

TOWN OF TABER
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

TOWN OF TABER
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December 31, 2014

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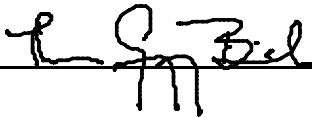
Management's Responsibility for the Consolidated Financial Statements

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, 2014, 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, 2014, 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.

Chartered Accountants

April 27, 2015
Lethbridge, Canada

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Consolidated Statement of Financial Position

As at December 31, 2014, with comparative information for 2013

	2014	2013
Financial assets		
Cash and temporary investments (note 2)	\$ 15,279,412	\$ 11,775,707
Taxes and grants in lieu receivable (note 3)	436,289	430,041
Trade and other receivables	1,705,870	1,512,836
Long-term investments (note 4)	2,226,780	2,207,662
Debt charges recoverable	580,804	209,382
Other financial assets	1,122	2,146
	<hr/> 20,230,277	<hr/> 16,137,774
Liabilities		
Accounts payable and accrued liabilities	1,245,821	1,032,715
Employee benefit obligations (note 5)	385,426	395,008
Deposit liabilities	1,523,576	523,713
Deferred revenue and government transfers (note 6)	2,755,619	1,552,860
Provision for landfill post-closure costs (note 7)	309,380	300,768
Long-term debt (note 8)	8,186,641	8,340,091
	<hr/> 14,406,463	<hr/> 12,145,155
Net financial assets	<hr/> 5,823,814	<hr/> 3,992,619
Non-financial assets		
Tangible capital assets (schedule 2, note 10)	117,610,595	116,795,511
Land held for resale	817,599	799,649
Inventory held for consumption	53,965	51,007
Prepaid expenses	24,103	23,059
	<hr/> 118,506,262	<hr/> 117,669,226
Accumulated surplus (schedule 1, note 11)	<hr/> 124,330,076	<hr/> 121,661,845
Contingent liabilities (note 15)		
Commitments (note 16)		

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Consolidated Statement of Operations and Accumulated Surplus For the year ended December 31, 2014, with comparative information for 2013

	Budget	2014	2013
Revenue			
Net taxes available for municipal purposes (schedule 3)	\$ 7,926,323	\$ 7,956,331	\$ 7,710,998
Sales and user fees	7,298,870	7,682,525	7,984,373
Government transfers for operating (schedule 4)	969,296	949,194	918,742
Penalties and costs of taxes	135,000	150,167	142,514
Fines	428,456	579,091	573,090
Franchise and concession contracts	1,280,000	1,590,212	1,319,926
Investment income	225,250	303,281	267,170
Licenses and permits	239,470	293,944	241,272
Rentals	757,130	872,590	718,697
Other	361,937	230,489	433,681
	19,621,732	20,607,824	20,310,463
Expenses (schedule 5)			
Council and other legislative	332,229	325,310	287,060
General government	1,941,636	1,821,312	1,782,682
Police	2,967,666	2,942,662	2,928,738
Fire	705,032	690,326	582,292
Disaster	8,200	7,255	2,067
Ambulance	-	-	290,541
Bylaw	168,099	159,305	154,307
Roads, walks and street lighting	3,416,343	3,565,867	3,521,714
Other transportation	42,000	42,000	41,000
Stormwater	586,772	524,323	476,028
Water supply and distribution	1,826,176	1,861,563	1,875,606
Wastewater treatment and disposal	3,212,055	3,451,205	3,347,663
Waste management	1,254,297	1,289,428	1,129,162
Family and community support	56,340	55,837	54,702
Cemeteries	130,728	123,244	108,309
Land use planning, zoning and development	499,208	432,475	418,428
Subdivision land and development	93,241	137,603	156,985
Public housing	3,160	3,161	5,113
Land, housing and building rentals	481,045	505,636	290,540
Parks and recreation	2,584,341	2,465,886	2,508,086
Culture	767,623	670,967	670,864
	21,076,191	21,075,365	20,631,887
Deficiency of revenue over expenses before other			
	(1,454,459)	(467,541)	(321,424)
Other			
Contributed assets	-	3,003,684	25,594
Government transfers for capital (schedule 4)	2,606,550	132,088	4,505,058
Excess of revenue over expenses	1,152,091	2,668,231	4,209,228
Accumulated surplus, beginning of year	121,661,845	121,661,845	117,452,617
Accumulated surplus, end of year	\$ 122,813,936	\$ 124,330,076	\$ 121,661,845

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Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2014, with comparative information for 2013

	Budget	2014	2013
Excess of revenue over expenses	\$ 1,152,091	\$ 2,668,231	\$ 4,209,228
Acquisition of tangible capital assets	(5,328,040)	(2,088,753)	(5,742,001)
Contributed tangible capital assets	-	(3,003,684)	(25,594)
Amortization of tangible capital assets	3,980,601	4,166,683	3,980,601
Transfer of land held for resale	-	59,633	-
Loss on disposal of tangible capital assets	-	23,144	207,143
Proceeds on disposal of tangible capital assets	-	27,893	147,185
	(195,348)	1,853,147	2,776,562
Acquisition of inventories of supplies	-	(53,965)	(51,007)
Acquisition of prepaid expenses	-	(24,103)	(23,059)
Disposal of land held for resale	-	(17,950)	102,442
Consumption of inventories of supplies	-	51,007	68,416
Use of prepaid expenses	-	23,059	15,204
	-	(21,952)	111,996
Increase (decrease) in net financial assets	(195,348)	1,831,195	2,888,558
Net financial assets, beginning of year	3,992,619	3,992,619	1,104,061
Net financial assets, end of year	\$ 3,797,271	\$ 5,823,814	\$ 3,992,619

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Consolidated Statement of Cash Flows

For the year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash flows provided by (used in) the following activities:		
Operating		
Excess of revenue over expenses	\$ 2,668,231	\$ 4,209,228
Items not involving cash:		
Amortization of tangible capital assets	4,166,683	3,980,601
Contributed tangible capital assets	(3,003,684)	(25,594)
Transfer of land held for resale	59,633	-
Loss on disposal of tangible capital assets	23,144	207,143
Change in non-cash assets and liabilities:		
Taxes and grants in lieu receivable	(6,248)	59,487
Trade and other receivables	(193,034)	42,805
Debt charges recoverable	(371,422)	50,935
Other financial assets	1,024	(1,208)
Accounts payable and accrued liabilities	213,105	(939,926)
Employee benefit obligations	(9,582)	(92,388)
Deposit liabilities	999,863	(271,476)
Deferred revenue and government transfers	1,202,759	(1,059,624)
Provision for landfill post-closure costs	8,612	16,643
Land held for resale	(17,950)	102,442
Inventory held for consumption	(2,958)	17,409
Prepaid expenses	(1,044)	(7,855)
	5,737,132	6,288,622
Capital		
Proceeds on disposal of tangible capital assets	27,893	147,185
Purchase of tangible capital assets:		
Funded from reserves	(1,876,544)	(971,820)
Funded from operations	(212,209)	(4,770,181)
	(2,060,860)	(5,594,816)
Investing		
Purchase of long-term investments	(19,118)	(98,669)
	(19,118)	(98,669)
Financing		
Proceeds of debt charges recoverable issued	425,000	-
Repayment of debt charges recoverable	(53,577)	(50,935)
Repayment of long-term debt	(524,872)	(521,929)
	(153,449)	(572,864)
Net increase in cash and cash equivalents	3,503,705	22,273
Cash and cash equivalents, beginning of year	11,775,707	11,753,434
Cash and cash equivalents, end of year	\$ 15,279,412	\$ 11,775,707

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Consolidated Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2014, with comparative information for 2013

Schedule 1

	Unrestricted Net Assets	Reserves	Equity in tangible capital assets	2014	2013
Beginning balance	\$ 2,598,475	\$ 10,398,568	\$ 108,664,802	\$ 121,661,845	\$ 117,452,617
Excess of revenue over expenses	2,668,231	-	-	2,668,231	4,209,228
Operating reserves					
Transfers to reserves	(632,344)	632,344	-	-	-
Transfers from reserves	329,489	(329,489)	-	-	-
Capital reserves					
Transfers to reserves	(3,367,695)	3,367,695	-	-	-
Transfers from reserves for operating purposes	478,975	(478,975)	-	-	-
Transfers from reserves for capital purposes	-	(1,876,544)	1,876,544	-	-
Capital investing					
Capital assets internally funded	(212,209)	-	212,209	-	-
Contributed assets	(3,003,684)	-	3,003,684	-	-
Amortization of tangible capital assets	4,166,683	-	(4,166,683)	-	-
Transfer of land held for resale	59,633	-	(59,633)	-	-
Proceeds on disposal of tangible capital assets	27,893	-	(27,893)	-	-
Loss on disposal of tangible capital assets	23,144	-	(23,144)	-	-
Capital financing					
Principal payment of capital debt	(524,872)	-	524,872	-	-
Total	\$ 2,611,719	\$ 11,713,599	\$ 110,004,758	\$ 124,330,076	\$ 121,661,845

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Consolidated Schedule of Tangible Capital Assets

For the year ended December 31, 2014, with comparative information for 2013

Schedule 2

Cost	2013	Additions	Disposals	Transfers of assets under construction	2014
Land	\$ 1,335,151	\$ -	\$ 59,633	\$ -	\$ 1,275,518
Land improvements	3,327,415	321,133	-	-	3,648,548
Buildings	15,025,535	102,937	9,440	20,000	15,139,032
Engineering structures	151,545,280	3,168,897	97,828	265,261	154,881,610
Machinery and equipment	5,661,708	726,877	138,114	-	6,250,471
Vehicles	2,680,104	435,649	112,717	23,854	3,026,890
Assets under construction	382,744	336,944	-	(309,115)	410,573
Total	\$ 179,957,937	\$ 5,092,437	\$ 417,732	\$ -	\$ 184,632,642

Accumulated amortization	2013	Amortization expense	Disposals	2014
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	1,343,882	133,346	-	1,477,228
Buildings	5,417,331	347,058	5,570	5,758,819
Engineering structures	51,791,930	2,975,904	61,038	54,706,796
Machinery and equipment	3,062,867	494,322	127,737	3,429,452
Vehicles	1,546,416	216,053	112,717	1,649,752
Assets under construction	-	-	-	-
Total	\$ 63,162,426	\$ 4,166,683	\$ 307,062	\$ 67,022,047

Net book value	2013	2014
Land	\$ 1,335,151	\$ 1,275,518
Land improvements	1,983,533	2,171,320
Buildings	9,608,204	9,380,213
Engineering structures	99,753,350	100,174,814
Machinery and equipment	2,598,841	2,821,019
Vehicles	1,133,688	1,377,138
Assets under construction	382,744	410,573
Total	\$ 116,795,511	\$ 117,610,595

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

For the year ended December 31, 2014, with comparative information for 2013

Schedule 3

	Budget	2014	2013
Taxation:			
Real property taxes	\$ 10,143,330	\$ 10,181,236	\$ 9,979,976
Linear property taxes	232,518	232,518	224,424
Government grants in place of property taxes	91,491	91,491	88,780
Local improvement taxes	-	-	12,235
	10,467,339	10,505,245	10,305,415
Requisition:			
Alberta School Foundation Fund	2,155,922	2,163,229	2,179,601
Holy Spirit School Division	315,561	316,000	348,020
Taber & District Housing Authority	69,533	69,685	66,796
	2,541,016	2,548,914	2,594,417
Net taxes available for municipal purposes	\$ 7,926,323	\$ 7,956,331	\$ 7,710,998

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Consolidated Schedule of Government Transfers

For the year ended December 31, 2014, with comparative information for 2013

Schedule 4

	Budget	2014	2013
Transfers for operating:			
Provincial government	\$ 546,853	\$ 542,188	\$ 528,463
Federal government	3,800	14,062	11,895
Other local governments	418,643	392,944	378,384
	969,296	949,194	918,742
Transfers for capital:			
Provincial government	2,576,550	119,589	4,483,597
Federal government	-	-	-
Other local governments	30,000	12,499	21,461
	2,606,550	132,088	4,505,058
Total government transfers	\$ 3,575,846	\$ 1,081,282	\$ 5,423,800

Consolidated Schedule of Expenses by Object

For the year ended December 31, 2014, with comparative information for 2013

Schedule 5

	Budget	2014	2013
Salaries, wages and benefits	\$ 7,699,038	\$ 7,453,741	\$ 7,069,574
Contracted and general services	6,119,709	6,139,269	5,863,791
Materials, goods and supplies	2,454,960	2,359,861	2,584,658
Provision for allowances	-	18,963	16,165
Transfers to local boards and agencies	277,745	288,351	239,599
Bank charges and short-term interest	9,385	8,576	7,719
Interest on long-term debt	483,940	487,993	518,338
Amortization of tangible capital assets	3,980,601	4,166,683	3,980,601
Loss on disposal of tangible capital assets	-	23,144	207,143
Other	50,813	128,784	144,299
	\$ 21,076,191	\$ 21,075,365	\$ 20,631,887

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Consolidated Schedule of Segmented Disclosure

For the year ended December 31, 2014

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	\$ 7,956,331	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,956,331
Sales and user fees	11,104	160,027	472,136	6,438,503	78,040	384,860	126,950	10,905	7,682,525
Government transfers for operating	-	661,240	2,701	64,828	-	-	145,359	75,066	949,194
Penalties and costs of taxes	111,176	-	-	38,991	-	-	-	-	150,167
Fines	-	573,056	-	-	-	-	-	6,035	579,091
Franchise and concession contracts	1,590,212	-	-	-	-	-	-	-	1,590,212
Investment income	302,442	534	-	-	-	-	-	305	303,281
Licenses and permits	95,575	2,620	-	-	861	194,888	-	-	293,944
Rentals	42,666	25	-	50,650	-	297,888	430,081	51,280	872,590
Other	43,046	33,789	5,000	6,845	-	88,318	35,312	18,179	230,489
	10,152,552	1,431,291	479,837	6,599,817	78,901	965,954	737,702	161,770	20,607,824
Expenses									
Salaries, wages and benefits	1,193,023	2,888,553	895,440	359,352	87,359	539,900	1,217,197	272,917	7,453,741
Contracted and general services	578,820	431,685	958,800	3,346,282	16,825	369,843	347,918	89,096	6,139,269
Materials, goods and supplies	126,424	202,917	555,142	805,446	3,920	28,046	499,713	138,253	2,359,861
Provision for allowances	12,807	900	-	5,256	-	-	-	-	18,963
Transfers to local boards and agencies	87,257	-	42,000	46,611	55,836	-	-	56,647	288,351
Bank charges and short-term interest	6,899	-	-	-	-	-	-	1,677	8,576
Interest on long-term debt	-	-	20,606	404,563	-	7,216	4,622	50,986	487,993
Amortization of tangible capital assets	146,492	283,910	1,625,988	1,594,509	15,140	43,132	399,059	58,453	4,166,683
Loss (gain) on disposal of tangible capital assets	(5,100)	(8,417)	34,214	1,200	-	3,870	(2,623)	-	23,144
Other	-	-	-	38,978	-	86,869	-	2,937	128,784
	2,146,622	3,799,548	4,132,190	6,602,197	179,080	1,078,876	2,465,886	670,966	21,075,365
Excess (deficiency) of revenue over expenses before other									
	8,005,930	(2,368,257)	(3,652,353)	(2,380)	(100,179)	(112,922)	(1,728,184)	(509,196)	(467,541)
Other									
Contributed assets	-	-	-	-	-	2,668,615	335,069	-	3,003,684
Government transfers for capital	-	119,589	-	-	-	-	12,499	-	132,088
Excess (deficiency) of revenue over expenses	\$ 8,005,930	\$ (2,248,668)	\$ (3,652,353)	\$ (2,380)	\$ (100,179)	\$ 2,555,693	\$ (1,380,616)	\$ (509,196)	\$ 2,668,231

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Notes to Consolidated Financial Statements

For the year ended December 31, 2014

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. A schedule of these trust assets is included in Note 12.

Interdepartmental and organizational transactions and balances have been eliminated.

(b) Basis of accounting:

The financial statements are prepared using the accrual basis of accounting in accordance with Canadian Public Sector Accounting Standards.

(c) Revenues:

Revenue is recorded when it is earned and measurable. Sales and user fees are accounted for in the period in which the events occurred that gave rise to the revenues. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(d) Expenses:

Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the obligation to pay.

(e) 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.

(f) Cash and cash equivalents:

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

(g) 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.

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Notes to Consolidated Financial Statements

For the year ended December 31, 2014

(h) 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.

(i) 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.

(j) Tax revenue:

Tax revenues are recognized once Town Council passes the bylaw approving the current year's tax assessment and tax rate. Tax rate categories include: real property taxes (residential and non-residential), linear property taxes and local improvement taxes. Requisitions operating as flow through arrangements are excluded from revenue. See Schedule 3.

Taxes receivable are measured once the tax rate of the local improvement tax rate bylaw is passed. Taxes receivable are measured at their net realizable value. Net realizable value excludes individually identified taxes in arrears considered uncollectable through the tax recovery process. Taxes received in advance of the next tax year are recorded as a customer credit and liability until the bylaw is passed.

(k) Deferred revenue:

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Deferred revenue includes amounts received for services yet to be performed as well as government transfers where the stipulations have not yet been met.

(l) 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 in the period that gives rise to the transfer occurring, providing the transfers are authorized, the Town has met any eligible criteria and a reasonable estimate of the amounts can be made.

(m) 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.

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Notes to Consolidated Financial Statements For the year ended December 31, 2014

(n) 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.

(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.

(o) 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.

TOWN OF TABER

Notes to Consolidated Financial Statements

For the year ended December 31, 2014

(p) 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.

(ii) Financial instruments, foreign currency translation and financial statement presentation:

PSAB PS 3450 comes 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 how to account for and report on financial instruments and transactions denominated in foreign currency. 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

	2014	2013
Cash	\$ 382,948	\$ 1,058,960
Temporary investments (market value 2014 - \$15,079,439; 2013 - \$10,788,254)	14,896,464	10,716,747
	\$ 15,279,412	\$ 11,775,707

The temporary investments are comprised of short-term deposits issued by a Canadian financial institution. These investments mature between July 2, 2015 to September 29, 2015, but are redeemable at managements discretion.

Included in temporary investments are restricted amounts of \$2,042,737, and \$130,411 received from Municipal Sustainability Initiative, and Regional Collaboration Program respectively and held exclusively for capital infrastructure projects (note 6).

3. Taxes and grants in lieu receivable

	2014	2013
Current taxes and grants in lieu of taxes	\$ 329,384	\$ 317,278
Tax arrears	106,905	112,763
	\$ 436,289	\$ 430,041

TOWN OF TABER

Notes to Consolidated Financial Statements

For the year ended December 31, 2014

4. Long-term investments

	2014		2013	
	Cost	Market Value	Cost	Market Value
Guaranteed Investment Certificates	\$ 1,096,255	\$ 1,119,592	\$ 1,105,431	\$ 1,167,106
Corporate bonds	1,127,048	1,136,322	1,098,827	1,082,950
Patronage reserves - United Farmers of Alberta	3,384	3,384	3,311	3,311
Shares in Alberta Capital Finance Authority	40	40	40	40
Shares in 1st Choice Savings & Credit Union Ltd.	53	53	53	53
	\$ 2,226,780	\$ 2,259,391	\$ 2,207,662	\$ 2,253,460

Guaranteed Investment Certificates have effective interest rates of 2.50% to 3.75% (2013 - 2.50% to 3.75%) with maturity dates from June 20, 2016 to May 16, 2019.

Corporate bonds have effective yield rates of 2.48% to 2.94% (2013 - 2.48% to 2.94%) with maturity dates from July 8, 2016 to December 6, 2019.

5. Employee benefit obligations

	2014	2013
Vacation and other entitlements	\$ 385,426	\$ 395,008

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 and government transfers

	2013	Externally restricted inflows	Revenue earned	2014
Prepaid property taxes	\$ 28,213	\$ 33,688	\$ (28,213)	\$ 33,688
Deferred government transfers with stipulations	1,138,084	1,340,102	(213,830)	2,264,356
Revenues from services not yet provided	386,563	71,012	-	457,575
	\$ 1,552,860	\$ 1,444,802	\$ (242,043)	\$ 2,755,619

TOWN OF TABER

Notes to Consolidated Financial Statements

For the year ended December 31, 2014

6. Deferred revenue and government transfers (continued)

Deferred government transfers with stipulations include:

- (a) Municipal Sustainability Initiative advanced funding in the amount of \$970,622 during the year, plus the Town carried forward \$1,046,876 from the prior year. The Town earned \$25,239 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 2015.
- (b) Regional Collaboration Program advanced funding in the amount of \$250,000. The Town earned \$534 of restricted interest on these funds. These funds are restricted to be used on eligible approved capital equipment projects, as approved under the funding agreement, which are scheduled for completion in 2015. During the year, the Town spent \$120,123 of these restricted funds. The remaining balance of \$130,411 has been deferred. The balance is supported by temporary investments held exclusively for these projects (Note 2).
- (c) The remaining balance is made up of various restricted provincial contributions received for specific projects, which had not yet been completed at year-end.

Government transfers include:

Major government transfers recognized by the Town during the year were: Municipal Police Assistance Grant and the Police Officer Grant (used primarily to meet the costs of policing services), Municipal Sustainability Initiative Operating Grant (used primarily for storm sewer, water distribution and supply, and sanitary sewer treatment and disposal), Regional Collaboration Program Grant (used primarily for the Emergency Response Dispatch System project), and Other Local Governments (used primarily to meet the costs of emergency services and recreation services).

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 \$309,380 for 2014 (2013 - \$300,768) is based on the sum of discounted future cash flows for post-closure activities for 15 years (2013 - 16 years) using a discount rate of 2.0% (2013 - 2.1%) and assuming annual inflation of 2.0% (2013 - 2.1%).

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

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2014

8. Long-term debt

	2014	2013
Tax supported:		
Debenture issued for the construction of library building	\$ 1,118,711	\$ 1,188,346
Self supported:		
Debenture from debt charges recoverable (Taber & District Housing Authority)	33,585	65,159
Debenture from debt charges recoverable (Taber Golf Club)	122,219	144,223
Debenture from debt charges recoverable (Taber Gymnastics Fitness Club)	425,000	-
Amortization fund bearing interest at 6.5% (note 16)	6,487,126	6,942,363
	8,186,641	8,340,091
Current portion	595,584	578,449
	\$ 7,591,057	\$ 7,761,642

	Principal	Interest	Total
2015	\$ 595,584	\$ 464,315	\$ 1,059,899
2016	566,376	429,052	995,428
2017	570,936	395,748	966,684
2018	575,686	362,256	937,942
2019	580,633	328,565	909,198
Thereafter	5,297,426	1,497,609	6,795,035
	\$ 8,186,641	\$ 3,477,545	\$ 11,664,186

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.

The Town is under agreement with the Taber Gymnastics Fitness 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.

TOWN OF TABER

Notes to Consolidated Financial Statements

For the year ended December 31, 2014

8. Long-term debt (continued)

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

Debenture debt issued to Taber Gymnastics Fitness Club is repayable to Alberta Capital Finance Authority and bears interest at 3.228% and matures in 2039.

During the year, on a cash basis, the Town paid \$485,292 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 16. 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:

	2014	2013
Total debt limit	\$ 30,930,484	\$ 30,497,886
Total debt	(8,186,641)	(8,340,091)
Amount of debt limit unused	\$ 22,743,843	\$ 22,157,795
Debt servicing limit	\$ 5,155,081	\$ 5,082,981
Debt servicing	(1,059,899)	(1,063,741)
Amount of debt servicing limit unused	\$ 4,095,182	\$ 4,019,240

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.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2014

10. Tangible capital assets

	2014	2013
Land for Municipal Use	\$ 1,275,518	\$ 1,335,151
Land Improvements	2,171,320	1,983,533
Buildings	9,380,213	9,608,204
Engineering Structures	100,174,814	99,753,350
Machinery & Equipment	2,821,019	2,598,841
Vehicles	1,377,138	1,133,688
Work in Progress	410,573	382,744
	<hr/>	<hr/>
	\$ 117,610,595	\$ 116,795,511

Contributed capital assets received and recognized in the year from developers for various infrastructure works and related land and parks, and recorded on the consolidated financial statements is \$3,003,684 (2013 - \$25,594). Contributed capital assets received in 2014 relate primarily to a private subdivision developer contributing roads, curb and sidewalks, water distribution systems, sanitary waste collection systems, and storm water systems (\$2,668,615); and a community spray park project (\$335,069).

11. Accumulated surplus

	2014	2013
General government operations	\$ 124,127,138	\$ 121,472,151
Taber Public Library	202,938	189,694
	<hr/>	<hr/>
	\$ 124,330,076	\$ 121,661,845

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

	2014	2013
Unrestricted surplus	\$ 2,611,719	\$ 2,598,475
Reserves	11,713,599	10,398,568
Equity in tangible capital assets	110,004,758	108,664,802
	<hr/>	<hr/>
	\$ 124,330,076	\$ 121,661,845

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2014

11. Accumulated surplus (continued)

Reserves are comprised of funds internally restricted as follows:

	2013	Transfers in	Transfers out	2014
General operations	\$ 683,895	\$ 390,022	\$ (64,979)	\$ 1,008,938
Off street parking	6,700	-	-	6,700
Continuing projects	359,835	-	(19,835)	340,000
Police Commission	32,282	-	-	32,282
Health and safety	80,354	29,302	(31,654)	78,002
Repairs and maintenance	-	213,020	(213,020)	-
General capital	2,411,349	806,785	-	3,218,134
Infrastructure	2,389,221	1,361,059	(1,065,617)	2,684,663
Buildings	429,685	157,696	(127,744)	459,637
Equipment	707,968	576,034	(681,323)	602,679
Land	989,739	55,196	(45,186)	999,749
Vehicles	1,261,633	242,238	(435,649)	1,068,222
Energy conservation	-	121,932	-	121,932
Funds held in place of municipal reserves	130,959	5,854	-	136,813
Development levies	914,948	40,900	-	955,848
	\$ 10,398,568	\$ 4,000,038	\$ (2,685,007)	\$ 11,713,599

Equity in tangible capital assets

	2014	2013
Net book value of tangible capital assets	\$ 117,610,595	\$ 116,795,511
Long-term debt	(8,186,641)	(8,340,091)
Debt charges recoverable	580,804	209,382
	\$ 110,004,758	\$ 108,664,802

12. Trust funds

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

	2013	Increases	Decreases	2014
Community trust	\$ 104,961	\$ 2,257	\$ -	\$ 107,218
Highway 3 Association	14,797	204	395	14,606
Transfer station trust	71,758	38,978	5,721	105,015
Police trust	1,491	-	-	1,491
	\$ 193,007	\$ 41,439	\$ 6,116	\$ 228,330

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, 2014

13. 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:

	2014		2013	
	Salary ⁽¹⁾	Benefits & Allowances ^(2,3)	Total	Total
Members of Council				
Mayor R. Bryant	-	-	-	25,681
Mayor H. DeVlieger	30,000	817	30,817	5,136
Councillors:				
G. Bekkering	-	-	-	15,000
J. Papp	-	-	-	16,126
R. Popadynetz	18,000	421	18,421	18,937
M. Rochelle	-	-	-	15,125
R. Sparks	18,750	446	19,196	18,679
L. Tams	-	-	-	15,738
J. Brewin	18,750	446	19,196	3,070
J. Strojwas	18,000	421	18,421	3,070
A. Prokop	18,000	421	18,421	3,070
L. Ross-Giroux	18,000	421	18,421	3,070
Chief Administrative Officer	137,777	27,577	165,354	147,659

(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, 2014

14. 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 230,534 people and 418 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan 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 earnings up to the year's maximum pensionable earnings and 14.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2014 were \$406,588 (2013 - \$320,561). Total current service contributions by the employees of the Town to the LAPP in 2014 were \$373,423 (2013 - \$292,729).

At December 31, 2013 the LAPP disclosed an actuarial deficit of \$4,861.5 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 6,712 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 2014 were \$208,182 (2013 - \$189,732). Total current service contributions by the police officers of the Town to the SFPP in 2014 were \$192,443 (2013 - \$175,389).

At December 31, 2013 the SFPP Plan disclosed an actuarial deficit of \$220.5 million.

TOWN OF TABER

Notes to Consolidated Financial Statements

For the year ended December 31, 2014

15. Contingent liabilities

- (a) Various claims have been made against the Town as at December 31, 2014. 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.

16. 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 \$1,833,269 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.

17. 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.

TOWN OF TABER

Notes to Consolidated Financial Statements

For the year ended December 31, 2014

18. 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, 2014

19. Related party transactions

During the year, the Town entered into transactions aggregating \$85,419 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 \$19,793 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.

During the year, the Town received contributed assets aggregating \$2,668,615 related to a private subdivision development 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 development agreement.

20. Budget

The budget information was approved by Council on June 23, 2014.

21. Approval of financial statements

These financial statements have been approved by Council and Management.