

TOWN OF TABER
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2013

TOWN OF TABER
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December 31, 2013

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Town of Taber (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Public Sector Accounting Standards established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Town. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



Chief Administrative Officer



Director of Corporate Services



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Independent Auditors' Report

To the Mayor and Members of Council of the Town of Taber

We have audited the accompanying consolidated financial statements of Town of Taber (the "Town") which comprise the consolidated statement of financial position as at December 31, 2013, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Town's preparation and fair presentation of the consolidated 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 Town'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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Town of Taber as at December 31, 2013, and results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

April 14, 2014
Lethbridge, Canada

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Consolidated Statement of Financial Position

As at December 31, 2013, with comparative information for 2012

	2013	2012
Financial assets		
Cash and temporary investments (note 2)	\$ 11,775,707	\$ 11,753,434
Taxes and grants in lieu receivable (note 3)	430,041	489,528
Trade and other receivables	1,512,836	1,555,641
Long-term investments (note 4)	2,207,662	2,108,993
Debt charges recoverable	209,382	260,317
Other financial assets	2,146	938
	<hr/> 16,137,774	<hr/> 16,168,851
Liabilities		
Accounts payable and accrued liabilities	1,032,715	1,972,641
Employee benefit obligations (note 5)	395,008	487,396
Deposit liabilities	523,713	795,189
Deferred revenue (note 6)	1,552,860	2,612,484
Provision for landfill post-closure costs (note 7)	300,768	284,125
Long-term debt (note 8)	8,340,091	8,912,955
	<hr/> 12,145,155	<hr/> 15,064,790
Net financial assets	<hr/> 3,992,619	<hr/> 1,104,061
Non-financial assets		
Tangible capital assets (schedule 2)	116,795,511	115,362,845
Land held for resale	799,649	902,091
Inventory held for consumption	51,007	68,416
Prepaid expenses	23,059	15,204
	<hr/> 117,669,226	<hr/> 116,348,556
Accumulated surplus (schedule 1, note 10)	<hr/> 121,661,845	<hr/> 117,452,617
Contingent liabilities (note 14)		
Commitments (note 15)		

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Consolidated Statement of Operations and Accumulated Surplus For the year ended December 31, 2013, with comparative information for 2012

	Budget	2013	2012
Revenue			
Net taxes available for municipal purposes (schedule 3)	\$ 7,694,530	\$ 7,710,998	\$ 7,474,799
Sales and user fees	7,563,524	7,984,373	9,259,806
Government transfers for operating (schedule 4)	990,396	918,742	1,175,904
Penalties and costs of taxes	115,000	142,514	130,799
Fines	408,750	573,090	545,853
Franchise and concession contracts	1,225,000	1,319,926	1,196,300
Investment income	150,500	267,170	247,226
Licenses and permits	234,440	241,272	299,378
Rentals	708,832	718,697	689,304
Other	266,559	433,681	396,119
	19,357,531	20,310,463	21,415,488
Expenses (schedule 5)			
Council and other legislative	298,900	287,060	276,163
General government	1,817,570	1,782,682	1,851,348
Police	2,797,921	2,928,738	2,757,815
Fire	677,489	582,292	626,823
Disaster	11,500	2,067	-
Ambulance	412,256	290,541	1,405,740
Bylaw	165,987	154,307	150,230
Roads, walks and street lighting	3,451,610	3,521,714	3,458,705
Other transportation	41,000	41,000	37,500
Stormwater	477,493	476,028	609,670
Water supply and distribution	1,686,924	1,875,606	1,616,630
Wastewater treatment and disposal	3,357,385	3,347,663	3,298,598
Waste management	1,211,093	1,129,162	1,150,709
Family and community support	54,600	54,702	53,006
Cemeteries	115,677	108,309	90,150
Land use planning, zoning and development	471,087	418,428	382,796
Subdivision land and development	55,500	156,985	93,568
Public housing	5,113	5,113	6,958
Land, housing and building rentals	379,123	290,540	256,865
Parks and recreation	2,421,288	2,508,086	2,297,760
Culture	718,482	670,864	669,437
	20,627,998	20,631,887	21,090,471
Excess (deficiency) of revenue over expenses before other	(1,270,467)	(321,424)	325,017
Other			
Contributed assets	-	25,594	2,756
Government transfers for capital (schedule 4)	5,969,097	4,505,058	3,432,378
Excess of revenue over expenses	4,698,630	4,209,228	3,760,151
Accumulated surplus, beginning of year	117,452,617	117,452,617	113,692,466
Accumulated surplus, end of year	\$ 122,151,247	\$ 121,661,845	\$ 117,452,617

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Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2013, with comparative information for 2012

	Budget	2013	2012
Excess of revenue over expenses	\$ 4,698,630	\$ 4,209,228	\$ 3,760,151
Acquisition of tangible capital assets	(9,499,577)	(5,742,001)	(5,699,903)
Contributed tangible capital assets	-	(25,594)	(2,756)
Amortization of tangible capital assets	3,762,178	3,980,601	3,802,465
Loss on disposal of tangible capital assets	-	207,143	42,308
Proceeds on disposal of tangible capital assets	250,000	147,185	50,782
	(788,769)	2,776,562	1,953,047
Acquisition of inventories of supplies	-	(51,007)	(68,416)
Acquisition of prepaid expenses	-	(23,059)	(15,204)
Disposal of land held for resale	-	102,442	87,281
Consumption of inventories of supplies	-	68,416	66,503
Use of prepaid expenses	-	15,204	414,520
	-	111,996	484,684
Increase (decrease) in net financial assets (debt)	(788,769)	2,888,558	2,437,731
Net financial assets (debt), beginning of year	1,104,061	1,104,061	(1,333,670)
Net financial assets, end of year	\$ 315,292	\$ 3,992,619	\$ 1,104,061

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Consolidated Statement of Cash Flows

For the year ended December 31, 2013, with comparative information for 2012

	2013	2012
Cash flows provided by (used in) the following activities:		
Operating		
Excess of revenue over expenses	\$ 4,209,228	\$ 3,760,151
Items not involving cash:		
Amortization of tangible capital assets	3,980,601	3,802,465
Contributed tangible capital assets	(25,594)	(2,756)
Loss on disposal of tangible capital assets	207,143	42,308
Change in non-cash assets and liabilities:		
Taxes and grants in lieu receivable	59,487	(124,182)
Trade and other receivables	42,805	543,006
Debt charges recoverable	50,935	48,434
Other financial assets	(1,208)	57
Accounts payable and accrued liabilities	(939,926)	824,205
Employee benefit obligations	(92,388)	(99,571)
Deposit liabilities	(271,476)	298,156
Deferred revenue	(1,059,624)	422,993
Provision for landfill post-closure costs	16,643	(2,485)
Land held for resale	102,442	87,281
Inventory held for consumption	17,409	(1,913)
Prepaid expenses	(7,855)	399,316
	6,288,622	9,997,465
Capital		
Proceeds on disposal of tangible capital assets	147,185	50,782
Purchase of tangible capital assets:		
Funded from reserves	(971,820)	(1,781,087)
Funded from operations	(4,770,181)	(3,918,816)
	(5,594,816)	(5,649,121)
Investing		
Purchase of long-term investments	(98,669)	(65,385)
	(98,669)	(65,385)
Financing		
Repayment of debt charges recoverable	(50,935)	(48,434)
Repayment of long-term debt	(521,929)	(519,111)
	(572,864)	(567,545)
Net increase in cash and cash equivalents	22,273	3,715,414
Cash and cash equivalents, beginning of year	11,753,434	8,038,020
Cash and cash equivalents, end of year	\$ 11,775,707	\$ 11,753,434

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Consolidated Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2013, with comparative information for 2012

Schedule 1

	Unrestricted Net Assets	Reserves	Equity in tangible capital assets	2013	2012
Beginning balance	\$ 2,582,525	\$ 8,159,885	\$ 106,710,207	\$ 117,452,617	\$ 113,692,466
Excess of revenue over expenses	4,209,228	-	-	4,209,228	3,760,151
Operating reserves					
Transfers to reserves	(494,289)	494,289	-	-	-
Transfers from reserves	200,999	(200,999)	-	-	-
Capital reserves					
Transfers to reserves	(3,264,682)	3,264,682	-	-	-
Transfers from reserves for operating purposes	347,469	(347,469)	-	-	-
Transfers from reserves for capital purposes	-	(971,820)	971,820	-	-
Capital investing					
Capital assets internally funded	(4,770,181)	-	4,770,181	-	-
Contributed assets	(25,594)	-	25,594	-	-
Proceeds on disposal of tangible capital assets	147,185	-	(147,185)	-	-
Loss on disposal of tangible capital assets	207,143	-	(207,143)	-	-
Amortization of tangible capital assets	3,980,601	-	(3,980,601)	-	-
Capital financing					
Principal payment of capital debt	(521,929)	-	521,929	-	-
Total	\$ 2,598,475	\$ 10,398,568	\$ 108,664,802	\$ 121,661,845	\$ 117,452,617

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Consolidated Schedule of Tangible Capital Assets

For the year ended December 31, 2013, with comparative information for 2012

Schedule 2

Cost	2012	Additions	Disposals	Transfers of assets under construction	2013
Land	\$ 1,335,170	\$ -	\$ 19	\$ -	\$ 1,335,151
Land improvements	3,293,135	4,743	-	29,537	3,327,415
Buildings	14,678,452	307,301	-	39,782	15,025,535
Engineering structures	143,082,812	4,696,162	249,636	4,015,942	151,545,280
Machinery and equipment	5,400,295	395,982	134,569	-	5,661,708
Vehicles	2,926,110	87,292	333,298	-	2,680,104
Assets under construction	4,296,154	276,115	104,264	(4,085,261)	382,744
Total	\$ 175,012,128	\$ 5,767,595	\$ 821,786	\$ -	\$ 179,957,937

Accumulated amortization	2012	Amortization expense	Disposals	2013
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	1,222,861	121,021	-	1,343,882
Buildings	5,073,908	343,423	-	5,417,331
Engineering structures	49,050,919	2,911,942	170,931	51,791,930
Machinery and equipment	2,733,240	440,674	111,047	3,062,867
Vehicles	1,568,355	163,541	185,480	1,546,416
Assets under construction	-	-	-	-
Total	\$ 59,649,283	\$ 3,980,601	\$ 467,458	\$ 63,162,426

Net book value	2012	2013
Land	\$ 1,335,170	\$ 1,335,151
Land improvements	2,070,274	1,983,533
Buildings	9,604,544	9,608,204
Engineering structures	94,031,893	99,753,350
Machinery and equipment	2,667,055	2,598,841
Vehicles	1,357,755	1,133,688
Assets under construction	4,296,154	382,744
Total	\$ 115,362,845	\$ 116,795,511

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Consolidated Schedule of Taxes Levied and Net Taxes Available for Municipal Purposes

For the year ended December 31, 2013, with comparative information for 2012

Schedule 3

	Budget	2013	2012
Taxation:			
Real property taxes	\$ 9,956,923	\$ 9,979,976	\$ 9,543,799
Linear property taxes	224,423	224,424	223,146
Government grants in place of property taxes	88,780	88,780	87,806
Local improvement taxes	11,798	12,235	15,204
	10,281,924	10,305,415	9,869,955
Requisition:			
Alberta School Foundation Fund	2,173,093	2,179,601	2,009,078
Holy Spirit School Division	347,456	348,020	321,736
Taber & District Housing Authority	66,845	66,796	64,342
	2,587,394	2,594,417	2,395,156
Net taxes available for municipal purposes	\$ 7,694,530	\$ 7,710,998	\$ 7,474,799

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Consolidated Schedule of Government Transfers

For the year ended December 31, 2013, with comparative information for 2012
Schedule 4

	Budget	2013	2012
Transfers for operating:			
Provincial government	\$ 541,795	\$ 528,463	\$ 797,485
Federal government	15,720	11,895	14,018
Other local governments	432,881	378,384	364,401
	990,396	918,742	1,175,904
Transfers for capital:			
Provincial government	5,948,097	4,483,597	3,423,818
Federal government	-	-	-
Other local governments	21,000	21,461	8,560
	5,969,097	4,505,058	3,432,378
Total government transfers	\$ 6,959,493	\$ 5,423,800	\$ 4,608,282

Consolidated Schedule of Expenses by Object

For the year ended December 31, 2013, with comparative information for 2012
Schedule 5

	Budget	2013	2012
Salaries, wages and benefits	\$ 7,308,909	\$ 7,069,574	\$ 7,777,043
Contracted and general services	5,968,493	5,863,791	5,578,522
Materials, goods and supplies	2,759,145	2,584,658	2,645,618
Provision for allowances	25,000	16,165	31,242
Transfers to local boards and agencies	238,031	239,599	485,134
Bank charges and short-term interest	7,150	7,719	7,145
Interest on long-term debt	518,342	518,338	552,508
Amortization of tangible capital assets	3,762,178	3,980,601	3,802,465
Loss on disposal of tangible capital assets	-	207,143	42,308
Other	40,750	144,299	168,486
	\$ 20,627,998	\$ 20,631,887	\$ 21,090,471

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Consolidated Schedule of Segmented Disclosure
For the year ended December 31, 2013
Schedule 6

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health Services	Planning and Development	Parks and Recreation	Culture and Libraries	Total
Revenue									
Net taxes available for municipal purposes	\$ 7,698,763	\$ -	\$ 12,235	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,710,998
Sales and user fees	80,640	611,918	347,618	6,545,532	68,368	226,823	92,197	11,277	7,984,373
Government transfers for operating	-	579,454	-	116,816	-	-	147,174	75,298	918,742
Penalties and costs of taxes	105,434	-	-	37,080	-	-	-	-	142,514
Fines	-	565,932	-	-	-	-	-	7,158	573,090
Franchise and concession contracts	1,319,926	-	-	-	-	-	-	-	1,319,926
Investment income	247,827	-	4,441	14,399	-	112	-	391	267,170
Licenses and permits	-	2,780	-	-	903	237,589	-	-	241,272
Rentals	45,177	20	-	50,650	-	142,749	408,440	71,661	718,697
Other	37,825	45,286	1,156	96,273	-	30,714	207,963	14,464	433,681
	9,535,592	1,805,390	365,450	6,860,750	69,271	637,987	855,774	180,249	20,310,463
Expenses									
Salaries, wages and benefits	1,119,673	3,010,700	723,565	311,022	77,656	349,463	1,184,036	293,459	7,069,574
Contracted and general services	551,177	478,350	1,119,590	2,911,176	12,528	363,386	360,034	67,550	5,863,791
Materials, goods and supplies	109,187	193,659	515,108	1,041,855	3,464	10,685	570,247	140,453	2,584,658
Provision for allowances	8,475	2,965	-	4,725	-	-	-	-	16,165
Transfers to local boards and agencies	50,920	-	41,000	38,275	54,702	-	-	54,702	239,599
Bank charges and short-term interest	6,304	-	-	-	-	-	-	1,415	7,719
Interest on long-term debt	-	-	21,999	431,913	-	5,113	5,379	53,934	518,338
Amortization of tangible capital assets	120,258	246,686	1,547,781	1,564,105	14,661	39,957	389,480	57,673	3,980,601
Loss (gain) on disposal of tangible capital assets	103,748	25,585	69,699	9,306	-	20	(1,090)	(125)	207,143
Other	-	-	-	40,054	-	102,442	-	1,803	144,299
	2,069,742	3,957,945	4,038,742	6,352,431	163,011	871,066	2,508,086	670,864	20,631,887
Excess (deficiency) of revenue over expenses before other									
	7,465,850	(2,152,555)	(3,673,292)	508,319	(93,740)	(233,079)	(1,652,312)	(490,615)	(321,424)
Other									
Contributed assets	-	25,594	-	-	-	-	-	-	25,594
Government transfers for capital	-	21,461	899,309	3,584,288	-	-	-	-	4,505,058
Excess (deficiency) of revenue over expenses	\$ 7,465,850	\$ (2,105,500)	\$ (2,773,983)	\$ 4,092,607	\$ (93,740)	\$ (233,079)	\$ (1,652,312)	\$ (490,615)	\$ 4,209,228

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Notes to Consolidated Financial Statements

For the year ended December 31, 2013

1. Significant accounting policies

The consolidated financial statements of the Town of Taber (the "Town") are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards. Significant accounting policies adopted by the Town are as follows:

(a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, change in net financial assets 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 include 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 have been eliminated.

(b) Basis of accounting:

The financial statements are prepared using the accrual basis of accounting. Revenue is recorded when it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the 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.

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.

(c) Pension expenses:

The Municipality participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan whereby contributions are expensed as incurred.

(d) 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.

(e) Cash and cash equivalents:

Cash and cash equivalents includes cash and deposits redeemable at managements discretion held with Canadian financial institutions.

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Notes to Consolidated Financial Statements For the year ended December 31, 2013

(f) Requisition over-levy and under-levy:

Over-levies and under-levies arise from the difference between the actual property tax 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.

(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 and expenses, provides the consolidated Change in Net Financial Assets 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:

	Years
Land improvements	25-45
Buildings	25-75
Engineered structures	25-75
Machinery and equipment	4-40
Vehicles	4-25

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 recorded as revenue.

(iii) Inventories:

Inventories held for consumption are recorded at the lower of cost and replacement cost.

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Notes to Consolidated Financial Statements

For the year ended December 31, 2013

(h) Non-financial assets (continued):

(iv) Land held 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 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.

(i) 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 un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

(j) Deferred revenue:

Deferred revenue includes amounts received for services yet to be performed.

(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) 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. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality.

Contributions of tangible capital assets are recorded at fair value at the date of receipt.

Actual results could differ from those estimates.

(m) Future accounting pronouncements:

(i) Liability for contaminated sites:

PSAB approved PS 3260 which comes into effect for fiscal years beginning on or after April 1, 2014. This section establishes standards for reporting a liability associated with the remediation of certain contaminated sites. The Town has not yet adopted this standard or determined the effect on the consolidated financial statements.

TOWN OF TABER

Notes to Consolidated Financial Statements

For the year ended December 31, 2013

(m) Future accounting pronouncements (continued):

- (ii) Financial instruments, foreign currency translation and financial statement presentation: PSAB PS 3450 come into effect for fiscal years beginning on or after April 1, 2015. This includes adoption of PS 3450; financial instruments, PS 2601; foreign currency translation, and PS 1201; financial statement presentation. While early adoption is permitted, all three of the standards must be adopted in the same year. PS 3450 provides guidance on the recognition, measurement, presentation and disclosure of financial instruments including derivative instruments. PS 2601 provides guidance on deferral and amortization of unrealized gains and losses, hedge accounting and separation of realized and unrealized foreign exchange gains and losses. PS 1201 includes the adoption of a new statement outlining re-measurement gains and losses. The Town has not yet adopted these standards or determined the effect on the consolidated financial statements.

2. Cash and temporary investments

	2013	2012
Cash	\$ 1,058,960	\$ 1,107,837
Temporary investments (market value 2013 - \$10,788,254; 2012 - \$10,762,514)	10,716,747	10,645,597
	<u>\$ 11,775,707</u>	<u>\$ 11,753,434</u>

The temporary investments are comprised of short-term deposits issued by a Canadian financial institution. These investments mature between April 4, 2014 to September 27, 2014, but are redeemable at managements discretion.

Included in temporary investments is a restricted amount of \$1,046,876 received from Municipal Sustainability Initiative and held exclusively for capital infrastructure projects (note 6).

3. Taxes and grants in lieu receivable

	2013	2012
Current taxes and grants in lieu of taxes	\$ 317,278	\$ 387,589
Tax arrears	112,763	101,939
	<u>\$ 430,041</u>	<u>\$ 489,528</u>

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2013

4. Long-term investments

	2013		2012	
	Cost	Market Value	Cost	Market Value
Guaranteed Investment Certificates	\$ 1,105,431	\$ 1,167,106	\$ 1,405,421	\$ 1,465,319
Corporate bonds	1,098,827	1,082,950	700,218	697,718
Patronage reserves - United Farmers of Alberta	3,311	3,311	3,262	3,262
Shares in Alberta Capital Finance Authority	40	40	40	40
Shares in 1st Choice Savings & Credit Union Ltd.	53	53	52	52
	\$ 2,207,662	\$ 2,253,460	\$ 2,108,993	\$ 2,166,391

Guaranteed Investment Certificates have effective interest rates of 2.50% to 3.75% (2012 - 3.35% to 4.99%) with maturity dates from August 6, 2015 to October 9, 2018.

Corporate bonds have effective yield rates of 2.48% to 2.94% (2012 - 2.48% to 2.49%) with maturity dates from July 8, 2016 to December 6, 2019.

5. Employee benefit obligations

	2013	2012
Vacation and other entitlements	\$ 395,008	\$ 487,396

The Vacation and other entitlements liability consists of the vacation, overtime, flex and sick leave that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

6. Deferred revenue

	2013	2012
Prepaid property taxes	\$ 28,213	\$ 30,977
Prepaid local improvement charges	-	437
Provincial conditional grants	1,138,084	2,224,798
Revenues from services not yet provided	386,563	356,272
	\$ 1,552,860	\$ 2,612,484

TOWN OF TABER

Notes to Consolidated Financial Statements

For the year ended December 31, 2013

6. Deferred revenue (continued)

Deferred provincial conditional grants include:

- (a) Municipal Sustainability Initiative advanced funding in the amount of \$1,383,291 during the year, plus the Town carried forward \$1,460,085 from the prior year. The Town earned \$18,533 of restricted interest on these funds. These funds are restricted to be used on eligible approved capital infrastructure projects, as approved under the funding agreement, which are scheduled for completion in 2014. During the year, the Town spent \$1,815,033 of these restricted funds. The remaining balance of \$1,046,876 has been deferred. The balance is supported by temporary investments held exclusively for these projects (Note 2).
- (b) The remaining balance is made up of various restricted provincial contributions received for specific projects, which had not yet been completed at year-end.

7. 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 \$300,768 for 2013 (2012 - \$284,125) is based on the sum of discounted future cash flows for post-closure activities for 16 years (2012 - 17 years) using a discount rate of 2.1% (2012 - 2.0%) and assuming annual inflation of 2.1% (2012 - 2.2%).

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

8. Long-term debt

	2013	2012
Tax supported:		
Debenture issued for the construction of library building	\$ 1,188,346	\$ 1,255,038
Self supported:		
Debenture from debt charges recoverable (Taber & District Housing Authority)	65,159	94,839
Debenture from debt charges recoverable (Taber Golf Club)	144,223	165,478
Amortization fund bearing interest at 6.5% (note 15)	6,942,363	7,397,600
	8,340,091	8,912,955
Current portion	578,449	572,864
	\$ 7,761,642	\$ 8,340,091

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Notes to Consolidated Financial Statements For the year ended December 31, 2013

8. Long-term debt (continued)

	Principal	Interest	Total
2014	\$ 578,449	\$ 485,292	\$ 1,063,741
2015	584,311	450,686	1,034,997
2016	554,736	415,790	970,526
2017	558,917	382,865	941,782
2018	563,276	349,764	913,040
Thereafter	5,500,402	1,680,890	7,181,292
	\$ 8,340,091	\$ 3,765,287	\$ 12,105,378

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.

The Town is under agreement with the Taber Golf Club for the repayment of a debenture taken out for the benefit of the club. The full principal and interest costs for the debenture are recovered from the club.

Debenture debt issued for the construction of the library building is repayable to Alberta Capital Finance Authority and bears interest at 4.365% and matures in 2026.

Debenture debt issued to Taber & District Housing Authority is repayable to Alberta Capital Finance Authority and bears interest at 6.375% and matures in 2015.

Debenture debt issued to Taber Golf Club is repayable to Alberta Capital Finance Authority and bears interest at 3.494% and matures in 2019.

During the year, on a cash basis, the Town paid \$519,619 on interest on long-term debt.

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

The amortization fund is owing to the operator of the agreement described in note 15. It bears interest at 6.5% and matures in 2029.

9. 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:

	2013	2012
Total debt limit	\$ 30,497,886	\$ 32,136,072
Total debt	(8,340,091)	(8,912,955)
Amount of debt limit unused	\$ 22,157,795	\$ 23,223,117
Debt servicing limit	\$ 5,082,981	\$ 5,356,012
Debt servicing	(1,063,741)	(1,092,483)
Amount of debt servicing limit unused	\$ 4,019,240	\$ 4,263,529

TOWN OF TABER

Notes to Consolidated Financial Statements

For the year ended December 31, 2013

9. Debt limits (continued)

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.

10. Accumulated surplus

	2013	2012
General government operations	\$ 121,472,151	\$ 117,278,873
Taber Public Library	189,694	173,744
	<u>\$ 121,661,845</u>	<u>\$ 117,452,617</u>

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

	2013	2012
Unrestricted surplus	\$ 2,598,475	\$ 2,582,525
Reserves	10,398,568	8,159,885
Equity in tangible capital assets	108,664,802	106,710,207
	<u>\$ 121,661,845</u>	<u>\$ 117,452,617</u>

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2013

10. Accumulated surplus (continued)

Reserves are comprised of funds internally restricted as follows:

	2012	Transfers in	Transfers out	2013
General operations	\$ 410,353	\$ 315,000	\$ 41,458	\$ 683,895
Off street parking	6,700	-	-	6,700
Continuing projects	359,835	-	-	359,835
Police Commission	32,282	-	-	32,282
Health and safety	60,606	19,748	-	80,354
Repairs and maintenance	-	159,541	159,541	-
General capital	1,418,095	993,254	-	2,411,349
Infrastructure	2,365,165	692,934	668,878	2,389,221
Buildings	495,247	136,738	202,300	429,685
Equipment	626,117	440,277	358,426	707,968
Land	866,398	123,341	-	989,739
Vehicles	520,701	830,617	89,685	1,261,633
Funds held in place of municipal reserves	118,474	12,485	-	130,959
Development levies	879,912	35,036	-	914,948
	\$ 8,159,885	\$ 3,758,971	\$ 1,520,288	\$ 10,398,568

Equity in tangible capital assets

	2013	2012
Net book value of tangible capital assets	\$ 116,795,511	\$ 115,362,845
Long-term debt	(8,340,091)	(8,912,955)
Debt charges recoverable	209,382	260,317
	\$ 108,664,802	\$ 106,710,207

11. Trust funds

The Town administers the following trusts on behalf of parties external to the reporting entity:

	2012	Increases	Decreases	2013
Community trust	\$ 102,701	\$ 2,260	\$ -	\$ 104,961
Highway 3 Association	-	14,797	-	14,797
Transfer station trust	31,705	40,053	-	71,758
Police trust	1,491	-	-	1,491
	\$ 135,897	\$ 57,110	\$ -	\$ 193,007

These amounts are not reflected in the financial position of the Town.

TOWN OF TABER

Notes to Consolidated Financial Statements

For the year ended December 31, 2013

12. 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:

	2013		2012	
	Salary ⁽¹⁾	Benefits & Allowances ^(2,3)	Total	Total
Members of Council				
Mayor R. Bryant	25,000	681	25,681	31,592
Mayor H. DeVlieger	5,000	136	5,136	-
Councillors:				
G. Bekkering	15,000	-	15,000	19,425
J. Papp	15,750	376	16,126	19,066
R. Popadynetz	18,500	437	18,937	18,679
M. Rochelle	15,125	-	15,125	18,425
R. Sparks	18,250	429	18,679	19,666
L. Tams	15,375	363	15,738	18,937
J. Brewin	3,000	70	3,070	-
L. Strojwas	3,000	70	3,070	-
A. Prokop	3,000	70	3,070	-
L. Ross-Giroux	3,000	70	3,070	-
Chief Administrative Officer	122,586	25,073	147,659	40,507
Chief Administrative Officer	-	-	-	88,547
Interim Chief Administrative Officer	-	-	-	35,939

(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.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2013

13. 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 one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 223,643 people and 428 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current services are recorded as expenses in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 9.43% of pensionable earnings up to the year's maximum pensionable earnings and 13.47% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2013 were \$320,561 (2012 - \$329,203). Total current service contributions by the employees of the Town to the LAPP in 2013 were \$292,729 (2012 - \$297,940).

At December 31, 2012 the LAPP disclosed an actuarial deficit of \$4,977.3 million.

(b) Special Forces Pension Plan

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

Police officers employed by the Town, including management, participate in the Special Forces Pension Plan (SFPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The SFPP serves about 6,584 people and 7 employers. The plan is financed by employer and employee contributions and by investment earnings of the SFPP Fund.

Contributions for current services are recorded as expenses in the year in which they become due.

The Town is required to make current service contributions to the SFPP of 14.55% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.55% on pensionable earnings above this amount. Police officers of the Town are required to make current service contributions of 13.45% of pensionable earnings up to the year's maximum pensionable earnings and 13.45% on pensionable earnings above this amount.

Total current service contributions by the Town to the SFPP in 2013 were \$189,732 (2012 - \$179,598). Total current service contributions by the police officers of the Town to the SFPP in 2013 were \$175,389 (2012 - \$166,020).

At December 31, 2012 the SFPP Plan disclosed an actuarial deficit of \$498.9 million.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2013

14. Contingent liabilities

- (a) Various claims have been made against the Town as at December 31, 2013. If proven, it is possible that these claims may have an adverse effect on the financial position of the Town. The Town believes that these claims are without substantial merit and as such, the Town is disputing the claims. As the outcomes are not determinable at this time, no amount has been accrued in the financial statements.
- (b) The Town has not recognized liabilities relating to certain obligations, primarily environmental and other liabilities relating to facilities, equipment and land. These liabilities are not recognized as the dates of remediation are unknown and as such the fair value of these liabilities cannot be reasonably determined.

15. Commitments

The Town has entered into an agreement with a service provider to construct, operate and finance the upgrade and operation of its water, waste water and certain storm water 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 transferred specific inventories held for consumption and tangible 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 \$1,793,805 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.

16. 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, currency or liquidity 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.

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Notes to Consolidated Financial Statements

For the year ended December 31, 2013

17. Segmented disclosure

Segmented disclosures have been identified based upon lines of service provided by the Town. Town services are provided by departments and their activities are reported by functional area in the body of the consolidated financial statements. Certain lines of service that have been separately disclosed in the segmented financial information, along with the services they provide, are as follows:

(a) General government

The mandate of general government includes all taxation, Council and administrative functional activities.

(b) Protective services

The mandate of protective services is to provide for the rescue and protection of people and property within the Town through effective and efficient management and coordination of emergency service systems and resources.

(c) Transportation services

The mandate of transportation services is the delivery of municipal public works services relating to the planning, development and maintenance of roadway systems, streets, walks, lighting, storm water flows and public transit.

(d) Environmental services

The mandate of environmental services is the delivery of utility services including water supply and distribution services, wastewater treatment and disposal activities, and solid waste and recycling management.

(e) Public health services

The mandate of public health services is the contribution to Family and Community Support Services (FCSS) and the administration and maintenance of the cemetery.

(f) Planning and development

The mandate of planning and development is the administration of residential, commercial and industrial development services, and operation and maintenance of Town owned buildings.

(g) Parks and recreation

The mandate of parks and recreation includes the operation and maintenance of parks, sportsfields, and recreation and community facilities within the Town.

(h) Culture and libraries

The mandate of culture and libraries includes the operation and maintenance of the community auditorium and meeting rooms, and the support of the Taber Public Library and the ownership of the building.

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 adopted by the Town as a whole.

TOWN OF TABER

Notes to Consolidated Financial Statements

For the year ended December 31, 2013

18. Related party transactions

During the year, the Town entered into transactions aggregating \$723,842 related to construction with a company in which an elected official has a financial interest. The transactions were carried out in the normal course of operations pursuant to the Town's purchasing and procurement policies.

During the year, the Town received fees aggregating \$7,193 related to development permits with a company in which an elected official has a financial interest. The transactions were carried out in the normal course of operations pursuant to the Town's fee schedules.

19. Budget

The budget information was approved by Council on April 22, 2013.

20. Approval of financial statements

These financial statements have been approved by Council and Management.