

**TOWN OF TABER**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2007**

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**TOWN OF TABER**  
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**December 31, 2007**

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## AUDITORS' REPORT

**To the Mayor and Members of Council**

**Town of Taber**

We have audited the consolidated statement of financial position of the Town of Taber as at December 31, 2007 and the consolidated statements of financial activities and consolidated cash flows for the year then ended. These financial statements are the responsibility of the Municipality'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 consolidated 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 Municipality as at December 31, 2007 and the results of its financial activities and its cash flows for the year then ended in accordance with Canadian Generally Accepted Accounting Principles.

*KPMG LLP*

Chartered Accountants

Lethbridge, Canada  
May 12, 2008

**TOWN OF TABER**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2007**

	2007	2006
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and temporary investments (note 2)	\$ 8,649,449	\$ 6,827,786
Taxes and grants in lieu receivable (note 3)	244,910	199,666
Trade and other receivables	1,547,447	1,392,188
Land held for resale	569,652	575,439
Long-term investments (note 4)	848,644	1,872,842
Debt charges recoverable (note 9)	218,600	239,085
Other financial assets	27,342	18,661
	12,106,044	11,125,667
<b>Physical assets</b>		
Inventory held for consumption	209,556	69,494
Capital assets (note 5)	93,691,697	86,489,842
	93,901,253	86,559,336
	\$ 106,007,297	\$ 97,685,003
<b>LIABILITIES AND MUNICIPAL POSITION</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 698,403	\$ 847,527
Employee benefit obligations (note 6)	280,560	242,147
Deposit liabilities	422,855	116,696
Deferred revenue (note 7)	2,514,834	2,202,857
Provision for landfill post-closure costs (note 8)	364,548	286,641
Long-term debt (note 9)	1,767,129	1,839,085
	6,048,329	5,534,953
<b>Municipal position</b>		
Operating fund (note 11)	1,488,756	1,140,707
Capital fund	-	423,346
Reserves (note 12)	6,327,044	5,696,155
	7,815,800	7,260,208
Equity in capital assets (note 13)	92,143,168	84,889,842
	99,958,968	92,150,050
Contingent liabilities (note 17)		
Subsequent event (note 19)		
	\$ 106,007,297	\$ 97,685,003

## TOWN OF TABER

### Consolidated Statement of Financial Activities and Change in Fund Balances For the year ended December 31, 2007

	Budget (Unaudited)	2007	2006
<b>Revenues</b>			
Net taxes available for municipal purposes	\$ 5,547,900	\$ 5,577,270	\$ 5,152,362
Sales and user fees	5,000,666	5,155,548	4,768,265
Government transfers	5,012,669	5,131,518	1,485,489
Penalties and costs of taxes	47,500	56,389	45,163
Fines	165,600	211,779	169,298
Franchise and concession contracts	846,900	826,589	812,625
Investment income	134,380	461,951	231,553
Licenses and permits	200,400	286,900	215,883
Rentals	558,188	520,973	543,831
Proceeds on disposal of capital assets	670,000	20,050	15,980
Other	291,728	1,063,320	206,513
	18,475,931	19,312,287	13,646,962
<b>Expenditures</b>			
Council and other legislative	216,796	187,875	175,842
General administration	1,281,399	1,057,309	1,175,386
Police	1,941,430	1,830,098	1,818,923
Fire	528,238	536,142	417,756
Disaster	4,875	1,020	10,353
Ambulance	663,481	786,537	657,353
Bylaw	120,370	112,552	107,483
Roads, walks and street lighting	3,500,970	5,025,694	1,486,094
Public transit	28,260	31,262	28,262
Airport	14,092	20,766	12,643
Stormwater	1,834,000	145,666	90,171
Water supply and distribution	1,307,340	1,067,163	1,047,065
Wastewater treatment and disposal	7,266,857	1,415,542	1,159,656
Waste management	1,145,800	1,158,661	1,028,379
Family and community support	44,167	44,108	42,881
Cemeteries	85,280	73,370	34,655
Land use planning, zoning and development	248,530	257,376	175,288
Subdivision land and development	872,253	1,481,407	429,451
Public housing	35,727	35,083	34,895
Land, housing and building rentals	88,490	135,610	82,221
Parks and recreation	1,547,370	2,090,365	1,711,253
Library	442,393	1,211,618	1,945,069
	23,218,118	18,705,224	13,671,079
<b>Excess (deficiency) of revenue over expenditures</b>	(4,742,187)	607,063	(24,117)
<b>Proceeds on long-term debt</b>	3,570,542	-	1,600,000
<b>Repayment of long-term debt</b>	(50,705)	(51,471)	-
<b>Change in fund balances</b>	(1,222,350)	555,592	1,575,883
<b>Fund balances, beginning of year</b>	7,260,208	7,260,208	5,684,325
<b>Fund balances, end of year</b>	\$ 6,037,858	\$ 7,815,800	\$ 7,260,208

**TOWN OF TABER**  
**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2007**

	2007	2006
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenditures	\$ 607,063	\$ (24,117)
Change in non-cash financial assets and liabilities:		
Taxes and grants in lieu receivable	(45,243)	11,156
Trade and other receivables	(155,259)	661,415
Other financial assets	(8,682)	(11,207)
Land held for resale	5,787	22,932
Debt charges recoverable	20,485	19,257
Inventory held for consumption	(140,062)	(17,515)
Accounts payable and accrued liabilities	(149,125)	(154,695)
Employee benefit obligations	38,413	27,676
Deposit liabilities	306,160	66,800
Deferred revenue	311,976	(32,070)
Provision for landfill post-closure costs	77,907	60,694
	869,420	630,326
<b>Cash flows from investing activities</b>		
(Purchase) disposal of:		
Long-term investments	1,024,198	(112,761)
<b>Cash flows from financing activities</b>		
Proceeds on long-term debt	-	1,600,000
Repayment of long-term debt	(71,955)	(19,257)
	(71,955)	1,580,743
<b>Net increase in cash</b>	<b>1,821,663</b>	<b>2,098,308</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>6,827,786</b>	<b>4,729,478</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 8,649,449</b>	<b>\$ 6,827,786</b>

# TOWN OF TABER

## Consolidated Statement of Operating Fund For the year ended December 31, 2007

	Budget (Unaudited)	2007	2006
<b>Revenues</b>			
Net taxes available for municipal purposes	\$ 5,547,900	\$ 5,577,270	\$ 5,152,362
Sales and user fees	5,000,666	5,155,548	4,768,265
Government transfers	1,083,459	1,223,058	939,677
Penalties and costs of taxes	47,500	56,389	45,163
Fines	165,600	211,779	169,298
Franchise and concession contracts	846,900	826,589	812,625
Investment income	134,380	9,736	3,587
Licenses and permits	200,400	286,900	215,883
Rentals	558,188	520,973	543,831
Other	68,228	225,342	201,221
	13,653,221	14,093,584	12,851,912
<b>Expenditures</b>			
Council and other legislative	216,796	187,875	175,842
General administration	1,206,399	1,045,249	970,706
Police	1,855,590	1,733,160	1,730,742
Fire	458,238	402,764	333,047
Disaster	4,875	1,020	10,353
Ambulance	663,481	786,537	657,353
Bylaw	110,370	112,552	81,542
Roads, walks and street lighting	1,130,640	1,135,847	1,082,822
Public transit	28,260	31,262	28,262
Airport	14,092	20,766	12,643
Stormwater	64,500	39,641	67,028
Water supply and distribution	1,057,340	1,050,115	1,001,574
Wastewater treatment and disposal	911,040	826,639	1,002,773
Waste management	975,800	1,158,661	1,007,340
Family and community support	44,167	44,108	42,881
Cemeteries	85,280	73,370	34,655
Land use planning, zoning and development	248,530	257,376	175,288
Subdivision land and development	122,253	142,729	179,451
Public housing	35,727	35,083	34,895
Land, housing and building rentals	88,490	99,910	82,221
Parks and recreation	1,547,370	1,489,122	1,490,653
Library	442,393	495,958	340,704
	11,311,631	11,169,744	10,542,775
<b>Excess of revenue over expenditures</b>	2,341,590	2,923,840	2,309,137
<b>Net inter-fund transfers</b>			
Repayment of long-term debt	(50,705)	(51,471)	-
To capital fund	(2,116,877)	(2,348,875)	(2,031,792)
From (to) reserves	(178,873)	(175,445)	145,631
<b>Change in fund balances</b>	(4,865)	348,049	422,976
<b>Fund balances, beginning of year</b>	1,140,707	1,140,707	717,731
<b>Fund balances, end of year</b>	\$ 1,135,842	\$ 1,488,756	\$ 1,140,707

**TOWN OF TABER**  
**Consolidated Statement of Capital Fund**  
**For the year ended December 31, 2007**

	Budget (Unaudited)	2007	2006
<b>Revenues</b>			
Government transfers	\$ 3,929,210	\$ 3,908,460	\$ 545,812
Investment income	-	452,215	227,966
Proceeds on disposal of capital assets	670,000	20,050	15,980
Other	223,500	837,978	5,292
	4,822,710	5,218,703	795,050
<b>Expenditures</b>			
General administration	75,000	12,060	204,680
Police	85,840	96,938	88,181
Fire	70,000	133,378	84,709
Bylaw	10,000	-	25,941
Roads, walks and street lighting	2,370,330	3,889,847	403,272
Stormwater	1,769,500	106,025	23,143
Water supply and distribution	250,000	17,048	45,491
Wastewater treatment and disposal	6,355,817	588,903	156,883
Waste management	170,000	-	21,039
Subdivision land and development	750,000	1,338,678	250,000
Land, housing and building rentals	-	35,700	-
Parks and recreation	-	601,243	220,600
Library	-	715,660	1,604,365
	11,906,487	7,535,480	3,128,304
<b>Deficiency of revenue over expenditures</b>	<b>(7,083,777)</b>	<b>(2,316,777)</b>	<b>(2,333,254)</b>
<b>Net inter-fund transfers</b>			
Proceeds on long-term debt	3,570,542	-	1,600,000
From operating fund	2,076,033	2,348,875	2,031,792
From (to) reserves	1,437,202	(455,444)	(875,192)
<b>Change in fund balances</b>	<b>-</b>	<b>(423,346)</b>	<b>423,346</b>
<b>Fund balances, beginning of year</b>	<b>423,346</b>	<b>423,346</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 423,346</b>	<b>\$ -</b>	<b>\$ 423,346</b>



**TOWN OF TABER**  
**Consolidated Statement of Reserves**  
**As at December 31, 2007**

	Budget (Unaudited)	2007	2006
<b>Balance, beginning of year</b>	\$ 5,696,155	\$ 5,696,155	\$ 4,966,594
<b>Add (deduct)</b>			
Transfer from (to) operating fund	178,873	175,445	(145,631)
Transfer from (to) capital fund	(1,437,202)	455,444	875,192
	(1,258,329)	630,889	729,561
<b>Balance, end of year</b>	<b>4,437,826</b>	<b>6,327,044</b>	<b>5,696,155</b>

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# TOWN OF TABER

## Notes to Consolidated Financial Statements For the year ended December 31, 2007

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### 1. Significant Accounting Policies

The consolidated financial statements of the Town of Taber (the "Town") are the representations of management prepared in accordance with generally accepted accounting principles for local government established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town are as follows:

#### (a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in the 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 Council for the administration of their financial affairs and resources. Included with the town are the following:

Taber Public Library  
Taber Police Commission

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the Town.

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, provided the transfers are authorized, the town 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.

#### (c) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

#### (d) Fund accounting:

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Proceeds from subdivision development land sales are recorded as operating fund revenues.

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## TOWN OF TABER

### Notes to Consolidated Financial Statements

For the year ended December 31, 2007

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**(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 investments. 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) Debt charges recoverable:**

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

**(g) Inventories:**

Inventories of materials and supplies are valued at the lower of cost or net realizable value with cost determined by the first-in first-out method.

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 leveling 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.

**(h) Capital assets:**

Capital assets are reported as expenditures in the period they are acquired.

Capital assets are reported at cost except for donated assets, which are recorded at estimated fair value when acquired.

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

Capital assets for government services are not depreciated.

**(i) Requisition over-levy and under-levy:**

Over-levies and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where that actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

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## TOWN OF TABER

### Notes to Consolidated Financial Statements

For the year ended December 31, 2007

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**(j) Deferred revenue and prepaid local improvement charges:**

Deferred revenue includes amounts received for services yet to be performed and prepaid local improvement charges.

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

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

**(k) Landfill closure and post-closure liability:**

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The landfill site has been closed.

**(l) Operating fund:**

Operating fund represents the amounts available to offset future operational revenue requirements (or the shortfall which will be financed from future operational revenues).

**(m) Capital fund:**

Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.

**(n) Reserve fund:**

Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and/or from the reserve fund are reflected as an adjustment to the respective fund.

**(o) Equity in capital assets:**

Equity in capital assets represents the Town's net investment in its total capital assets, after deducting the portion financed by third parties through debenture, bond and mortgage debts, long-term borrowings, capitalized leases, and other capital liabilities which will be repaid by the municipality.

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### Notes to Consolidated Financial Statements For the year ended December 31, 2007

#### 2. Cash and temporary investments

	2007	2006
Cash	\$ 5,698,970	\$ 4,855,148
Temporary investments (market value 2007 - \$2,975,928; 2006 - \$1,972,638)	\$ 2,950,479	\$ 1,972,638
	\$ 8,649,449	\$ 6,827,786

The temporary investments are comprised of short-term deposits and bonds issued by either a Canadian province or Canadian financial institution. These investments mature between January 21, 2008 to September 20, 2008.

Included in temporary investments is a restricted amount of \$1,185,400 received from Alberta Municipal Infrastructure Program and held exclusively for capital transportation projects (note 7.)

#### 3. Taxes and grants in lieu receivable

	2007	2006
Current taxes and grants in place of taxes	\$ 192,246	\$ 153,001
Tax arrears	52,664	46,665
	\$ 244,910	\$ 199,666

#### 4. Long-term investments

	2007		2006	
	Cost	Market Value	Cost	Market Value
Government and government guaranteed bonds	\$ 844,510	\$ 868,991	\$ 1,869,371	\$ 1,874,773
Patronage reserves - United Farmers of Alberta	2,984	2,984	2,142	2,142
Equity in Association of Alberta Municipal Districts and Counties	1,110	1,110	1,289	1,289
Shares in Alberta Capital Finance Authority	40	40	40	40
	\$ 848,644	\$ 873,125	\$ 1,872,842	\$ 1,878,244

Government and government guaranteed bonds have effective interest rates of 4.15% to 4.85% (2006 - 3.44% to 4.97%) with maturity dates from September 14, 2009 to August 17, 2010.

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### Notes to Consolidated Financial Statements For the year ended December 31, 2007

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#### 5. Capital assets

	2007	2006
Land	\$ 876,701	\$ 876,701
Buildings	17,678,185	16,643,944
Engineering structures	67,642,218	61,487,803
Machinery, equipment and furnishings	5,084,430	5,075,522
Vehicles	2,410,163	2,377,622
Airport and terminal	-	28,250
	<hr/>	<hr/>
	\$ 93,691,697	\$ 86,489,842

Effective January 1, 2007 the Town adopted the 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 January 1, 2009.

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

During 2007, the Town continued to work towards compliance with the new accounting standards for tangible capital assets. As of December 31, 2007, the Town has identified major classes of assets and is in the process of obtaining a complete listing of these assets. A complete listing of assets and values for all asset classes is currently underway and expected to be completed by December 31, 2008.

As of December 31, 2007, there is no amortization presented in the notes to the financial statements. Amortization is not recorded as an expense. Amortization for all applicable tangible capital assets is expected to be presented in the 2009 financial statements and will be calculated on a basis still to be determined over an asset's estimated useful life.

#### 6. Employee benefit obligations

	2007	2006
Vacation and overtime entitlements	\$ 280,560	\$ 242,147

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

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### Notes to Consolidated Financial Statements For the year ended December 31, 2007

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#### 7. Deferred revenue

	2007	2006
Prepaid property taxes	\$ 18,514	\$ 18,066
Prepaid local improvement charges	4,214	4,987
Provincial conditional grants	2,383,211	1,922,143
Revenues from services not yet provided	108,895	257,661
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	\$ 2,514,834	\$ 2,202,857

Deferred provincial conditional grants include:

- (a) Alberta Municipal Infrastructure Program advanced funding for year two of the program in the amount of \$2,913,846 plus investment earnings of \$24,431. The use of these funds is restricted to eligible approved capital projects, as approved under the funding agreement, which are scheduled for completion in 2008. Unexpended funds related to the advance are supported by temporary investments of \$1,185,400 held exclusively for these projects (note 2).
- (b) Municipal Sustainability Initiative advanced funding in the amount of \$507,771 plus investment earnings of \$992 to be used on eligible approved capital projects, as approved under the funding agreement, which are scheduled for completion in 2008.
- (c) New Deal for Cities and Communities advanced funding in the amount of \$463,064 plus investment earnings of \$572 to be used on eligible approved capital projects, as approved under the funding agreement, which are scheduled for completion in 2008.
- (d) The balance is made up of various smaller provincial funding initiatives and timing differences in funding terms.

#### 8. Provision for landfill post-closure costs

Alberta Environmental law requires closure and post-closure of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and on-going environmental monitoring, site inspections and maintenance.

The estimated total liability of \$364,548 for 2007 (2006 - \$286,641) is based on the sum of discounted future cash flows for post-closure activities for 22 years (2006 - 23 years) using a discount rate of 4.6% (2006 - 3.5%) and assuming annual inflation of 5.0% (2006 - 4.5%).

The Town has not designated assets for settling post-closure liabilities.

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### Notes to Consolidated Financial Statements For the year ended December 31, 2007

#### 9. Long-term debt

	2007	2006
Debenture issued for construction of library building	\$ 1,548,530	\$ 1,600,000
Self-supported debentures from debt charges recoverable	218,599	239,085
	\$ 1,767,129	\$ 1,839,085
Current portion	\$ 75,532	\$ 71,955

  

	Principal	Interest	Total
2008	\$ 75,532	\$ 80,949	\$ 156,481
2009	79,293	77,188	156,481
2010	83,247	73,234	156,481
2011	87,404	69,077	156,481
2012	91,776	64,705	156,481
Thereafter	1,349,877	447,868	1,797,745
	\$ 1,767,129	\$ 813,021	\$ 2,580,150

The Town is under agreement with the Taber & District Housing Authority for the repayment of a debenture to construct seniors housing in the community. The full principal and interest costs for the debenture are recovered from the Housing Authority.

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at a rate of 4.365% and 6.375% and matures in 2015 and 2026.

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

#### 10. Debt limits

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

	2007	2006
Total debt limit	\$ 23,227,286	\$ 19,735,092
Total debt	(1,767,129)	(1,839,085)
Amount of debt limit unused	\$ 21,460,157	\$ 17,896,007
Debt servicing limit	\$ 3,871,214	\$ 3,289,182
Debt servicing	(156,481)	(156,481)
Amount of debt servicing limit unused	\$ 3,714,733	\$ 3,132,701

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 which 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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## TOWN OF TABER

### Notes to Consolidated Financial Statements For the year ended December 31, 2007

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#### 11. Operating fund

	2007	2006
General government operations	\$ 1,397,415	\$ 1,072,415
Taber Public Library	91,341	68,292
	<u>\$ 1,488,756</u>	<u>\$ 1,140,707</u>

#### 12. Reserves

Reserves for operating and capital activities changed as follows:

	Opening	Transfers in	Transfers out	Ending Balance
Off street parking	\$ 6,700	\$ -	\$ -	\$ 6,700
General operating	574,309	15,200	-	589,509
Continuing projects	198,705	245,783	19,703	424,785
Summer games	10,873	-	-	10,873
Police Commission	118,122	-	85,840	32,282
Health and safety	10,832	20,004	-	30,836
General capital	-	203,744	-	203,744
Infrastructure	2,408,342	1,285,816	1,873,379	1,820,779
Buildings	851,026	61,156	78,082	834,100
Equipment	627,655	340,991	46,746	921,900
Land	452,954	123,605	-	576,559
Vehicles	365,076	295,178	208,532	451,722
Funds held in place of municipal reserves	71,561	4,481	-	76,042
Development levy	-	347,213	-	347,213
	<u>\$ 5,696,155</u>	<u>\$ 2,943,171</u>	<u>\$ 2,312,282</u>	<u>\$ 6,327,044</u>

#### 13. Equity in capital assets

	2007	2006
Capital assets	\$ 93,691,697	\$ 86,489,842
Long -term debt	(1,767,129)	(1,839,085)
Debt charges recoverable	218,600	239,085
	<u>\$ 92,143,168</u>	<u>\$ 84,889,842</u>

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## TOWN OF TABER

### Notes to Consolidated Financial Statements For the year ended December 31, 2007

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#### 14. Trust funds

The Town administers the following trusts:

	2006	Increases	Decreases	2007
Airport trust	\$ 19,920	\$ -	\$ 19,920	\$ -
Community trust	88,101	2,708	-	90,809
Tax sale trusts	25,064	777	-	25,841
Transfer station trust	33,018	75,084	-	108,102
Ambulance and fire trust	31,495	-	22,701	8,794
Emergency PAD trust	-	34,000	15,633	18,367
Munishare trust	-	127,353	6,807	120,546
	\$ 197,598	\$ 239,922	\$ 65,061	\$ 372,459

These amounts are not reflected in the financial statements.

#### 15. 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 is as follows:

	2007		2006	
	Salary <sup>(1)</sup>	Benefits & Allowances <sup>(2,3)</sup>	Total	Total
Members of Council				
Mayor R. Bryant	18,286	430	18,716	18,974
Councillors:				
A. Andres	2,689	50	2,739	-
G. Bekkering	13,091	259	13,350	13,443
L. Joblonkay	9,812	179	9,991	12,611
J. Papp	13,056	258	13,314	13,221
M. Rochelle	13,146	261	13,407	12,740
T. Sargeant	12,126	227	12,353	13,019
R. Sparks	9,812	179	9,991	12,353
L. Tams	2,689	50	2,739	-
Chief Administrative Officer	113,671	18,790	132,461	113,749

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances figures include the Town's share of all employee benefits and contributions or payments made on behalf of the employee.

(3) Benefits and allowances figures also include the Town's share of the costs of additional taxable benefits including travel allowances and car allowances.

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## TOWN OF TABER

### Notes to Consolidated Financial Statements For the year ended December 31, 2007

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#### 16. Pension plans

Employees of the Town qualify to belong to one of the following defined-benefits pension plans:

(a) Local Authorities Pension Plan

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

Employees of the Town, with the exception of police officers, participate in the Local Authorities Pension Plan ("LAPP"), which is covered by the Public Sector Pension Plans Act. The LAPP serves 179,188 people and 407 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP fund.

The Town is required to make current service contributions to the LAPP of 7.75% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.64% on pensionable earnings.

Total current service contributions by the Town to LAPP in 2007 were \$202,969 (2006 - \$181,395). Total current service contributions by the employees of the Town to LAPP in 2007 were \$179,919 (2006 - \$163,262).

At December 31, 2007 the Plan disclosed an actuarial deficit of \$1,183.3 million (2006 deficit of \$746.7 million).

(b) Special Forces Pension Plan

Police officers employed by the Town, excluding management, participate in the Special Forces Pension Plan (SFPP), a multi-employer plan covered by the Alberta Public Sector Pension Plans Act. The plan serves about 5,487 people and 7 employers in Alberta. The plan is financed by employer and employee contributions and investment earnings of the SFPP funds.

The Town and employees each are required to make current service contributions to the SFPP of 11.11% of pensionable earnings.

Total current service contributions by the Town to SFPP in 2007 were \$97,312 (2006 - \$90,642). Total current service contributions by the police officers of the Town to SFPP in 2007 were \$87,677 (2006 - \$81,667).

At December 31, 2007 the SFPP Plan disclosed an actuarial deficit of \$78.7 million (2006 - surplus of \$33.3 million).

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## TOWN OF TABER

### Notes to Consolidated Financial Statements

For the year ended December 31, 2007

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#### 17. Contingent liabilities

- (a) The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Town could become liable for its proportionate share of any claims 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.
- (b) The Town has been named as a defendant in a legal action relating to the removal of an easement on a property within the Town in the amount of \$400,000. Management is of the opinion this matter is without substantial merit and as such no provision has been made in the accounts.
- (c) The Town has been jointly named as a defendant in a class action lawsuit regarding the Town's participation in a pension plan administered by the Alberta Pension Authority. The success of the class action is unknown and any liability amount against the Town is currently indeterminable.
- (d) The Town owns properties that may contain environmental contamination and may require site reclamation. The existence of such contamination and the cost of any obligation to remediate such contamination is undeterminable. As such no liability is reflected in the financial statements.

#### 18. Financial instruments

The Town's financial instruments consist of cash and temporary investments, taxes and grants in lieu receivable, trade and other receivables, long-term investments, debt charges recoverable, accounts payable and accrued liabilities, employee benefit obligations, 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 lieu 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 minimized the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

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## **TOWN OF TABER**

### **Notes to Consolidated Financial Statements**

**For the year ended December 31, 2007**

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#### **19. Subsequent event**

Subsequent to year end, the Town entered into an agreement with a service provider to construct, operate and finance the upgrade and operation of its Water, Wastewater and certain Stormwater functions. The term of the agreement is for 20 years from the effective date, with an option to extend the contract for an additional 10 year period. Under the terms of the agreement, the Town will transfer specific inventories held for consumption and capital assets related to the service provider, at a nominal amount.

Consideration to be paid for services as stipulated in the agreement includes:

- (a) an amortization fund, aggregating \$18,498,136, to be paid to the Operator by the Town in 240 consecutive monthly blended payments including interest at 6.5%. The Town is able to apply specific grant funding it receives to this fund to reduce the future payments required;
- (b) an operational component comprised of annual operating fees of approximately \$1,696,681 per annum, paid to the operator and adjusted annually for certain factors as outlined in the agreement;
- (c) a cost plus variable management fee component for any future capital additions required for operations.

Upon termination of the agreement, title of all related assets will transfer to the Town.

#### **20. Approval of financial statements**

These financial statements have been approved by Council and Management.

## TOWN OF TABER

### Schedule of Consolidated Equity in Capital Assets For the year ended December 31, 2007

	Budget (Unaudited)	2007	2006
Acquisition of capital assets:			
General administration	\$ 75,000	\$ 12,060	\$ 204,680
Police	85,840	96,938	88,181
Fire	70,000	133,378	84,709
Bylaw	10,000	-	25,941
Roads, walks and street lighting	2,370,330	3,889,847	403,272
Stormwater	1,769,500	106,025	23,143
Water supply and distribution	250,000	17,048	45,491
Wastewater treatment and disposal	6,355,817	588,903	156,883
Waste management	170,000	-	21,039
Subdivision land and development	750,000	1,338,678	250,000
Land, housing and building rentals	-	35,700	-
Parks and recreation	-	601,243	220,600
Library	-	715,660	1,604,365
	11,906,487	7,535,480	3,128,304
Disposal of capital assets:			
General administration	-	-	(31,995)
Police	-	(28,530)	-
Ambulance	-	(29,500)	-
Roads, walks and street lighting	-	(129,385)	(32,735)
Airport	-	(28,249)	-
Water supply and distribution	-	(30,411)	-
Wastewater treatment and disposal	-	(87,550)	-
Parks and recreation	-	-	(12,625)
	-	(333,625)	(77,355)
Capital financing:			
Capital debt issued	-	-	(1,600,000)
Capital debt repaid from operating fund	50,705	51,471	-
Capital debt recovered from others	-	-	-
Changes in equity balance	11,957,192	7,253,326	1,450,949
Equity balance, beginning of year	84,889,842	84,889,842	83,438,893
Equity balance, end of year	\$ 96,847,034	\$ 92,143,168	\$ 84,889,842

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## TOWN OF TABER

### Schedule of Taxes Levied and Net Taxes Available for Municipal Purposes For the year ended December 31, 2007

	Budget (Unaudited)	2007	2006
Taxation:			
Real property taxes	\$ 7,344,963	\$ 7,381,952	\$ 7,023,539
Linear property taxes	272,402	273,302	259,769
Government grants in place of property taxes	87,618	87,618	90,103
Local improvement taxes	28,125	32,104	29,304
	<hr/> 7,733,108	<hr/> 7,774,976	<hr/> 7,402,715
Requisition:			
Alberta School Foundation Fund	1,811,120	1,823,007	1,874,222
Holy Spirit School Division	324,681	325,292	327,555
Taber & District Housing Authority	49,407	49,407	48,576
	<hr/> 2,185,208	<hr/> 2,197,706	<hr/> 2,250,353
Net taxes available for municipal purposes	<hr/> \$ 5,547,900	<hr/> \$ 5,577,270	<hr/> \$ 5,152,362

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**TOWN OF TABER****Schedule of Consolidated Government Transfers  
For the year ended December 31, 2007**

	Budget	2007	2006
	(Unaudited)		
Federal transfers:			
Shared-cost agreements and grants	\$ 800	\$ 2,606	\$ 4,258
	800	2,606	4,258
Provincial transfers:			
Shared-cost agreements and grants	4,581,079	4,501,969	1,014,145
	4,581,079	4,501,969	1,014,145
Local government transfers:			
Shared-cost agreements and grants	430,790	626,943	467,086
	\$ 5,012,669	\$ 5,131,518	\$ 1,485,489

**Schedule of Consolidated Expenditures by Object  
For the year ended December 31, 2007**

	Budget	2007	2006
	(Unaudited)		
Salaries, wages and benefits	\$ 5,995,749	\$ 5,808,944	\$ 5,303,452
Contracted and general services	2,904,544	2,779,261	2,784,799
Materials, goods and supplies	2,133,060	2,180,919	2,135,509
Transfers to local boards and agencies	153,706	171,060	177,817
Bank charges and short-term interest	4,330	2,817	2,185
Interest on long-term debt	86,757	83,688	18,795
Other expenditures	33,485	143,055	120,218
Capital assets acquired	11,906,487	7,535,480	3,128,304
	\$ 23,218,118	\$ 18,705,224	\$ 13,671,079