

TOWN OF TOFIELD

FINANCIAL STATEMENTS

DECEMBER 31, 2015

**To the Mayor and Council of the Town of Tofield**

*Report on the Financial Statements*

We have audited the accompanying financial statements of Town of Tofield, which comprise the statement of financial position as at December 31, 2015 and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

*Auditor's Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Town of Tofield as at December 31, 2015, the results of its operations, changes in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Sherwood Park, Alberta

April 13, 2016

*Masuda Munro*  
Chartered Accountants

TOWN OF TOFIELD

STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2015

	2015 TOTAL	2014 TOTAL
<b>FINANCIAL ASSETS</b>		
Cash	\$ 589,736	\$ 497,207
Investments - note 2	1,477,154	1,448,600
Taxes and Grants in Place of Taxes Receivable		
- Current	208,996	216,016
- Arrears	35,556	17,689
Receivable from Other Governments	261,492	241,371
Trade and Other Receivables	351,283	325,588
	<u>2,924,217</u>	<u>2,746,471</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	133,577	140,139
Deposit Liabilities	27,131	24,171
Prepaid local improvements	7,877	8,426
Bulk water deferred revenue	27,087	27,131
Long Term Debt - note 3	3,079,196	3,211,811
	<u>3,274,868</u>	<u>3,411,678</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>(350,651)</u>	<u>(665,207)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets - schedule 2	16,907,499	16,070,848
Prepaid expense	17,087	23,146
	<u>16,924,586</u>	<u>16,093,994</u>
<b>ACCUMULATED SURPLUS</b> - schedule 1, note 6	<u>\$ 16,573,935</u>	<u>\$ 15,428,787</u>
<b>Commitments and contingencies - See Notes 9 and 12</b>		

TOWN OF TOFIELD  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget (unaudited)	2015	2014
<b>REVENUES</b>			
Taxation and Grants in Place of Taxes - Schedule 3	\$ 2,228,050	\$ 2,247,269	\$ 2,175,161
Sales and User Charges	1,512,648	2,072,720	1,594,425
Penalties and Costs on Taxes	75,000	68,236	96,109
Licenses and Permits	16,500	27,859	14,983
Fines	1,000	3,348	1,158
Franchise and Concession Contracts	141,000	120,071	117,366
Interest Income	40,000	35,633	33,731
Rentals	41,055	45,350	41,373
Federal Government Conditional Transfer	-	-	25,000
Provincial Government Conditional Transfers	206,083	219,440	209,338
Local Government Transfers	280,734	284,939	242,118
Other Revenues	448,047	119,095	18,909
<b>Total Revenue</b>	<u>4,990,117</u>	<u>5,243,960</u>	<u>4,569,671</u>
<b>EXPENSES</b>			
Council and Other Legislative	66,300	61,113	63,283
General Administration	875,485	844,542	866,030
Fire	188,495	159,335	128,190
By-laws Enforcement	27,600	18,923	7,244
Roads, Streets, Walks, Lighting	779,343	671,671	660,742
Airport	25,885	16,718	33,826
Water Supply and Distribution	939,700	932,635	943,369
Wastewater Treatment and Disposal	117,654	91,247	118,178
Waste Management	314,842	99,966	99,931
Family and Community Support (FCSS)	305,536	246,863	281,910
Cemeteries and Crematoriums	19,840	16,639	32,477
Community Development	885,280	850,557	733,063
Loss on sale of capital assets	-	158,538	8,816
Amortization	-	963,248	873,358
<b>Total Expenses</b>	<u>4,545,960</u>	<u>5,131,995</u>	<u>4,850,417</u>
<b>Excess (Shortfall) of Revenues over Expenses - Before Other</b>	<u>444,157</u>	<u>111,965</u>	<u>(280,746)</u>
<b>OTHER</b>			
Government transfers for capital	1,105,242	1,033,183	749,032
	<u>1,105,242</u>	<u>1,033,183</u>	<u>749,032</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	1,549,399	1,145,148	468,286
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	15,428,787	15,428,787	14,960,501
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 16,978,186</u>	<u>\$ 16,573,935</u>	<u>\$ 15,428,787</u>

TOWN OF TOFIELD

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget (unaudited)	2015	2014
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 1,549,399</b>	<b>\$ 1,145,148</b>	<b>\$ 468,286</b>
Acquisition of tangible capital assets	(1,479,500)	(1,981,677)	(1,256,512)
Proceeds on disposal of tangible capital assets	-	23,240	25,602
Amortization of tangible capital assets	-	963,248	873,358
(Gain) Loss on sale of tangible capital assets	-	158,538	8,816
	<u>(1,479,500)</u>	<u>(836,651)</u>	<u>(348,736)</u>
Acquisition of prepaid assets	-	(7,546)	(35,514)
Use of prepaid assets	-	13,605	24,180
	<u>-</u>	<u>6,059</u>	<u>(11,334)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>69,899</b>	<b>314,556</b>	<b>108,216</b>
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<b>(665,207)</b>	<b>(665,207)</b>	<b>(773,423)</b>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<b>\$ (595,308)</b>	<b>\$ (350,651)</b>	<b>\$ (665,207)</b>

TOWN OF TOFIELD  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
<b>Cash provided by (used for):</b>		
<b>Operating</b>		
Excess of revenues over expenses	\$ 1,145,148	\$ 468,286
Non-cash items included in (shortfall) excess of revenues over expenses:		
Amortization of tangible capital assets	963,248	873,358
Loss on sale of tangible capital assets	158,538	8,816
	2,266,934	1,350,460
Non-cash charges to operations (net change):		
Increase in investments	(28,554)	(97,488)
(Increase) decrease in taxes and grants in place of taxes receivable	(10,847)	103,052
(Increase) decrease in receivables from other governments	(20,121)	4,100
(Increase) decrease in trade and other receivables	(25,695)	4,913
Decrease (increase) in prepaid expense	6,059	(11,333)
Decrease in accounts payable and accrued liabilities	(6,562)	(226,301)
Increase in deposit liabilities	2,960	8,971
Decrease in prepaid local improvements	(549)	(548)
Decrease (increase) in bulk water deferred revenue	(44)	27,131
	(83,353)	(187,503)
Cash flow provided by operating activities	2,183,581	1,162,957
<b>Capital</b>		
Acquisition of tangible capital assets		
- Land	-	-
- Land improvements	(400,897)	(44,028)
- Building	-	-
- Engineering structures	(1,313,637)	(680,821)
- Machinery and Equipment	(239,524)	(504,929)
- Vehicle	(27,619)	(26,734)
Proceeds on sale of tangible capital assets	23,240	25,602
Cash flow used for capital activities	(1,958,437)	(1,230,910)
<b>Financing</b>		
Short term debt repaid		(1,760,000)
Long term debt repaid	(132,615)	(91,983)
Long term debt issued	-	2,024,000
Cash flow provided by (used for) provided by financing activities	(132,615)	172,017
<b>Increase (Decrease) in Cash</b>	92,529	104,064
Cash , beginning of year	497,207	393,143
<b>Cash, end of year</b>	\$ 589,736	\$ 497,207
<b>NOTE:</b>		
Interest Received	\$ 35,634	\$ 33,731
Interest Paid	\$ 132,267	\$ 137,565

TOWN OF TOFIELD

SCHEDULE 1

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014
BALANCE, BEGINNING OF YEAR	\$ 395,896	\$ 2,173,854	\$ 12,859,037	\$ 15,428,787	\$ 14,960,501
Excess of revenues over expenses	1,145,148	-	-	1,145,148	468,286
Unrestricted funds designated for future use	(1,231,605)	1,231,605	-	-	-
Restricted funds used for operations	1,189,107	(1,189,107)	-	-	-
Restricted funds used for tangible capital assets	-	-	-	-	-
Current year funds used for tangible capital asset	(1,981,677)	-	1,981,677	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets	181,778	-	(181,778)	-	-
Annual amortization expense	963,248	-	(963,248)	-	-
Current year borrowings	-	-	-	-	-
Current debt repaid	-	-	-	-	-
Long term debt repaid	(132,615)	-	132,615	-	-
Change in accumulated surplus	133,384	42,498	969,266	1,145,148	468,286
BALANCE, END OF YEAR	\$ 529,280	\$ 2,216,352	\$ 13,828,303	\$ 16,573,935	\$ 15,428,787

TOWN OF TOFIELD

SCHEDULE 2

SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Land	Land Improvements	Buildings	Engineered Structures	Machinery, Equipment & Furnishings	Vehicles	2015 Total	2014 Total
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 1,055,508	\$ 1,109,574	\$ 2,067,319	\$ 20,366,737	\$ 1,939,499	\$ 728,368	\$ 27,267,005	\$ 26,117,081
Acquisition of tangible capital assets	-	400,897	-	1,313,637	239,524	27,619	1,981,677	1,256,512
Disposal of tangible capital assets	-	(213,556)	-	-	(35,915)	(24,892)	(274,363)	(106,589)
BALANCE, END OF YEAR	<u>1,055,508</u>	<u>1,296,915</u>	<u>2,067,319</u>	<u>21,680,374</u>	<u>2,143,108</u>	<u>731,095</u>	<u>28,974,319</u>	<u>27,267,004</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	564,722	810,587	8,510,659	884,488	425,700	11,196,156	10,394,971
Annual Amortization	-	54,719	38,460	700,503	112,009	57,557	963,248	873,358
Accumulated amortization on disposals	-	(40,552)	-	-	(27,140)	(24,892)	(92,584)	(72,173)
BALANCE, END OF YEAR	<u>-</u>	<u>578,889</u>	<u>849,047</u>	<u>9,211,162</u>	<u>969,357</u>	<u>458,365</u>	<u>12,066,820</u>	<u>11,196,156</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 1,055,508</u>	<u>\$ 718,026</u>	<u>\$ 1,218,272</u>	<u>\$ 12,469,212</u>	<u>\$ 1,173,751</u>	<u>\$ 272,730</u>	<u>\$ 16,907,499</u>	<u>\$ 16,070,848</u>
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSET	<u>1,055,508</u>	<u>544,852</u>	<u>1,256,732</u>	<u>11,856,078</u>	<u>1,055,010</u>	<u>302,668</u>	<u>16,070,848</u>	



## TOWN OF TOFIELD

## SCHEDULE 3

SCHEDULE OF TAXES LEVIED AND GRANTS IN PLACE OF TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget (unaudited)	2015	2014
<b>Taxation</b>			
Real Property			
- Residential Taxes	\$ 1,975,304	\$ 1,974,112	\$ 1,936,384
- Commercial Taxes	464,354	464,354	443,645
- Industrial Taxes	387,807	388,852	362,348
- Farmland Taxes	4,610	4,610	4,711
Total Real Property	<u>2,832,075</u>	<u>2,831,928</u>	<u>2,747,088</u>
Linear Property Taxes	85,728	85,728	84,889
Federal Grants in Place of Taxes	7,919	7,919	8,119
Provincial Grants in Place of Taxes	6,277	6,277	11,529
Local Improvement	-	19,363	20,106
	<u>2,931,999</u>	<u>2,951,215</u>	<u>2,871,731</u>
<b>Less: Requisitions</b>			
Alberta School Foundation	637,976	637,973	630,597
Beaver Foundation	65,973	65,973	65,973
	<u>703,949</u>	<u>703,946</u>	<u>696,570</u>
<b>Net Taxes Available for Municipal Purposes</b>	<u>\$ 2,228,050</u>	<u>\$ 2,247,269</u>	<u>\$ 2,175,161</u>

TOWN OF TOFIELD

SCHEDULE 4

SCHEDULE OF EXPENSES BY OBJECT  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget (unaudited)	2015	2014
<b>Expenses by Object</b>			
Salaries, Wages, and Benefits	\$ 1,482,952	\$ 1,386,655	\$ 1,371,906
Contracted and General Services	797,301	745,650	741,238
Materials, Goods, Supplies and Utilities	1,356,928	1,233,932	1,312,500
Transfers to Local Boards and Agencies	532,426	290,012	255,886
Transfers to Individuals and Organizations	171,000	163,747	80,600
Bank Charges	20,000	15,083	48,892
Interest on Capital Long Term Debt	117,183	117,183	88,673
Gross Recoveries	67,170	56,834	64,074
Other Expenditures	1,000	1,113	4,474
Loss on sale of capital assets	-	158,538	8,816
Amortization	-	963,248	873,358
<b>Total Expenses</b>	<b>\$ 4,545,960</b>	<b>\$ 5,131,995</b>	<b>\$ 4,850,417</b>

TOWN OF TOFIELD

SCHEDULE 5

SCHEDULE OF SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Government	Protective Services	Transportation Services	Community Development	Environmental Services	Other	Total \$
<b>REVENUE</b>							
Net Municipal Taxes	\$ 2,247,269	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,247,269
Government transfers	12,000	-	1,053,174	472,388	-	-	1,537,562
User fees and sales of goods	238,228	2,038	25,430	93,837	1,951,851	26,200	2,337,584
Investment Income	35,633	-	-	-	-	-	35,633
Other Revenues	11,189	-	-	107,906	-	-	119,095
	<u>2,544,319</u>	<u>2,038</u>	<u>1,078,604</u>	<u>674,131</u>	<u>1,951,851</u>	<u>26,200</u>	<u>6,277,143</u>
<b>EXPENSES</b>							
Contract & general services	337,093	18,923	34,206	288,719	66,668	41	745,650
Salaries & wages	441,633	-	263,841	515,196	149,387	16,598	1,386,655
Goods & supplies	29,219	-	272,256	25,778	906,679	-	1,233,932
Transfers to local boards	38,747	159,335	-	130,677	-	-	328,759
Long-term debt interest		-	117,183	-	-	-	117,183
Other expenses	58,963	-	(13,563)	310,054	1,114	-	356,568
	<u>905,655</u>	<u>178,258</u>	<u>673,923</u>	<u>1,270,424</u>	<u>1,123,848</u>	<u>16,639</u>	<u>4,168,747</u>
NET REVENUES, BEFORE AMORTIZATION	1,638,664	(176,220)	404,681	(596,293)	828,003	9,561	2,108,396
Amortization expense	9,776	-	765,365	100,432	87,675	-	963,248
NET REVENUE	<u>\$ 1,628,888</u>	<u>\$ (176,220)</u>	<u>\$ (360,684)</u>	<u>\$ (696,725)</u>	<u>\$ 740,328</u>	<u>\$ 9,561</u>	<u>\$ 1,145,148</u>

**TOWN OF TOFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

1. SIGNIFICANT ACCOUNTING POLICIES

The 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 Chartered Professional Accountants Canada (“CPA”). Significant aspects of the accounting policies adopted by the Town of Tofield are as follows:

(a) Reporting Entity

The 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 only of the municipal operations of the Town. 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.

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Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

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 for local governments 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, 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Cash

Cash consists of cash on hand and in a chartered bank less cheques issued and outstanding.

(e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investment. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(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 \$548 which represents the annual amortization of prepaid local improvement charges.

(g) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

(h) 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.

**TOWN OF TOFIELD  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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 Change in Net Financial Assets (Debt) for the year.

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.

**TOWN OF TOFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

2. INVESTMENTS

	2015	2014
Guaranteed Investment Certificates		
- 0.90%, 1.00%, 1.05% rate riser GIC maturing January 30, 2018	\$ 102,541	\$ -
- 0.90%, 0.95%, 1.00% rate riser GIC maturing April 16, 2018	134,964	-
- 1.25%, 1.3%, 1.35% rate riser GIC maturing April 10, 2016	-	133,661
- 1.25% 1.3%, 1.35% rate riser GIC maturing January 30, 2017	-	101,598
Nesbitt Burns Investment account (Market value \$1,239,649, 2014 - \$1,213,341)	<u>1,239,649</u>	<u>1,213,341</u>
	<u>\$ 1,477,154</u>	<u>\$ 1,448,600</u>
Market Value	<u>\$ 1,477,154</u>	<u>\$ 1,448,600</u>

3. LONG TERM DEBT

	2015	2014
Long Term Debt Support		
Supported by General Tax Levies	\$ 2,856,325	\$ 2,977,875
Supported by Special Levies	<u>222,871</u>	<u>233,936</u>
	<u>\$ 3,079,196</u>	<u>\$ 3,211,811</u>

The current portion of the long term debt amounts to \$137,655 (2014 - \$132,615)

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2016	\$ 137,655	\$ 112,143	\$ 249,798
2017	142,894	106,904	249,798
2018	148,341	101,457	249,798
2019	154,005	95,793	249,798
2020	159,893	89,905	249,798
Thereafter	<u>2,336,408</u>	<u>551,461</u>	<u>2,887,869</u>
	<u>\$ 3,079,196</u>	<u>\$ 1,057,663</u>	<u>\$ 4,136,859</u>

Debenture debt of \$3,079,196, repayable to Alberta Capital Finance Authority bears interest at rates ranging from 2.922% to 4.915% per annum, before provincial subsidy, and matures in periods 2029 through 2034.

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

Interest on long term debt amounts to \$117,183 (2014 - \$88,673)

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**TOWN OF TOFIELD**  
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4. DEBT LIMITS

Section 271 of the Municipal Government Act requires that debt and debt limits for the Town of Tofield, be disclosed as follows:

	2015	2014
Total debt limit	\$ 7,865,941	\$ 6,854,507
Total debt	<u>3,079,196</u>	<u>3,211,811</u>
Amount of Total Debt Limit Available	<u>\$ 4,786,745</u>	<u>\$ 3,642,696</u>
Service on Debt Limit	\$ 1,310,990	\$ 1,142,418
Service on Debt	<u>249,798</u>	<u>249,798</u>
Amount of Service on Debt Limit Available	<u>\$ 1,061,192</u>	<u>\$ 896,620</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.

5. EQUITY IN TANGIBLE CAPITAL ASSETS

	2015	2014
Tangible capital assets - Schedule 2	\$ 28,974,319	\$ 27,267,004
Accumulated amortization - Schedule 2	(12,066,820)	(11,196,156)
Long-term debt - note 3	<u>(3,079,196)</u>	<u>(3,211,811)</u>
	<u>\$ 13,828,303</u>	<u>\$ 12,859,037</u>

6. ACCUMULATED SURPLUS

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

	2015	2014
Unrestricted surplus	\$ 529,280	\$ 395,896
Restricted surplus		
Family and Community Support Services (FCSS)	62,355	22,394
Water	57,500	57,500
Sanitary sewage	26,500	26,500
General operations	937,888	747,699
General equipment replacement	1,020,808	1,208,460
Developer's offsite levies	111,301	111,301
Equity in tangible capital assets - note 5	<u>13,828,303</u>	<u>12,859,037</u>
	<u>\$ 16,573,935</u>	<u>\$ 15,428,787</u>

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**TOWN OF TOFIELD  
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7. SEGMENTED DISCLOSURE

The Town of Tofield provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (schedule 5).

8. 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	# of	Salaries/ Fees (1)	Benefits (2)	Total	2015	2014
Mayor						
Harold Conquest		<u>\$18,979</u>	-	<u>\$18,979</u>		<u>\$19,963</u>
		<u>18,979</u>	-	<u>18,979</u>		<u>19,963</u>
Councillors	4					
Barry Robinson		7,200	-	7,200		9,358
Debora Dueck		7,000	-	7,000		9,566
Catherine Brown		7,400	-	7,400		8,171
Bernice Perrot		8,400	-	8,400		3,526
James Brodie		-	-	-		2,200
		<u>30,000</u>	-	<u>30,000</u>		<u>32,821</u>
Designated Officer	1	<u>131,940</u>	<u>22,495</u>	<u>154,435</u>		<u>140,417</u>
Total		<u>\$ 180,919</u>	<u>\$22,495</u>	<u>\$ 203,414</u>		<u>\$193,201</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.

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9. COMMITMENTS

The Town of Tofield has entered into operating lease agreements for certain office equipment expiring in January, 2017, August, 2019 and October, 2019. Quarterly and annual lease payments total \$10,654 annually. The annual lease amounts due until the expiration of these leases are as follows:

2016	\$ 10,654
2017	7,163
2018	7,163
2019	<u>4,992</u>
	<u>\$ 29,972</u>

10. 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 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 11.39% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 15.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the Town of Tofield to the Local Authorities Pension Plan were \$126,753 (2014 - \$121,255). Total current service contributions by the employees of the Town of Tofield to the Local Authorities Pension Plan were \$116,615 (2014 - \$111,409).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.455 billion.

11. FINANCIAL INSTRUMENTS

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

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

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11. FINANCIAL INSTRUMENTS (continued)

CREDIT RISK

The maximum exposure to credit risk is the carrying value of cash, investments and accounts receivable on the balance sheet.

The Town is subject to credit risk in respect to cash in that cash is deposited with a single financial institution. This credit risk arises from the potential that a counter party to a contract fails to perform according to the terms and conditions of that contract. The risk is mitigated by being deposited with a federally regulated, credit worthy financial institution.

Credit risk on investments arises from the potential that a counter party to a contract fails to perform according to the terms and conditions of that contract. The Town is subject to credit risk in that 43% of the amount of investments is on deposit with a single financial institution. The risk is mitigated by being deposited with a federally regulated, credit worthy financial institution. Risk is mitigated on the remainder of the investments by being invested in guaranteed investment certificates issued by a range of banks or trust companies.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable, receivables from other governments and trade and other receivables. This 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 Town has a geographical concentration of credit risk for accounts receivable due to its operations being primarily in a municipality in Alberta. Risk is mitigated by the large number and diversity of taxpayers and customers.

There has been no change in credit risk from the prior year.

12. 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.

13. COMPARATIVE FIGURES

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

14. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.