

TOWN OF TOFIELD

FINANCIAL STATEMENTS

DECEMBER 31, 2008

AUDITORS' REPORT

To the Mayor and Council of the Town of Tofield

We have audited the Consolidated Statement of Financial Position of the Town of Tofield as at December 31, 2008 and the related Consolidated Statements of Financial Activities by Function and by Object, Statement of Changes in Fund Balances, Consolidated Statement of Changes in Financial Position and the Schedule of Taxes Levied and Grants-In-Lieu supporting these statements for the year then ended. These financial statements are the responsibility of the Town's management. 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 consolidated financial statements present fairly, in all material respects, the financial position of the Town of Tofield as at December 31, 2008 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting as described in Note 1.

Sherwood Park, Alberta

February 19, 2009


Chartered Accountants

TOWN OF TOFIELD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008

	OPERATING	CAPITAL	2008 TOTAL	2007 TOTAL
ASSETS				
Financial Assets				
Cash and Temporary Investments - note 2	\$ 1,558,725	\$ -	\$ 1,558,725	\$ 2,982,513
Taxes and Grants in Place of Taxes Receivable				
- Current	52,173	-	52,173	27,064
- Arrears	8,141	-	8,141	8,433
Receivable from Other Governments	158,764	-	158,764	26,715
Trade and Other Receivables	1,629,133	440,000	2,069,133	454,740
	<u>3,406,936</u>	<u>440,000</u>	<u>3,846,936</u>	<u>3,499,465</u>
Other Assets				
Due (to) from Other Funds	(1,860,421)	1,860,421	-	-
Physical Assets				
Inventory	15,950	-	15,950	12,535
Capital Assets - note 4	-	22,815,100	22,815,100	17,672,725
	<u>15,950</u>	<u>22,815,100</u>	<u>22,831,050</u>	<u>17,685,260</u>
Total Assets	<u>\$ 1,562,465</u>	<u>\$ 25,115,521</u>	<u>\$ 26,677,986</u>	<u>\$ 21,184,725</u>
LIABILITIES				
Current Liabilities				
Temporary Loans Payable	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Accounts Payable and Accrued Liabilities	724,654	-	724,654	215,183
Deposit Liabilities - note 6	7,000	-	7,000	5,800
Deferred Revenue - note 7	15,545	-	15,545	19,731
Current Portion of Long Term Debt	-	108,427	108,427	107,924
	<u>747,199</u>	<u>1,108,427</u>	<u>1,855,626</u>	<u>348,638</u>
Other Liabilities				
Long Term Debt - note 8	-	340,153	340,153	448,581
Total Liabilities	<u>747,199</u>	<u>1,448,580</u>	<u>2,195,779</u>	<u>797,219</u>
MUNICIPAL EQUITY				
Fund Balances				
Operating fund	73,340	-	73,340	170,549
Equity in Capital Assets	-	21,366,520	21,366,520	17,116,220
Reserve fund	741,926	2,300,421	3,042,347	3,100,737
Total Municipal Equity	<u>815,266</u>	<u>23,666,941</u>	<u>24,482,207</u>	<u>20,387,506</u>
Total Liabilities and Municipal Equity	<u>\$ 1,562,465</u>	<u>\$ 25,115,521</u>	<u>\$ 26,677,986</u>	<u>\$ 21,184,725</u>

TOWN OF TOFIELD

STATEMENT OF CHANGES IN OPERATING FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008	2007
Excess of revenues over expenditures	\$ 983,258	\$ 992,725
Net Transfers To Reserves	58,390	(461,031)
Transfers From Capital Fund	4,252,549	756,478
Transfers to Capital Fund to acquire capital assets	(5,283,483)	(860,318)
Principal Repayments on Long Term Debt	(107,923)	(101,396)
Principal Repayments on Temporary Loan	-	(325,000)
Change in Fund Balances	<u>(97,209)</u>	<u>1,458</u>
Balance at Beginning of Year	170,549	169,091
Balance at End of Year	<u>\$ 73,340</u>	<u>\$ 170,549</u>

STATEMENT OF EQUITY IN CAPITAL ASSETS

	2008	2007
Excess of revenues over expenditures	\$ 3,252,549	\$ 756,478
Principal Repayments on Long Term Debt	107,923	101,396
Principal Repayments on Temporary Loan	-	325,000
Capital Property Additions	5,283,483	860,318
Capital Property Dispositions - Cost	(141,106)	(245,750)
Transfers To Operating Funds	(4,252,549)	(756,478)
Change in Fund Balances	<u>4,250,300</u>	<u>1,040,964</u>
Balance at Beginning of Year	17,116,220	16,075,256
Balance at End of Year	<u>\$ 21,366,520</u>	<u>\$ 17,116,220</u>

STATEMENT OF CONSOLIDATED RESERVE FUND BALANCE

	Balance at Beginning of Year	Additions	Reductions	Balance at End of Year
Operating Reserves				
Restricted	\$ 52,973	\$ 180,135	\$ 44,528	\$ 188,580
Unrestricted	629,078	-	75,732	553,346
	<u>682,051</u>	<u>180,135</u>	<u>120,260</u>	<u>741,926</u>
Capital Reserves				
Restricted	130,718	-	27,734	102,984
Unrestricted	2,287,968	1,465,559	1,556,090	2,197,437
	<u>2,418,686</u>	<u>1,465,559</u>	<u>1,583,824</u>	<u>2,300,421</u>
Total Reserves	<u>\$ 3,100,737</u>	<u>\$ 1,645,694</u>	<u>\$ 1,704,084</u>	<u>\$ 3,042,347</u>

Restricted Operating reserves consist of funds to be used for Family and Community Support Services, Municipal Sustainability Initiative, Community Initiative, Regional Partnership and the Snow Goose Festival. Restricted Capital Reserves consist of Off-site Levies.

TOWN OF TOFIELD

FINANCIAL ACTIVITIES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2008

	OPERATING	CAPITAL	2008 TOTAL	2007 TOTAL
Total General Revenue	\$ 1,683,720		\$ 1,683,720	\$ 1,495,406
Function Revenue				
General Government				
General Administration	141,971	295,969	437,940	141,188
Protective Services				
Fire	70,601		70,601	2,128
Disaster Recovery				5,178
Ambulance and First Aid	30,199		30,199	103,422
By-laws Enforcement	1,583		1,583	1,685
Transportation				
Roads, Streets, Walks, Lighting	105,966	1,607,193	1,713,159	479,842
Airport	21,928		21,928	17,095
Environmental Use and Protection				
Water Supply and Distribution	924,585	554,755	1,479,340	934,898
Wastewater Treatment and Disposal	118,832	864,265	983,097	121,425
Waste Management	78,379		78,379	77,160
Public Health and Welfare				
Family and Community Support (FCSS)	213,550		213,550	204,961
Cemeteries and Crematoriums	12,325		12,325	15,022
Planning and Development				
Land Use Planning, Zoning and Development	713,045		713,045	969,304
Recreation and Culture				
Economic Development	174,909	55,000	229,909	177,300
Total Revenue	4,291,593	3,377,182	7,668,775	4,746,014
Expenditures				
General Government				
Council and Other Legislative	92,836		92,836	51,510
General Administration	521,788		521,788	487,524
Protective Services				
Fire	51,525		51,525	24,920
Disaster Recovery				5,126
Ambulance and First Aid	124,919		124,919	206,902
By-laws Enforcement	6,656		6,656	7,271
Transportation				
Roads, Streets, Walks, Lighting	583,135		583,135	452,375
Airport	29,670		29,670	21,412
Environmental Use and Protection				
Water Supply and Distribution	1,050,212	27,733	1,077,945	909,952
Wastewater Treatment and Disposal	93,728		93,728	83,759
Waste Management	66,472		66,472	64,288
Public Health and Welfare				
Family and Community Support (FCSS)	211,165		211,165	217,181
Cemeteries and Crematoriums	24,194		24,194	22,523
Planning and Development				
Land Use Planning, Zoning and Development	15,186	96,900	112,086	48,444
Recreation and Culture				
Economic Development	436,849		436,849	393,624
Total Expenditures	3,308,335	124,633	3,432,968	2,996,811
Excess of Revenues over Expenditures	\$ 983,258	\$ 3,252,549	\$ 4,235,807	\$ 1,749,203

TOWN OF TOFIELD

FINANCIAL ACTIVITIES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2008

	OPERATING	CAPITAL	2008 TOTAL	2007 TOTAL
Revenues				
Taxation and Grants in Place of Taxes - Schedule 1	\$ 1,526,368		\$ 1,526,368	\$1,314,073
Sales and User Charges	1,940,227	740,152	2,680,379	2,207,927
Penalties and Costs on Taxes	22,776		22,776	24,499
Licenses and Permits	5,233		5,233	5,260
Fines	4,363		4,363	4,331
Franchise and Concession Contracts	65,205		65,205	60,289
Interest Income	73,906		73,906	102,785
Rentals	38,735		38,735	50,217
Provincial Government Unconditional Transfers	5,172		5,172	5,172
Provincial Government Conditional Transfers	465,356	2,637,030	3,102,386	850,941
Local Government Transfers	142,258		142,258	119,376
Other Revenues	1,994		1,994	1,144
Total Revenue	4,291,593	3,377,182	7,668,775	4,746,014
Expenditures				
Salaries, Wages, and Benefits	885,887		885,887	737,990
Contracted and General Services	663,859		663,859	737,542
Materials, Goods, Supplies and Utilities	1,413,538		1,413,538	1,131,233
Transfers to Local Boards and Agencies	212,892		212,892	279,745
Transfers to Individuals and Organizations	18,820		18,820	20,170
Bank Charges	10,571		10,571	16,005
Interest on Capital Long Term Debt	36,180		36,180	43,343
Gross Recoveries	15,738		15,738	13,681
Other Expenditures	50,850	124,633	175,483	17,102
Total Expenditures	3,308,335	124,633	3,432,968	2,996,811
Excess of Revenues over Expenditures	\$ 983,258	\$ 3,252,549	\$ 4,235,807	\$ 1,749,203

TOWN OF TOFIELD

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008	2007
Cash provided by (used for)		
Operating Activities		
Excess of revenues over expenditures	<u>\$ 4,235,807</u>	<u>\$ 1,749,203</u>
Net changes in non-cash working capital balances		
(Increase) decrease in taxes and grants in place of taxes receivable	(24,817)	21,055
Increase in receivables from other governments	(132,049)	(13,179)
Increase in trade and other receivables	(1,614,393)	(240,550)
Increase in inventory	(3,415)	(2,477)
Increase in accounts payable and accrued liabilities	509,471	115,118
Increase in deposit liabilities	1,200	1,800
Decrease in deferred revenue	(4,186)	(4,521)
	<u>(1,268,189)</u>	<u>(122,754)</u>
Cash flow provided by operating activities	<u>2,967,618</u>	<u>1,626,449</u>
Investing Activities		
Purchases of physical assets:		
- Engineering structures	(5,086,543)	(667,218)
- Building	(21,000.00)	-
- Machinery and Equipment	(111,951)	(18,100)
- Land	-	(70,000)
- Vehicle	(63,989)	(105,000)
Cash flow used for investing activities	<u>(5,283,483)</u>	<u>(860,318)</u>
Financing Activities		
Long term debt repaid	(107,923)	(101,396)
Temporary loan repaid	-	(325,000)
Additional debt	1,000,000	-
Cash flow provided by (used for) financing activities	<u>892,077</u>	<u>(426,396)</u>
(Decrease) Increase in Cash and Temporary Investments	(1,423,788)	339,735
Cash and Temporary Investments, beginning of year	2,982,513	2,642,778
Cash and Temporary Investments, end of year	<u><u>\$ 1,558,725</u></u>	<u><u>\$ 2,982,513</u></u>
Represented by:		
Cash	\$ 684,806	\$ 289,862
Temporary Investments	873,919	2,692,651
Total Cash and Temporary Investments	<u><u>\$ 1,558,725</u></u>	<u><u>\$ 2,982,513</u></u>
NOTE:		
Interest Received	<u>\$ 73,906</u>	<u>\$ 102,785</u>
Interest Paid	<u>\$ 46,751</u>	<u>\$ 59,348</u>

TOWN OF TOFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

1. **SIGNIFICANT ACCOUNTING POLICIES**

The consolidated Financial Statements of the Town of Tofield are prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of the accounting policies adopted by the Town of Tofield are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the town and are, therefore, accountable to the town Council for the administration of their financial affairs and resources. The Town contributes to, but does not control, the Tofield Volunteer Fire Department and the Tofield Municipal Library. Reporting for these entities is limited to the Town's contribution to them.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the municipality has met any eligibility criteria and reasonable estimates of the amounts can be made.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

Interest on long term debt and pension expenditures are recorded as an expenditure as payment is made.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures 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.

TOWN OF TOFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Fund Accounting

For reporting purposes, established funds consist of the operating fund and the capital fund. Transfers between funds are recorded as a charge in the transferring fund and as a credit in the receiving fund. Capital fund debt interest payments are recorded as operating fund charges.

Proceeds from sales of land held for resale are recorded as operating fund revenues.

The operating and capital funds are further segregated by functions that relate to specific areas of activity.

(e) Taxes and Grants in Place of Taxes Receivables

Current taxes and grants in place of taxes receivables consist of current tax levies that remain outstanding at December 31st.

Tax arrears consist of taxes that remain outstanding from prior years.

(f) Investments

Investments are recorded at the lower of cost and market where the decline in market is other than a temporary decline.

(g) Pension Expenditure

The Town participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan.

(h) Inventory

Inventory is valued at the lower of cost (determined on a first-in, first-out basis) and net realizable value.

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as capital assets under their respective function.

**TOWN OF TOFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Capital Assets

Capital Assets are reported as expenditures in the period they are acquired. Capital Assets are reported at total cost.

Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the related asset costs.

No provision is made in these financial statements for amortization of capital assets.

(j) Tangible Capital Assets

Effective January 1, 2007, the Town of Tofield adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 – Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

Prior to January 1, 2007, the Town of Tofield recorded tangible capital assets including assets held under capital leases at cost in the period they were acquired on the statement of financial position and as an expenditure within the capital fund. Tangible capital assets were not previously amortized.

During 2008, the Town of Tofield continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008, the Town of Tofield had not yet obtained a complete listing and values for all land, buildings, engineered structures, machinery and equipment and vehicles. A complete listing of assets and values for these asset classes is currently underway and expected to be completed by December 31, 2009.

As of January 1, 2008, capital assets including assets held under capital leases are recorded at cost in the period they are acquired and recorded as an expenditure within the capital fund. Works of art for display are not included as capital assets.

The Town of Tofield does not capitalize interest as part of the costs of its capital assets.

As of January 1, 2008, amortization is not recorded as an expense. Amortization for all asset classes is expected to be presented in the 2009 financial statements and is calculated on a straight-line basis over an asset's estimated useful lives as follows:

Land Improvements	10 – 20 years
Buildings	50 years
Engineered structures	
Roadway system	5 – 40 years
Water system	45 – 75 years
Wastewater system	45 – 75 years
Storm sewer	45 – 75 years
Machinery and equipment	5 – 15 years
Vehicles	10 – 25 years