,654	\$ 25,920,974

# TOWN OF FORT SMITH

Notes to the Financial Statements

December 31, 2009

## Note 7. Long Term Debt

	2009	2008
Debenture No. 51 Issued in 2005 for \$4,000,000. Repayable in quarterly instalments of \$128,878 including interest at 5.2%, maturing 2015. The proceeds were used to finance swimming pool construction.	\$ 2,731,442	\$ 3,093,096
Debenture No. 49 Issued in 2004 for \$2,580,000. Repayable in annual instalments of \$117,273 plus interest at 5.41%, maturing 2026. The proceeds were used to refinance construction of the Northern Lights home. The care home was sold and the debenture repaid in the year.	-	2,110,909
	2,731,442	5,204,005
Less: current portion	380,830	478,927
	\$ 2,350,612	\$ 4,725,078
Estimated future repayments are as follows:		
	Interest	Principal
For the year ending December 31, 2010	\$ 134,682	\$ 380,830
2011	114,489	401,023
2012	93,496	422,016
2013	70,849	444,663
2014	47,272	468,240
Subsequent	17,298	614,670
	\$ 478,086	\$ 2,731,442
		\$ 3,209,528

## Note 8. Deferred Revenue

	2009	2008
Prepaid cost-sharing amount for use of Northern Lights Special Care Home	\$ -	\$ 120,586
Federal Gas Tax revenue	1,357,935	952,054
Community Public Infrastructure	1,158,166	44,086
Project funding received for ongoing projects, Page 13	1,468,254	1,345,572
	\$ 3,984,355	\$ 2,462,298

## Note 9. Funding of Reserves and Deferred revenue

	2009	2008
Reserves	\$ 5,259,813	\$ 5,402,577
Deferred revenue	3,984,355	2,462,298
Total restricted balances	9,244,168	7,864,875
Cash	8,602,816	6,295,629
Funding in excess (deficient) of specific reserves	\$ (641,352)	\$ (1,569,246)

Sufficient funds must be deposited to separate bank accounts to correspond with the respective reserve balances. The Town does not maintain separate bank accounts for reserve funds.

# TOWN OF FORT SMITH

Notes to the Financial Statements

December 31, 2009

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**Note 10. Contingent liabilities**

The Town participates in the Northern Communities Insurance Program. Under this program 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.

**Note 11. Credit Risk**

The Town is subject to financial risk that arises from the creditworthiness of the individuals and entities to which it provides goods and services. Credit risk arises from the possibility that those parties may experience financial difficulty and may not be able to fulfill their obligations to the Town. However, because the Town's customers and ratepayers represent a diverse group, there are no significant concentrations of credit risk. In addition, the Town has recourse to certain legislative remedies which reduce the risk of financial loss through unpaid accounts.

The allowance for doubtful accounts as shown represents management's best estimate of the credit risk exposure at year end.

**Note 12. Change in Accounting Policy**

**Tangible Capital Assets**

Effective January 1, 2009, the Town adopted section 3150 of the Public Sector Accounting Handbook with respect to the disclosure of tangible capital assets for local governments. Previously, the Town recorded tangible capital assets as expenses on the statement of revenues and expenses. As of January 1, 2009 they are recorded at cost on the statement of financial position and amortized over their estimated useful lives.

**Note 13. Reclassification**

Certain prior year's figures have been reclassified for comparative purposes.