

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. The deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

Included in local improvements revenue is \$4,186, which represents the annual amortization of prepaid local improvement charges.

(l) Reserves for Future Expenditures

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and/or from operating reserves are reflected as an adjustment to the operating fund while transfers to and/or from capital reserves are shown as an adjustment to capital equity.

(m) Equity in Capital Assets

Equity in capital assets represents the Town of Tofield's net investment in its total capital assets, land held for resale, and other capital assets, after deducting the portion financed by third parties through debenture, bond, and mortgage debts, long term capital borrowing, capitalized leases, and other capital liabilities which will be repaid by the municipality. Equity in capital property also includes any capital revenues received but unexpended at year-end, and is reduced by any capital expenditures incurred but not funded at year-end.

2. CASH AND TEMPORARY INVESTMENTS

	2008	2007
Cash	\$ 684,806	\$ 289,862
Temporary Investments -- note 3	<u>873,919</u>	<u>2,692,651</u>
Cash and Temporary Investments	<u>\$ 1,558,725</u>	<u>\$ 2,982,513</u>

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3. TEMPORARY INVESTMENTS

	2008	2007
Premium Money Market Fund effective interest 4.13% - 2007	\$ -	\$ 658,823
Term Deposit		
- 2.95% maturing July 9, 2009	192,248	-
- 2.95% maturing July 9, 2009	116,823	-
- 3.65% maturing January 9, 2008	-	112,963
- 3.65% maturing January 29, 2008	-	139,070
- 3.75% maturing May 13, 2008	-	353,481
- 4.15% maturing August 19, 2008	-	363,156
- 4.05% maturing October 22, 2008	-	106,392
- 4.05% maturing November 6, 2008	-	402,397
- 3.80% maturing November 18, 2008	-	11,712
Nesbitt Burns Investment account (Market value \$564,848, 2007 - \$538,621)	<u>564,848</u>	<u>544,657</u>
Total Temporary Investments at cost	<u>\$ 873,919</u>	<u>\$ 2,692,651</u>
Market Value	<u>\$ 873,919</u>	<u>\$ 2,686,616</u>

4. CAPITAL ASSETS

	Balance at Beginning of Year	Additions	Disposals	Balance at End of Year
Capital Assets - Cost				
Engineering Structures	\$ 13,101,535	\$ 5,086,540	\$ -	\$ 18,188,075
Buildings	2,390,111	21,000	-	2,411,111
Machinery and equipment	1,143,987	111,951	-	1,255,938
Land	439,266	-	129,105	310,161
Vehicles	<u>597,826</u>	<u>63,989</u>	<u>12,000</u>	<u>649,815</u>
Total Capital Assets - Cost	<u>\$ 17,672,725</u>	<u>\$ 5,283,480</u>	<u>\$ 141,105</u>	<u>\$ 22,815,100</u>

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5. TANGIBLE CAPITAL ASSETS

	Cost Beginning of Year	Additions	Disposals	Write downs	Cost End of Year	Amortization In Year	Accumulated Amortization	Net Book Value
Land	\$ 439,266	-	\$ 129,105	-	\$ 310,161	\$ -	\$ -	\$ 310,161
Buildings	2,390,111	21,000	-	-	2,411,111	48,200	96,000	2,315,111
Engineered Structures	13,101,535	5,986,540	-	-	18,188,075	363,800	625,800	17,562,275
Machinery & Equipment	1,143,987	111,951	-	-	1,255,938	125,600	240,000	1,015,938
Vehicles	<u>597,826</u>	<u>63,989</u>	<u>12,000</u>	<u>-</u>	<u>649,815</u>	<u>43,300</u>	<u>82,400</u>	<u>567,415</u>
	<u>\$ 17,672,725</u>	<u>\$ 5,283,480</u>	<u>\$ 141,105</u>	<u>\$ -</u>	<u>\$ 22,815,100</u>	<u>\$ 580,900</u>	<u>\$ 1,044,200</u>	<u>\$ 21,770,900</u>

Amortization of assets in the amount of \$580,900 (2007 - 464,100) has not been recorded and is only disclosed in the notes for information purposes.

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6. DEPOSIT LIABILITIES

	2008	2007
Utility Deposit Liability	<u>\$ 7,000</u>	<u>\$ 5,800</u>

7. DEFERRED REVENUE

Deferred revenue consists of Prepaid Local Improvements.

8. LONG TERM DEBT

	2008	2007
Long Term Debt Support		
Supported by General Tax Levies	\$ 438,644	\$ 537,064
Supported by Special Levies	<u>9,936</u>	<u>19,441</u>
	448,580	556,505
Less: Current portion	<u>108,427</u>	<u>107,924</u>
	<u>\$ 340,153</u>	<u>\$ 448,581</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2009	\$ 108,427	\$ 28,524	\$ 136,951
2010	104,353	21,047	125,400
2011	100,393	14,197	114,590
2012	106,498	8,092	114,590
2013	<u>28,909</u>	<u>1,590</u>	<u>30,499</u>
	<u>\$ 448,580</u>	<u>\$ 73,450</u>	<u>\$ 522,030</u>

Debenture debt of \$448,580, repayable to Alberta Municipal Financing Corporation bears interest at rates ranging from 5.375% to 11.5% per annum, before provincial subsidy, and matures in periods 2009 through 2013.

Debenture debt is issued on the credit and security of the Town of Tofield.

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9. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 as follows:

Position	Salaries/ Fees (1)	Benefits (2)	2008 Total	2007 Total
<b>Mayor</b>				
Nabil Chehayeb	\$15,450	\$ -	\$ 15,450	\$ 6,925
<b>Councillors</b>				
Catherine Brown	10,050	-	10,050	2,850
Harold Conquest	10,050	-	10,050	4,950
Debora Dueck	10,050	-	10,050	5,250
Roger Hulley	10,050	-	10,050	2,400
Barry Robinson	10,050	-	10,050	4,900
Larry Tiedemann	10,050	-	10,050	5,100
Lawrence Weatherill	-	-	-	1,900
	<u>60,300</u>	<u>-</u>	<u>60,300</u>	<u>34,275</u>
Designated Officer	1	<u>81,820</u>	<u>829</u>	<u>82,649</u>
<b>Total</b>	<b><u>\$157,570</u></b>	<b><u>\$ 829</u></b>	<b><u>\$ 158,399</u></b>	<b><u>\$ 113,023</u></b>

(1) Salary includes regular base pay, gross honoraria and any other direct cash remuneration.

(2) Benefits include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, short term disability plans, professional memberships and tuition.

10. LEASED OFFICE EQUIPMENT

The Town of Tofield has entered into operating lease agreements for certain office equipment expiring in November 2010 and November 2013. Quarterly and annual lease payments total \$7,659 annually. The annual lease amounts due until the expiration of these leases are as follows:

2009	\$ 7,659
2010	6,630
2011	3,543
2012	3,543
2013	-
	<u>\$ 21,375</u>

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11. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by regulation 255/00 for the Town of Tofield, be disclosed as follows:

	2008	2007
Total debt limit	\$ 8,236,236	\$ 6,279,096
Total debt	<u>1,448,581</u>	<u>556,505</u>
Amount of Total Debt Limit Available	<u>\$ 6,787,655</u>	<u>\$ 5,722,591</u>
Service on Debt Limit	\$ 1,372,706	\$ 1,046,516
Service on Debt	<u>1,144,649</u>	<u>144,104</u>
Amount of Service on Debt Limit Available	<u>\$ 228,057</u>	<u>\$ 902,412</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town of Tofield participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The LAPP serves about 179,000 people and about 407 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Town of Tofield is required to make current service contributions to the LAPP of 7.75% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 10.64% for the excess. Employees of the Town are required to make current service contributions of 6.75% of pensionable salary up to the year's maximum pensionable salary and 9.64% on pensionable salary above this amount.

Total current service contributions by the Town of Tofield to the Local Authorities Pension Plan were \$52,386 in 2008 and \$46,304 in 2007. Total current service contributions by the employees of the Town of Tofield to the Local Authorities Pension Plan were \$46,082 in 2008 and \$40,702 in 2007.

At December 31, 2007, the LAPP disclosed an actuarial deficiency of \$1,183.3 million.

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13. CONTINGENCIES

The Town of Tofield is a member of the Alberta Local Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town of Tofield 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.

14. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, temporary loans payable, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risk arising from these financial instruments.

The Town is subject to credit risk with respect to taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the fair market value of these financial instruments approximates their carrying values.

15. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

## TOWN OF TOFIELD

SCHEDULE 1

SCHEDULE OF TAXES LEVIED AND GRANTS IN PLACE OF TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008	2007
<b>Taxation</b>		
Real Property		
- Residential Taxes	\$ 1,496,608	\$ 1,343,328
- Commercial Taxes	246,867	233,046
- Industrial Taxes	132,901	54,210
- Farmland Taxes	1,047	1,891
Total Real Property	<u>1,877,423</u>	<u>1,632,475</u>
Linear Property Taxes	75,837	115,835
Federal Grants in Place of Taxes	7,786	5,024
Provincial Grants in Place of Taxes	8,340	8,925
Local Improvement	16,064	16,887
	<u>1,985,450</u>	<u>1,779,146</u>
<b>Less: Requisitions</b>		
Alberta School Foundation	423,368	434,041
Beaver Foundation	35,714	31,032
	<u>459,082</u>	<u>465,073</u>
<b>Net Taxes Available for Municipal Purposes</b>	<u>\$ 1,526,368</u>	<u>\$ 1,314,073</u>