

**TOWN OF TOFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

5. LONG TERM DEBT

	2009	2008
Long Term Debt Support		
Supported by General Tax Levies	\$ 973,991	\$ 438,644
Supported by Special Levies	<u>191,517</u>	<u>9,936</u>
	<u>\$ 1,165,508</u>	<u>\$ 448,580</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2010	\$ 130,384	\$ 61,297	\$ 191,681
2011	127,719	53,153	180,872
2012	135,184	45,687	180,871
2013	59,021	37,758	96,779
2014	31,611	34,670	66,281
Thereafter	<u>681,589</u>	<u>279,484</u>	<u>961,073</u>
	<u>\$ 1,165,508</u>	<u>\$ 512,049</u>	<u>\$ 1,677,577</u>

Debenture debt of \$1,165,508, repayable to Alberta Municipal Financing Corporation bears interest at rates ranging from 4.915% to 11.5% per annum, before provincial subsidy, and matures in periods 2010 through 2013.

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

Interest on long-term debt amounted to \$49,115 (2008 - \$36,180)

6. 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:

	2009	2008
Total debt limit	\$ 5,317,278	\$ 8,236,236
Total debt	<u>1,165,508</u>	<u>1,448,581</u>
Amount of Total Debt Limit Available	<u>\$ 4,151,770</u>	<u>\$ 6,787,655</u>
Service on Debt Limit	\$ 886,213	\$ 1,372,706
Service on Debt	<u>191,681</u>	<u>1,144,649</u>
Amount of Service on Debt Limit Available	<u>\$ 694,532</u>	<u>\$ 228,057</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.

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7. TANGIBLE CAPITAL ASSETS

Net Book Value	2009	2008 (restated)
Land	\$ 878,508	\$ 878,508
Land Improvements	435,562	353,354
Buildings	1,450,800	1,457,436
Engineered Structures		
Roadway system	5,326,826	5,179,473
Airport	62,666	115,636
Water distributions system	1,922,112	1,960,538
Wastewater treatment system	2,170,589	2,210,233
Machinery, equipment and furnishings	505,626	419,803
Vehicles	274,970	288,985
	<u>\$ 13,027,659</u>	<u>\$ 12,863,966</u>

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2009	2008 (restated)
Tangible capital assets - Schedule 1	\$ 21,307,396	\$ 20,513,373
Accumulated amortization - Schedule 1	(8,279,737)	(7,649,407)
Long-term debt - note 6	(1,165,508)	(448,580)
Temporary borrowing	-	(1,000,000)
	<u>\$ 11,862,151</u>	<u>\$ 11,415,386</u>

9. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in capital assets as follows:

	2009	2008 (restated)
Unrestricted (deficit) surplus	\$ (74,521)	\$ 73,338
Restricted surplus		
Family and Community Support Services (FCSS)	23,853	30,953
Other operations	87,616	157,627
General operations	559,938	553,345
General equipment replacement	2,085,725	2,197,438
Water	111,301	102,986
Equity in tangible capital assets - note 8	<u>11,862,151</u>	<u>11,415,386</u>
	<u>\$ 14,656,063</u>	<u>\$ 14,531,073</u>

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10. 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)	2009 Total	2008 Total
<b>Mayor</b>				
Nabil Chehayeb	\$ 15,225	\$ -	\$ 15,225	\$ 15,450
<b>Councillors</b>				
Catherine Brown	9,600	-	9,600	10,050
Harold Conquest	10,050	-	10,050	10,050
Debora Dueck	9,600	-	9,600	10,050
Roger Hulley	9,257	-	9,257	10,050
Barry Robinson	9,600	-	9,600	10,050
Larry Tiedemann	<u>10,125</u>	<u>-</u>	<u>10,125</u>	<u>10,050</u>
	73,457	-	73,457	75,750
Designated Officer	1 position	<u>83,456</u>	<u>327</u>	<u>83,783</u>
Total	<u>\$ 156,913</u>	<u>\$ 327</u>	<u>\$ 157,240</u>	<u>\$ 158,399</u>

(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.

12. 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:

2010	\$ 6,630
2011	3,543
2012	3,543
2013	<u>2,657</u>
	<u>\$ 16,373</u>

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13. 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 133,000 people and about 389 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 5.525% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 7.4% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 4.525% of pensionable salary up to the year's maximum pensionable salary and 6.4% on pensionable salary above this amount.

Total current service contributions by the Town of Tofield to the Local Authorities Pension Plan were \$53,161 in 2009 and \$52,386 in 2008. Total current service contributions by the employees of the Town of Tofield to the Local Authorities Pension Plan were \$47,274 in 2009 and \$46,082 in 2008.

At December 31, 2008, the LAPP disclosed an actuarial deficiency of \$1,288.9 million.

14. 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.

15. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, 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 and grants in place of 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.

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16. PRIOR PERIOD ADJUSTMENTS

The Town has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook, which requires governments to record and amortize their tangible capital assets on their financial statements. In addition, revenue from contributed assets and government grants and transfers relating to capital acquisitions has been included in income. These adjustments are as follows:

	2008
Adjustments to opening accumulated surplus:	
As previously reported	\$ 20,968,406
Adjustments to net book value of tangible capital assets	<u>(9,951,134)</u>
As restated	<u>\$ 11,017,272</u>
Adjustments to shortfall of revenues over expenses:	
As previously reported	\$ 4,235,807
Loss on sale of tangible capital assets	(134,725)
Proceeds of sale of capital assets previously as revenue	(6,381)
Annual amortization expense	<u>(580,900)</u>
As restated	<u>\$ 3,513,801</u>
Adjustments to tangible capital assets:	
As previously reported	\$ 22,815,100
Adjustment to historical cost of tangible capital assets	(2,882,627)
Accumulated amortization recorded	<u>(7,068,507)</u>
As restated	<u>\$ 12,863,966</u>

Certain comparative figures have been restated to conform to the current year's presentation.

17. SUBSEQUENT EVENTS

An annexation of land from the County of Beaver will occur in 2010. This annexation will consist of a total of 631.09 acres of which the usable land is effectively reduced by approximately 100 acres. This land will be recorded at fair market value in the 2010 financial statements.

15. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

TOWN OF TOFIELD

SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	Land	Land Improvements	Buildings	Engineered Structures	Machinery, Equipment & Furnishings	Vehicles	2009 Total	2008 Total
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 878,508	\$ 665,463	\$ 2,081,687	\$ 14,817,145	\$ 1,400,609	\$ 669,961	\$ 20,513,373	\$ 15,370,998
Acquisition of tangible capital assets		118,226	32,768	489,518	131,011	22,500	794,023	5,283,480
Disposal of tangible capital assets								(141,105)
BALANCE, END OF YEAR	878,508	783,689	2,114,455	15,306,663	1,531,620	692,461	21,307,396	20,513,373
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	312,109	624,251	5,351,265	980,806	380,976	7,649,407	7,068,507
Annual Amortization	-	36,018	39,404	473,205	45,188	36,515	630,330	580,900
Accumulated amortization on disposals	-	348,127	663,655	5,824,470	1,025,994	417,491	8,279,737	7,649,407
BALANCE, END OF YEAR	-	435,562	1,450,800	9,482,193	505,626	274,970	13,027,659	12,863,966
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	\$ 878,508	\$ 435,562	\$ 1,450,800	\$ 9,482,193	\$ 505,626	\$ 274,970	\$ 13,027,659	\$ 12,863,966

## TOWN OF TOFIELD

SCHEDULE 2

SCHEDULE OF TAXES LEVIED AND GRANTS IN PLACE OF TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budget	2009	2008
<b>Taxation</b>			
Real Property			
- Residential Taxes	1,572,967	\$ 1,571,475	\$ 1,496,608
- Commercial Taxes	289,825	289,825	246,867
- Industrial Taxes	214,123	214,123	132,901
- Farmland Taxes	998	998	1,047
Total Real Property	2,077,913	2,076,421	1,877,423
Linear Property Taxes	74,742	74,502	75,837
Federal Grants in Place of Taxes	7,773	7,773	7,786
Provincial Grants in Place of Taxes	8,565	8,565	8,340
Local Improvement	19,880	23,059	16,064
	2,188,873	2,190,320	1,985,450
<b>Less: Requisitions</b>			
Alberta School Foundation	464,337	464,338	423,368
Beaver Foundation	43,043	43,043	35,714
	507,380	507,381	459,082
<b>Net Taxes Available for Municipal Purposes</b>	<b>\$ 1,681,493</b>	<b>\$ 1,682,939</b>	<b>\$ 1,526,368</b>

## TOWN OF TOFIELD

SCHEDULE 3

SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT  
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budget	2009	2008
<b>Expenses</b>			
Salaries, Wages, and Benefits	941,008	881,287	885,887
Contracted and General Services	942,148	827,110	663,859
Materials, Goods, Supplies and Utilities	1,482,073	1,455,890	1,413,538
Transfers to Local Boards and Agencies	160,682	160,610	212,892
Transfers to Individuals and Organizations	348,588	344,008	18,820
Bank Charges	13,400	15,478	10,571
Interest on Capital Long Term Debt	49,115	49,115	36,180
Gross Recoveries	16,320	16,257	15,738
Other Expenditures	72,000	67,885	175,483
Loss on sale of capital assets	-	-	134,725
Amortization	-	630,330	580,900
<b>Total Expenses</b>	<b>4,025,334</b>	<b>4,447,970</b>	<b>4,148,593</b>