

TOWN OF TOFIELD

FINANCIAL STATEMENTS

DECEMBER 31, 2009

AUDITORS' REPORT

To the Mayor and Council of the Town of Tofield

We have audited the Consolidated Statement of Financial Position, the Consolidated Statement of Operations, the Consolidated Statement of Changes in Net Financial Assets and the Consolidated Statement of Cash Flows of the Town of Tofield as at December 31, 2009. 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 management, 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, 2009 and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Sherwood Park, Alberta

February 12, 2010

Masuda Munro
Chartered Accountants

TOWN OF TOFIELD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009

	2009 TOTAL	2008 TOTAL (restated)
FINANCIAL ASSETS		
Financial Assets		
Cash and Temporary Investments - note 2	\$ 2,233,646	\$ 1,558,725
Taxes and Grants in Place of Taxes Receivable		
- Current	125,824	52,173
- Arrears	30,281	8,141
Receivable from Other Governments	17,304	158,764
Trade and Other Receivables	758,381	2,069,133
	<u>3,165,436</u>	<u>3,846,936</u>
LIABILITIES		
Temporary Loans Payable	-	1,000,000
Accounts Payable and Accrued Liabilities	355,316	724,654
Deposit Liabilities - note 4	9,200	7,000
Prepaid Local Improvements	17,538	15,545
Long Term Debt - note 5	1,165,508	448,580
	<u>1,547,562</u>	<u>2,195,779</u>
NET FINANCIAL ASSETS	1,617,874	1,651,157
NON-FINANCIAL ASSETS		
Tangible Capital Assets - note 7	13,027,659	12,863,966
Inventory	10,530	15,950
	<u>13,038,189</u>	<u>12,879,916</u>
ACCUMULATED SURPLU - note 9	<u>\$ 14,656,063</u>	<u>\$ 14,531,073</u>

TOWN OF TOFIELD
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budget	2009	2008 (restated)
Revenues			
Taxation and Grants in Place of Taxes - Schedule 2	2,188,873	\$ 1,682,939	\$1,526,368
Sales and User Charges	1,280,445	1,283,317	2,673,998
Penalties and Costs on Taxes	23,000	36,392	22,776
Licenses and Permits	5,000	3,260	5,233
Fines	2,000	2,334	4,363
Franchise and Concession Contracts	81,000	81,414	65,205
Interest Income	70,000	32,434	73,906
Rentals	40,107	43,971	38,735
Provincial Government Unconditional Transfers	5,172	5,172	5,172
Provincial Government Conditional Transfers	178,043	184,006	3,102,386
Local Government Transfers	175,464	170,679	142,258
Other Revenues	66,215	18,934	1,994
Total Revenue	<u>4,115,319</u>	<u>3,544,852</u>	<u>7,662,394</u>
EXPENSES			
Council and Other Legislative	93,200	83,417	92,836
General Administration	916,795	824,499	521,788
Fire	123,717	89,605	51,525
Ambulance and First Aid	47,189	47,189	124,919
By-laws Enforcement	31,500	23,453	6,656
Roads, Streets, Walks, Lighting	602,885	605,181	583,135
Airport	41,700	25,684	29,670
Water Supply and Distribution	1,080,984	1,059,482	1,077,945
Wastewater Treatment and Disposal	183,107	221,558	93,728
Waste Management	91,534	91,462	66,472
Family and Community Support (FCSS)	229,358	216,010	211,165
Cemeteries and Crematoriums	38,810	32,888	24,194
Land Use Planning, Zoning and Development	12,459	12,459	112,086
Economic Development	532,096	484,753	436,849
Loss on sale of capital assets	-	-	134,725
Amortization	-	630,330	580,900
Total Expenses	<u>4,025,334</u>	<u>4,447,970</u>	<u>4,148,593</u>
(Shortfall) Excess of Revenues over Expenses - Before Other	<u>89,985</u>	<u>(903,118)</u>	<u>3,513,801</u>
OTHER			
Contributed assets		-	
Government transfers for capital	996,266	1,028,108	
	<u>996,266</u>	<u>1,028,108</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENSES	1,086,251	124,990	3,513,801
ACCUMULATED SURPLUS, BEGINNING OF YEAR	14,531,073	14,531,073	11,017,272
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 15,617,324</u>	<u>\$ 14,656,063</u>	<u>\$ 14,531,073</u>

TOWN OF TOFIELD

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budget	2009	2008 (restated)
EXCESS OF REVENUE OVER EXPENSES	\$ 1,086,251	\$ 124,990	\$ 3,513,801
Acquisition of capital assets	(913,736)	(794,023)	(5,283,484)
Contributed capital assets	-	-	-
Proceeds on disposal of capital assets	-	-	6,381
Amortization of capital assets	-	630,330	580,900
Loss on sale of tangible capital assets	-	-	134,725
	<u>(913,736)</u>	<u>(163,693)</u>	<u>(4,561,478)</u>
Acquisition of inventory	-	-	(20,300)
Use of inventory	-	5,420	16,885
	<u>-</u>	<u>5,420</u>	<u>(3,415)</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	172,515	(33,283)	(1,051,092)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>1,651,157</u>	<u>1,651,157</u>	<u>2,702,249</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 1,823,672</u>	<u>\$ 1,617,874</u>	<u>\$ 1,651,157</u>

TOWN OF TOFIELD

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009	2008 (restated)
Cash provided by (used for):		
Operating		
Excess of revenues over expenses	\$ 124,990	\$ 3,513,801
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	630,330	580,900
Loss on sale of tangible capital assets	-	134,725
	<u>755,320</u>	<u>4,229,426</u>
Non-cash charges to operations (net change):		
Increase in taxes and grants in place of taxes receivable	(95,791)	(24,817)
Decrease (increase) in receivables from other governments	141,460	(132,049)
Decrease (increase) in trade and other receivables	1,310,752	(1,614,393)
Decrease (increase) in inventory	5,420	(3,415)
(Decrease) increase in accounts payable and accrued liabilities	(369,338)	509,471
Increase in deposit liabilities	2,200	1,200
Increase (decrease) in prepaid local improvements	1,993	(4,186)
	<u>996,696</u>	<u>(1,268,189)</u>
Cash flow provided by operating activities	<u>1,752,016</u>	<u>2,961,237</u>
Capital		
Acquisition of tangible capital assets		
- Land	-	-
- Land improvements	(118,226)	-
- Building	(32,768)	(21,000)
- Engineering structures	(489,518)	(5,086,543)
- Machinery and Equipment	(131,011)	(111,951)
- Vehicle	(22,500)	(63,989)
Proceeds on sale of tangible capital assets		6,381
Cash flow used for investing activities	<u>(794,023)</u>	<u>(5,277,102)</u>
Financing		
Long term debt repaid	(120,976)	(107,923)
Temporary loan repaid	(1,000,000)	-
Additional debt	837,904	1,000,000
Cash flow (used for) provided by financing activities	<u>(283,072)</u>	<u>892,077</u>
Increase (Decrease) in Cash and Temporary Investments	674,921	(1,423,788)
Cash and Temporary Investments, beginning of year	1,558,725	2,982,513
Cash and Temporary Investments, end of year	<u>\$ 2,233,646</u>	<u>\$ 1,558,725</u>
Represented by:		
Cash	\$ 822,020	\$ 684,806
Temporary Investments	1,411,626	873,919
Total Cash and Temporary Investments	<u>\$ 2,233,646</u>	<u>\$ 1,558,725</u>
NOTE:		
Interest Received	<u>\$ 32,434</u>	<u>\$ 73,906</u>
Interest Paid	<u>\$ 64,593</u>	<u>\$ 46,751</u>

TOWN OF TOFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

1. **SIGNIFICANT ACCOUNTING POLICIES**

The consolidated Financial Statements of the Town of Tofield are the representations of management prepared 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

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 the 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.

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, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investments

Investments are recorded at the lower of cost and market. Where there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(e) Inventory 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 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.

(f) 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.

(g) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

(h) 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 for the year.

TOWN OF TOFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Non-Financial Assets (continued)

i) 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:

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

The full annual amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) 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.

iii) 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.

iv) Inventory

Inventory held for consumption is valued at the lower of cost (determined on a first-in, first-out basis) and replacement cost.

TOWN OF TOFIELD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

2. CASH AND TEMPORARY INVESTMENTS

	2009	2008
Cash	\$ 822,020	\$ 684,806
Temporary Investments -- note 3	<u>1,411,626</u>	<u>873,919</u>
Cash and Temporary Investments	<u>\$ 2,233,646</u>	<u>\$ 1,558,725</u>

3. TEMPORARY INVESTMENTS

	2009	2008
Term Deposit		
- 0.25% maturing July 8, 2010	\$ 118,571	\$ -
- 1.00% maturing November 3, 2012	112,656	-
- 1.00% maturing October 26, 2012	314,887	-
- 1.00% maturing October 29, 2012	107,821	-
- 1.00% maturing October 29, 2012	65,602	-
- 1.00% maturing October 26, 2012	103,403	-
- 2.95% maturing July 9, 2009	-	192,248
- 2.95% maturing July 9, 2009	-	116,823
Nesbitt Burns Investment account (Market value \$588,686, 2008 - \$564,848)	<u>588,686</u>	<u>564,848</u>
Total Temporary Investments at cost	<u>\$ 1,411,626</u>	<u>\$ 873,919</u>
Market Value	<u>\$ 1,411,626</u>	<u>\$ 873,919</u>

4. DEPOSIT LIABILITIES

	2009	2008
Utility Deposit Liability	<u>\$ 9,200</u>	<u>\$ 7,000</u>