

TOWN OF TABER
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2017

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.

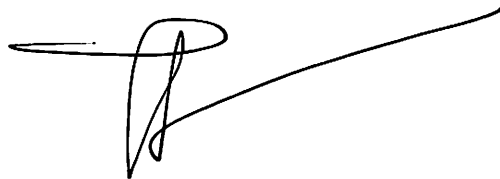
The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely 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 Finance

TOWN OF TABER
TABLE OF CONTENTS
December 31, 2017

| | |
|--------------------------------------------------------------------------------------|---------|
| MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS | 1 |
| INDEPENDENT AUDITORS' REPORT | 2 |
| FINANCIAL STATEMENTS | |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 3 |
| CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS | 4 |
| CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS | 5 |
| CONSOLIDATED STATEMENT OF CASH FLOWS | 6 |
| CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS | 7 |
| CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS | 8 |
| CONSOLIDATED SCHEDULE OF TAXES LEVIED AND NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES | 9 |
| CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS | 10 |
| CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT | 10 |
| CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE | 11 |
| NOTES TO CONSOLIDATED FINANCIAL STATEMENTS | 12 - 27 |



KPMG LLP
500 Lethbridge Centre Tower
400 - 4th Avenue South
Lethbridge AB T1J 4E1
Canada
Tel 403-380-5700
Fax 403-380-5760

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, 2017, 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, 2017, 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.

KPMG LLP

Chartered Professional Accountants

April 10, 2018
Lethbridge, Canada

TOWN OF TABER**Consolidated Statement of Financial Position****As at December 31, 2017, with comparative information for 2016**

| | 2017 | 2016 |
|----------------------------------------------------|--------------------|--------------------|
| Financial assets | | |
| Cash and temporary investments (note 2) | \$ 16,059,804 | \$ 14,814,022 |
| Taxes and grants in lieu receivable (note 3) | 686,521 | 692,661 |
| Trade and other receivables | 1,682,951 | 1,159,892 |
| Long-term investments (note 4) | 763,532 | 1,370,619 |
| Debt charges recoverable | 441,509 | 477,942 |
| Other financial assets | 1,972 | 2,924 |
| | 19,636,289 | 18,518,060 |
| Liabilities | | |
| Accounts payable and accrued liabilities | 2,453,920 | 1,001,408 |
| Employee benefit obligations (note 5) | 527,203 | 476,711 |
| Deposit liabilities | 398,502 | 722,281 |
| Deferred revenue and government transfers (note 6) | 1,181,963 | 1,049,628 |
| Provision for landfill post-closure costs (note 7) | 285,582 | 281,210 |
| Long-term debt (note 8) | 8,226,110 | 7,024,681 |
| | 13,073,280 | 10,555,919 |
| Net financial assets | 6,563,009 | 7,962,141 |
| Non-financial assets | | |
| Tangible capital assets (schedule 2, note 10) | 129,922,362 | 125,234,057 |
| Land held for resale | 610,884 | 628,750 |
| Inventory held for consumption | 83,965 | 28,957 |
| Prepays and deposits | 1,124,678 | 26,255 |
| | 131,741,889 | 125,918,019 |
| Accumulated surplus (schedule 1, note 11) | 138,304,898 | 133,880,160 |
| Contingent liabilities (note 15) | | |
| Commitments (note 16) | | |

TOWN OF TABER

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31, 2017, with comparative information for 2016

| | Budget | 2017 | 2016 |
|---------------------------------------------------------|-----------------------|-----------------------|-----------------------|
| Revenue | | | |
| Net taxes available for municipal purposes (schedule 3) | \$ 8,635,995 | \$ 8,687,450 | \$ 8,452,488 |
| Sales and user fees | 8,395,449 | 7,880,631 | 8,446,802 |
| Government transfers for operating (schedule 4) | 1,058,631 | 891,579 | 1,244,395 |
| Penalties and costs of taxes | 157,500 | 186,370 | 179,754 |
| Fines | 510,000 | 524,688 | 685,967 |
| Franchise and concession contracts | 1,739,876 | 1,878,351 | 1,731,703 |
| Investment income | 200,900 | 298,364 | 207,246 |
| Licenses and permits | 247,665 | 288,870 | 234,001 |
| Rentals | 761,920 | 603,510 | 747,733 |
| Other | 1,570,304 | 2,741,119 | 1,008,291 |
| | 23,278,240 | 23,980,932 | 22,938,380 |
| Expenses (schedule 5) | | | |
| Council and other legislative | 506,106 | 374,578 | 323,047 |
| General government | 2,421,722 | 2,363,689 | 1,997,466 |
| Protective services | 3,464,126 | 3,317,666 | 3,187,257 |
| Fire | 911,330 | 855,254 | 880,439 |
| Disaster | 16,611 | 14,430 | 14,861 |
| Roads, walks and street lighting | 3,509,838 | 3,393,599 | 3,599,517 |
| Other transportation | 65,500 | 65,500 | 52,400 |
| Stormwater | 595,773 | 499,901 | 529,576 |
| Water supply and distribution | 2,047,142 | 1,941,587 | 1,913,391 |
| Wastewater treatment and disposal | 3,221,924 | 3,466,122 | 3,336,706 |
| Waste management | 1,804,422 | 1,443,284 | 1,401,520 |
| Family and community support | 61,850 | 61,258 | 60,085 |
| Cemeteries | 199,418 | 168,905 | 140,541 |
| Land use planning, zoning and development | 679,881 | 540,222 | 611,418 |
| Subdivision land and development | 169,962 | 70,592 | 100,846 |
| Land, housing and building rentals | 942,144 | 914,747 | 613,643 |
| Parks and recreation | 3,042,527 | 3,264,805 | 2,757,538 |
| Culture | 793,066 | 771,943 | 726,342 |
| | 24,453,342 | 23,528,082 | 22,246,593 |
| Annual surplus (deficit) before other | (1,175,102) | 452,850 | 691,787 |
| Other | | | |
| Contributed assets | - | 303,747 | 2,656,892 |
| Government transfers for capital (schedule 4) | 8,893,834 | 3,668,141 | 3,210,627 |
| | 7,718,732 | 4,424,738 | 6,559,306 |
| Annual surplus | 7,718,732 | 4,424,738 | 6,559,306 |
| Accumulated surplus, beginning of year | 133,880,160 | 133,880,160 | 127,320,854 |
| Accumulated surplus, end of year | \$ 141,598,892 | \$ 138,304,898 | \$ 133,880,160 |

TOWN OF TABER

Consolidated Statement of Change in Net Financial Assets (Debt)

For the year ended December 31, 2017, with comparative information for 2016

| | Budget | 2017 | 2016 |
|----------------------------------------------------|--------------|--------------|--------------|
| Annual surplus | \$ 7,718,732 | \$ 4,424,738 | \$ 6,559,306 |
| Acquisition of tangible capital assets | (20,233,858) | (9,549,203) | (6,155,147) |
| Contributed tangible capital assets | - | (303,747) | (2,656,892) |
| Amortization of tangible capital assets | 4,495,929 | 4,656,772 | 4,495,929 |
| Loss on disposal of tangible capital assets | - | 282,288 | 62,923 |
| Proceeds on disposal of tangible capital assets | - | 225,585 | 9,579 |
| | (8,019,197) | (263,567) | 2,315,698 |
| Acquisition of land held for resale | - | - | - |
| Acquisition of inventories of supplies | - | (83,965) | (28,957) |
| Acquisition of prepaids and deposits | - | (1,124,678) | (26,255) |
| Disposal of land held for resale | - | 17,866 | 27,039 |
| Consumption of inventories of supplies | - | 28,957 | 28,756 |
| Use of prepaids and deposits | - | 26,255 | 28,619 |
| | - | (1,135,565) | 29,202 |
| Increase (decrease) in net financial assets | (8,019,197) | (1,399,132) | 2,344,900 |
| Net financial assets, beginning of year | 7,962,141 | 7,962,141 | 5,617,241 |
| Net financial assets (debt), end of year | \$ (57,056) | \$ 6,563,009 | \$ 7,962,141 |

TOWN OF TABER

Consolidated Statement of Cash Flows

For the year ended December 31, 2017, with comparative information for 2016

| | 2017 | 2016 |
|-------------------------------------------------------------------|----------------------|----------------------|
| Cash flows provided by (used in) the following activities: | | |
| Operating | | |
| Annual surplus | \$ 4,424,738 | \$ 6,559,306 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 4,656,772 | 4,495,929 |
| Contributed tangible capital assets | (303,747) | (2,656,892) |
| Transfer of land held for resale | - | - |
| Loss on disposal of tangible capital assets | 282,288 | 62,923 |
| Change in non-cash assets and liabilities: | | |
| Taxes and grants in lieu receivable | 6,140 | (134,107) |
| Trade and other receivables | (523,059) | 149,029 |
| Debt charges recoverable | 36,433 | 35,223 |
| Other financial assets | 952 | 5,644 |
| Accounts payable and accrued liabilities | 1,452,512 | (808,304) |
| Employee benefit obligations | 50,492 | (46,487) |
| Deposit liabilities | (323,779) | 14,994 |
| Deferred revenue and government transfers | 132,335 | (1,292,944) |
| Provision for landfill post-closure costs | 4,372 | (15,967) |
| Land held for resale | 17,866 | 27,039 |
| Inventory held for consumption | (55,008) | (201) |
| Prepays and deposits | (1,098,423) | 2,364 |
| | 8,760,884 | 6,397,549 |
| Capital | | |
| Proceeds on disposal of tangible capital assets | 225,585 | 9,579 |
| Purchase of tangible capital assets: | | |
| Funded from reserves | (5,812,413) | (2,567,098) |
| Funded from operations | (3,736,790) | (3,588,049) |
| | (9,323,618) | (6,145,568) |
| Investing | | |
| Redemption of long-term investments | 607,087 | 346,574 |
| | 607,087 | 346,574 |
| Financing | | |
| Repayment of debt charges recoverable | (36,433) | (35,223) |
| Proceeds of long-term debt | 7,170,716 | - |
| Repayment of long-term debt | (5,932,854) | (531,153) |
| | 1,201,429 | (566,376) |
| Net increase in cash and cash equivalents | 1,245,782 | 32,179 |
| Cash and cash equivalents, beginning of year | 14,814,022 | 14,781,843 |
| Cash and cash equivalents, end of year | \$ 16,059,804 | \$ 14,814,022 |

TOWN OF TABER

Consolidated Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2017, with comparative information for 2016
Schedule 1

| | Unrestricted Net Assets | Reserves | Equity in tangible capital assets | 2017 | 2016 |
|-------------------------------------------------|----------------------------|---------------|--------------------------------------|----------------|----------------|
| Beginning balance | \$ 2,789,274 | \$ 12,403,568 | \$ 118,687,318 | \$ 133,880,160 | \$ 127,320,854 |
| Annual surplus | 4,424,738 | - | - | 4,424,738 | 6,559,306 |
| Operating reserves | | | | | |
| Transfers to reserves | (82,083) | 82,083 | - | - | - |
| Transfers from reserves | 352,255 | (352,255) | - | - | - |
| Capital reserves | | | | | |
| Transfers to reserves | (6,445,765) | 6,445,765 | - | - | - |
| Transfers from reserves for operating purposes | 78,952 | (78,952) | - | - | - |
| Transfers from reserves for capital purposes | - | (5,812,413) | 5,812,413 | - | - |
| Capital investing | | | | | |
| Capital assets internally funded | (3,736,790) | - | 3,736,790 | - | - |
| Contributed assets | (303,747) | - | 303,747 | - | - |
| Amortization of tangible capital assets | 4,656,772 | - | (4,656,772) | - | - |
| Proceeds on disposal of tangible capital assets | 225,585 | - | (225,585) | - | - |
| Loss on disposal of tangible capital assets | 282,288 | - | (282,288) | - | - |
| Capital financing | | | | | |
| Proceeds of capital debt issued | 7,170,716 | - | (7,170,716) | - | - |
| Principal payment of capital debt | (5,932,854) | - | 5,932,854 | - | - |
| Total | \$ 3,479,341 | \$ 12,687,796 | \$ 122,137,761 | \$ 138,304,898 | \$ 133,880,160 |

2m'

TOWN OF TABER

Consolidated Schedule of Tangible Capital Assets

For the year ended December 31, 2017, with comparative information for 2016

Schedule 2

| Cost | 2016 | Additions | Disposals | Transfers of assets under construction | 2017 |
|------------------------------|-----------------------|---------------------|---------------------|----------------------------------------------|-----------------------|
| Land | \$ 1,375,518 | \$ 200,344 | 2,000 | \$ - | \$ 1,573,862 |
| Land improvements | 3,800,951 | 67,001 | - | 307,707 | 4,175,659 |
| Buildings | 16,966,925 | 1,512,569 | 503,673 | 176,694 | 18,152,515 |
| Engineering structures | 164,461,002 | 4,219,521 | 481,301 | 339,795 | 168,539,017 |
| Machinery and equipment | 8,495,400 | 1,184,716 | 509,944 | 288,837 | 9,459,009 |
| Vehicles | 3,399,918 | 784,382 | 164,097 | - | 4,020,203 |
| Assets under construction | 1,195,498 | 1,884,417 | - | (1,113,033) | 1,966,882 |
| Total | \$ 199,695,212 | \$ 9,852,950 | \$ 1,661,015 | \$ - | \$ 207,887,147 |

| Accumulated amortization | 2016 | Amortization expense | Disposals | 2017 |
|-----------------------------|----------------------|-------------------------|---------------------|----------------------|
| Land | \$ - | \$ - | \$ - | \$ - |
| Land improvements | 1,737,826 | 152,229 | - | 1,890,055 |
| Buildings | 6,502,242 | 422,247 | 231,165 | 6,693,324 |
| Engineering structures | 59,940,742 | 3,167,339 | 320,867 | 62,787,214 |
| Machinery and equipment | 4,197,466 | 662,710 | 437,013 | 4,423,163 |
| Vehicles | 2,082,879 | 252,247 | 164,097 | 2,171,029 |
| Total | \$ 74,461,155 | \$ 4,656,772 | \$ 1,153,142 | \$ 77,964,785 |

| Net book value | 2016 | 2017 |
|---------------------------|-----------------------|-----------------------|
| Land | \$ 1,375,518 | \$ 1,573,862 |
| Land improvements | 2,063,125 | 2,285,604 |
| Buildings | 10,464,683 | 11,459,191 |
| Engineering structures | 104,520,260 | 105,751,803 |
| Machinery and equipment | 4,297,934 | 5,035,846 |
| Vehicles | 1,317,039 | 1,849,174 |
| Assets under construction | 1,195,498 | 1,966,882 |
| Total | \$ 125,234,057 | \$ 129,922,362 |

TOWN OF TABER

**Consolidated Schedule of Taxes Levied and Net Taxes Available for Municipal Purposes
For the year ended December 31, 2017, with comparative information for 2016
Schedule 3**

| | Budget | 2017 | 2016 |
|---------------------------------------------------|---------------------|---------------------|---------------------|
| Taxation: | | | |
| Real property taxes | \$ 11,061,319 | \$ 11,123,634 | \$ 10,763,538 |
| Linear property taxes | 214,258 | 214,258 | 218,415 |
| Government grants in place of property taxes | 18,493 | 18,493 | 18,543 |
| | 11,294,070 | 11,356,385 | 11,000,496 |
| Requisition: | | | |
| Alberta School Foundation Fund | 2,246,913 | 2,257,121 | 2,170,650 |
| Holy Spirit School Division | 308,201 | 308,853 | 300,254 |
| Taber & District Housing Authority | 102,961 | 102,961 | 77,104 |
| | 2,658,075 | 2,668,935 | 2,548,008 |
| Net taxes available for municipal purposes | \$ 8,635,995 | \$ 8,687,450 | \$ 8,452,488 |

TOWN OF TABER

Consolidated Schedule of Government Transfers

For the year ended December 31, 2017, with comparative information for 2016

Schedule 4

| | Budget | 2017 | 2016 |
|----------------------------|--------------|--------------|--------------|
| Transfers for operating: | | | |
| Provincial government | \$ 748,041 | \$ 569,261 | \$ 791,939 |
| Federal government | 13,000 | 16,774 | 13,592 |
| Other local governments | 297,590 | 305,544 | 438,864 |
| | 1,058,631 | 891,579 | 1,244,395 |
| Transfers for capital: | | | |
| Provincial government | 8,893,834 | 3,668,141 | 3,210,627 |
| | 8,893,834 | 3,668,141 | 3,210,627 |
| Total government transfers | \$ 9,952,465 | \$ 4,559,720 | \$ 4,455,022 |

Consolidated Schedule of Expenses by Object

For the year ended December 31, 2017, with comparative information for 2016

Schedule 5

| | Budget | 2017 | 2016 |
|---------------------------------------------|---------------|---------------|---------------|
| Salaries, wages and benefits | \$ 9,906,881 | \$ 9,836,100 | \$ 8,291,059 |
| Contracted and general services | 5,956,654 | 4,830,999 | 6,320,122 |
| Materials, goods and supplies | 3,364,237 | 3,410,887 | 2,399,443 |
| Provision for allowances | - | 2,824 | 1,791 |
| Transfers to local boards and agencies | 333,489 | 275,409 | 222,876 |
| Bank charges and short-term interest | 12,000 | 11,907 | 9,911 |
| Interest on long-term debt | 226,251 | 208,380 | 428,589 |
| Amortization of tangible capital assets | 4,495,929 | 4,656,772 | 4,495,929 |
| Loss on disposal of tangible capital assets | - | 282,288 | 62,923 |
| Other | 157,901 | 12,516 | 13,950 |
| | \$ 24,453,342 | \$ 23,528,082 | \$ 22,246,593 |

TOWN OF TABER

Consolidated Schedule of Segmented Disclosure
For the year ended December 31, 2017
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 | \$ 8,687,450 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8,687,450 |
| Sales and user fees | 10,255 | 264,451 | 399,579 | 6,982,921 | 80,810 | 133 | 139,555 | 2,927 | 7,880,631 |
| Government transfers for operating | 11,064 | 629,131 | 14,129 | 4,159 | 135 | - | 152,891 | 80,070 | 891,579 |
| Penalties and costs of taxes | 140,297 | - | - | 46,073 | - | - | - | - | 186,370 |
| Fines | - | 518,087 | - | - | - | - | - | 6,601 | 524,688 |
| Franchise and concession contracts | 1,878,351 | - | - | - | - | - | - | - | 1,878,351 |
| Investment income | 296,872 | - | - | - | - | - | - | 1,492 | 298,364 |
| Licenses and permits | 106,095 | - | - | - | 1,800 | 180,975 | - | - | 288,870 |
| Rentals | 50,129 | 25 | - | - | - | 162,129 | 367,060 | 24,167 | 603,510 |
| Other | 1,969,415 | 8,093 | 58,865 | 537,910 | - | 44,514 | 102,260 | 20,062 | 2,741,119 |
| | 13,149,928 | 1,419,787 | 472,573 | 7,571,063 | 82,745 | 387,751 | 761,766 | 135,319 | 23,980,932 |
| Expenses | | | | | | | | | |
| Salaries, wages and benefits | 1,459,597 | 3,198,918 | 1,139,773 | 1,180,524 | 119,398 | 827,741 | 1,545,977 | 364,172 | 9,836,100 |
| Contracted and general services | 912,972 | 446,746 | 445,169 | 1,922,531 | 22,554 | 490,173 | 502,990 | 87,864 | 4,830,999 |
| Materials, goods and supplies | 159,392 | 253,234 | 607,756 | 1,570,351 | 10,023 | 68,927 | 589,431 | 151,773 | 3,410,887 |
| Provision for allowances | (2,130) | 2,371 | - | 25 | 435 | 1,424 | 699 | - | 2,824 |
| Transfers to local boards and agencies | 54,939 | - | 95,356 | - | 61,258 | - | - | 63,856 | 275,409 |
| Bank charges and short-term interest | 3,942 | - | - | 675 | - | - | 6,060 | 1,230 | 11,907 |
| Interest on long-term debt | - | - | 7,250 | 144,838 | - | 12,768 | 2,187 | 41,337 | 208,380 |
| Amortization of tangible capital assets | 144,321 | 292,322 | 1,710,883 | 1,851,386 | 16,495 | 61,057 | 521,855 | 58,453 | 4,656,772 |
| Loss on disposal of tangible capital assets | (240) | (6,240) | (17,331) | 176,291 | - | 34,573 | 95,235 | - | 282,288 |
| Other | 5,475 | - | - | 4,372 | - | (960) | 371 | 3,258 | 12,516 |
| | 2,738,268 | 4,187,351 | 3,988,856 | 6,850,993 | 230,163 | 1,495,703 | 3,264,805 | 771,943 | 23,528,082 |
| Annual surplus (deficit) before other | 10,411,660 | (2,767,564) | (3,516,283) | 720,070 | (147,418) | (1,107,952) | (2,503,039) | (636,624) | 452,850 |
| Other | | | | | | | | | |
| Contributed assets | - | - | 102,278 | - | - | 201,469 | - | - | 303,747 |
| Government transfers for capital | - | - | 105,943 | 2,055,680 | - | - | 1,506,518 | - | 3,668,141 |
| Annual surplus (deficit) | \$ 10,411,660 | \$ (2,767,564) | \$ (3,308,062) | \$ 2,775,750 | \$ (147,418) | \$ (906,483) | \$ (996,521) | \$ (636,624) | \$ 4,424,738 |

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2017

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) Expenses:

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

(d) 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.

(e) Cash and cash equivalents:

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

(f) 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.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2017

(g) 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.

(h) 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.

(i) 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.

(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.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2017

(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.

(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) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made or where there was no future benefit related to the asset, the tangible capital asset was recognized at a nominal value. Land, land improvements, buildings and machinery and equipment are the categories where nominal values were assigned.

(iii) 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.

(iv) Inventories:

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

(v) Interest capitalization:

The Town does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

(vi) 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.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2017

(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.

(p) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water, sediment of material (chemical, organic, radioactive) or live organism that exceeds an environmental standard. The Town recognizes a liability for remediation of contaminated sites when the following criteria have been met:

- an environmental standard exists,
- there is evidence that contamination exceeds an environmental standard,
- the Town is directly responsible or accepts responsibility for the contamination
- it is expected that future economic benefits will be given up and,
- a reasonable estimate of the amount can be made.

Sites that are currently in productive use are only considered contaminated sites if an unexpected event results in remediation. In cases where the Town's responsibility is not determinable, a contingent liability may be disclosed.

The liability reflects the Town's best estimate, as of December 31, of the amount required to remediate non-productive sites to the current minimum standard of use prior to contamination. Where possible, provisions for remediation are based on environmental assessments completed on a site; for those sites where an assessment has not been completed, estimates of the remediation are completed using information available for the site and by extrapolating from the cost to clean up similar sites. The liability is recorded net of any estimated recoveries from third parties. The Town will measure the liability using present value techniques when cash flows are expected to occur over extended future periods.

(q) Future accounting pronouncements:

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). In 2018, the Town will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

(i) PS 1201 - Financial Statement Presentation

The implementation of this standard requires a new statement of re-measurement gains and losses separate from the statement of operations. This new statement will include the unrealized gains and losses arising from the remeasurement of financial instruments and items denominated in foreign currency. This standard is effective for fiscal years beginning on or after April 1, 2019.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2017

(q) Future accounting pronouncements (continued):

(ii) PS 3450 - Financial Instruments

This section establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the government. Unrealized gains and losses will be presented on the new statement of remeasurement gains and losses arising from the adoption of PS 1201. There will also be a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. As the Town does not invest in derivatives or equity instruments based on its investment policy, it is anticipated that the adoption of this standard will have a minimal impact on the Town. This standard is effective for fiscal years beginning on or after April 1, 2019.

(iii) PS 2601 - Foreign Currency Translation

This section establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The section requires monetary assets and liabilities, denominated in a foreign currency and non-monetary items valued at fair value denominated in a foreign currency to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealized gains and losses are to be presented in the new statement of remeasurement gains and losses. This standard is effective for fiscal years beginning on or after April 1, 2019.

(iv) PS 3041 - Portfolio Investments

This section removes the distinction between temporary and portfolio investments and provides additional guidance on recognition, measurement, presentation and disclosure of these types of investments. Upon adoption of this section and PS 3450, PS 3040 - Portfolio investments will no longer be applicable. This standard is effective for fiscal years beginning on or after April 1, 2019.

(v) PS 2200 - Related Party Disclosures

This section provides guidance on the definition of a related party and establishes the disclosure requirements for transactions between related parties. This standard is effective for fiscal years beginning on or after April 1, 2017.

(vi) PS 3420 - Inter-Entity Transactions

This section provides guidance on the recognition, measurement and presentation of transactions between entities controlled by a government within the government reporting entity from the perspective of both parties. This standard is effective for fiscal years beginning on or after April 1, 2017.

(vii) PS 3210 - Assets

This section provides guidance on the various components related to the definition of an asset and establishes the related disclosure requirements. This standard is effective for fiscal years beginning on or after April 1, 2017.

(viii) PS 3320 - Contingent Assets

This section provides a general application standard providing guidance on the definition and disclosures standards related to contingent assets. It is noted that specific types of contingent assets are excluded from this standard. This standard is effective for fiscal years beginning on or after April 1, 2017.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2017

(q) Future accounting pronouncements (continued):

(ix) PS 3430 - Restructure Transactions

This section provides guidance on the recognition, measurement and presentation on restructuring transactions by both the transferor and recipients of assets or liabilities, together with related program or operating responsibilities. This section is effective for fiscal years beginning on or after April 1, 2018.

(x) PS 3380 - Contractual Rights

This section provides guidance on the disclosure of rights, including their nature, extent, and timing. This section is effective for years beginning on or after April 1, 2017.

The requirements in PS 1201, PS 3450, PS 2601, and PS 3041 are required to be implemented at the same time.

2. Cash and temporary investments

| | 2017 | 2016 |
|-------------------------------------------------------------------------------|---------------|---------------|
| Cash | \$ 1,405,933 | \$ 3,040,171 |
| Temporary investments (market value 2017 - \$14,780,383; 2016 - \$11,866,469) | 14,653,871 | 11,773,851 |
| | \$ 16,059,804 | \$ 14,814,022 |

The temporary investments are comprised of short-term deposits issued by a Canadian financial institution. These investments mature between January 30, 2018 to December 6, 2018, but are redeemable at management's discretion.

Included in temporary investments are restricted amounts of \$634,916 (2016 - \$425,217), \$nil (2016 - \$162,152), and \$nil (2016 - \$79,947) received from Municipal Sustainability Initiative, Federal Gas Tax Fund, and Alberta Municipal Water/Wastewater Partnership Grant respectively and held exclusively for capital infrastructure projects (note 6).

3. Taxes and grants in lieu receivable

| | 2017 | 2016 |
|-------------------------------------------|------------|------------|
| Current taxes and grants in lieu of taxes | \$ 489,169 | \$ 535,879 |
| Tax arrears | 197,352 | 156,782 |
| | \$ 686,521 | \$ 692,661 |

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2017

4. Long-term investments

| | 2017 | | 2016 | |
|--------------------------------------------------|------------|--------------|--------------|--------------|
| | Cost | Market Value | Cost | Market Value |
| Guaranteed Investment Certificates | \$ 510,000 | \$ 528,826 | \$ 755,660 | \$ 766,528 |
| Corporate bonds | 250,004 | 250,513 | 611,447 | 616,235 |
| Patronage reserves - United Farmers of Alberta | 3,433 | 3,433 | 3,418 | 3,418 |
| Shares in Alberta Capital Finance Authority | 40 | 40 | 40 | 40 |
| Shares in 1st Choice Savings & Credit Union Ltd. | 55 | 55 | 54 | 54 |
| | \$ 763,532 | \$ 782,867 | \$ 1,370,619 | \$ 1,386,275 |

Guaranteed Investment Certificates have effective interest rates of 1.45% to 2.78% with maturity dates of January 15, 2019 to May 16, 2019.

Corporate bonds have effective yield rates up to 2.94% (2016 - up to 2.94%) with maturity dates from December 6, 2019 to August 24, 2021.

5. Employee benefit obligations

| | 2017 | 2016 |
|---------------------------------|------------|------------|
| Vacation and other entitlements | \$ 527,203 | \$ 476,711 |

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.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2017

6. Deferred revenue and government transfers

| | 2017 | 2016 |
|-----------------------------------------|---------------------|---------------------|
| Deferred revenue | 408,791 | 243,297 |
| Government contributions ⁽¹⁾ | 726,676 | 759,077 |
| Prepaid Taxes | 46,496 | 47,254 |
| | \$ 1,181,963 | \$ 1,049,628 |

⁽¹⁾ Government contributions in deferred revenue consist of the following:

| | 2016 Balance | Grants Received & Interest Recognized | Government Transfer Revenue | 2017 Balance |
|----------------------------------------------|-------------------|------------------------------------------------|-----------------------------------|-------------------|
| Municipal Sustainability Initiative Grant | \$ 425,217 | \$ 1,822,160 | \$ (1,612,461) | \$ 634,916 |
| Federal Gas Tax Fund | 162,152 | 876 | (163,028) | - |
| Alberta Municipal Water Wastewater Grant | 79,947 | 1,441,200 | (1,521,147) | - |
| Other Grants | 91,761 | 91,760 | (91,761) | 91,760 |
| | \$ 759,077 | \$ 3,355,996 | \$ (3,388,397) | \$ 726,676 |

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 \$285,582 for 2017 (2016 - \$281,210) is based on the sum of discounted future cash flows for post-closure activities for 12 years (2016 - 13 years) using a discount rate of 1.7% (2016 - 1.6%) and assuming annual inflation of 1.8% (2016 - 1.8%).

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, 2017

8. Long-term debt

| | 2017 | 2016 |
|---------------------------------------------------------------------------|--------------|--------------|
| Tax supported: | | |
| Debenture issued for the construction of library building | \$ 890,821 | \$ 970,087 |
| Debenture issued for Sewer Truck | 532,000 | - |
| Debenture issued for upgrade to the water and waste water treatment plant | 5,261,780 | - |
| Debenture issued for Lagoon project | 1,100,000 | - |
| Self supported: | | |
| Debenture from debt charges recoverable (Taber Golf Club) | 51,441 | 75,855 |
| Debenture from debt charges recoverable (Taber Gymnastics Fitness Club) | 390,068 | 402,087 |
| Amortization fund bearing interest at 6.5% | - | 5,576,652 |
| | 8,226,110 | 7,024,681 |
| Current portion | 831,252 | 570,936 |
| | \$ 7,394,858 | \$ 6,453,745 |

| | Principal | Interest | Total |
|------------|--------------|--------------|--------------|
| 2018 | \$ 831,252 | \$ 209,915 | \$ 1,041,167 |
| 2019 | 838,386 | 187,975 | 1,026,361 |
| 2020 | 818,684 | 166,018 | 984,702 |
| 2021 | 825,377 | 144,519 | 969,896 |
| 2022 | 832,310 | 122,781 | 955,091 |
| Thereafter | 4,080,101 | 439,784 | 4,519,885 |
| | \$ 8,226,110 | \$ 1,270,992 | \$ 9,497,102 |

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

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2017

8. Long-term debt (continued)

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.

Debenture debt issued for the Sewer Truck is repayable to Alberta Capital Finance Authority and bears interest at 2.134% and matures in 2022.

Debenture debt issued for the upgrade to the water and waste water treatment plant is repayable to Canadian Imperial Bank of Commerce and bears interest at 2.134% and matures in 2027.

Debenture debt issued for the Lagoon project is repayable to Canadian Imperial Bank of Commerce and bears interest at 2.750% and matures in 2037.

The Town has a revolving loan with Canadian Imperial Bank of Commerce. The revolving loan is due on demand, bears interest at 2.7% and has available funds up to \$3,000,000. As at December 31, 2017, the revolving loan was not drawn upon.

During the year, on a cash basis, the Town paid \$210,278 on interest on long-term debt.

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

The amortization fund bearing interest at 6.5% was paid in full effective February 1, 2017.

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:

| | 2017 | 2016 |
|---------------------------------------|---------------|---------------|
| Total debt limit | \$ 35,971,398 | \$ 34,407,570 |
| Total debt | (8,226,110) | (7,024,681) |
| Amount of debt limit unused | \$ 27,745,288 | \$ 27,382,889 |
| Debt servicing limit | \$ 5,995,233 | \$ 5,734,595 |
| Debt servicing | (1,041,167) | (966,684) |
| Amount of debt servicing limit unused | \$ 4,954,066 | \$ 4,767,911 |

The debt limit is calculated at 1.5 times revenue of the Town (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 Town. Rather, the financial statements must be interpreted as a whole.

TOWN OF TABER

Notes to Consolidated Financial Statements
For the year ended December 31, 2017

10. Tangible capital assets

| | 2017 | 2016 |
|------------------------|-----------------------|-----------------------|
| Land for Municipal Use | \$ 1,573,862 | \$ 1,375,518 |
| Land Improvements | 2,285,604 | 2,063,125 |
| Buildings | 11,459,190 | 10,464,683 |
| Engineering Structures | 105,751,803 | 104,520,260 |
| Machinery & Equipment | 5,035,846 | 4,297,934 |
| Vehicles | 1,849,175 | 1,317,039 |
| Work in Progress | 1,966,882 | 1,195,498 |
| | \$ 129,922,362 | \$ 125,234,057 |

Contributed capital assets received and recognized in the year from developers for various land recorded on the consolidated financial statements is (\$303,747). Contributed capital assets received in 2016 relate to a private subdivision developers contributing roads, curbs and sidewalks, water distribution systems, sanitary waste collection systems, and storm water systems (\$2,090,460); a contribution of buildings and machinery & equipment (\$451,243) from the Taber and District Regional Waste Management Authority; as well as, a contribution of a permanent stage (\$115,189) from the Taber Chamber of Commerce.

11. Accumulated surplus

| | 2017 | 2016 |
|-------------------------------|-----------------------|-----------------------|
| General government operations | \$ 138,157,469 | \$ 133,704,447 |
| Taber Public Library | 147,429 | 175,713 |
| | \$ 138,304,898 | \$ 133,880,160 |

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

| | 2017 | 2016 |
|-----------------------------------|-----------------------|-----------------------|
| Unrestricted surplus | \$ 3,479,341 | \$ 2,789,274 |
| Reserves | 12,687,796 | 12,403,568 |
| Equity in tangible capital assets | 122,137,761 | 118,687,318 |
| | \$ 138,304,898 | \$ 133,880,160 |

TOWN OF TABER**Notes to Consolidated Financial Statements
For the year ended December 31, 2017**

11. Accumulated surplus (continued)

Reserves are comprised of funds internally restricted as follows:

| | 2016 | Transfers in | Transfers out | 2017 |
|----------------------------------------------|---------------|-----------------|------------------|---------------|
| General operations | \$ 810,245 | \$ 40,639 | \$ (300,824) | \$ 550,060 |
| Off street parking | 6,700 | - | - | 6,700 |
| Continuing projects | - | - | - | - |
| Police Commission | 32,282 | - | - | 32,282 |
| Health and safety | 96,598 | 41,444 | (51,430) | 86,612 |
| Repairs and maintenance | - | - | - | - |
| General capital | 1,567,874 | 1,938,313 | (78,045) | 3,428,142 |
| Infrastructure | 3,039,098 | 2,571,746 | (3,831,235) | 1,779,609 |
| Buildings | 610,674 | 209,330 | (92,393) | 727,611 |
| Equipment | 1,028,705 | 612,833 | (1,052,944) | 588,594 |
| Land | 2,307,639 | 150,566 | (67,001) | 2,391,204 |
| Vehicles | 1,007,769 | 826,773 | (784,382) | 1,050,160 |
| Energy conservation | 384,898 | 164,682 | (63,410) | 486,170 |
| Funds held in place of municipal reserves | 156,145 | 5,122 | - | 161,267 |
| Development levies | 1,354,941 | 44,444 | - | 1,399,385 |
| | \$ 12,403,568 | \$ 6,605,892 | \$ (6,321,664) | \$ 12,687,796 |

Equity in tangible capital assets

| | 2017 | 2016 |
|-------------------------------------------|----------------|----------------|
| Net book value of tangible capital assets | \$ 129,922,362 | \$ 125,234,057 |
| Long-term debt | (8,226,110) | (7,024,681) |
| Debt charges recoverable | 441,509 | 477,942 |
| | \$ 122,137,761 | \$ 118,687,318 |

TOWN OF TABER**Notes to Consolidated Financial Statements
For the year ended December 31, 2017**

12. Trust funds

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

| | 2016 | Increases | Decreases | 2017 |
|------------------------|------------|-----------|------------|-----------|
| Community trust | \$ 109,619 | \$ 228 | \$ 109,847 | \$ - |
| Highway 3 Association | 31,485 | 25,882 | 31,833 | 25,534 |
| Transfer station trust | - | - | - | - |
| Police trust | 1,491 | - | - | 1,491 |
| | \$ 142,595 | \$ 26,110 | \$ 141,680 | \$ 27,025 |

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

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:

| | 2017 | | 2016 | |
|------------------------------|-----------------------|----------------------------------------|---------|---------|
| | Salary ⁽¹⁾ | Benefits & Allowances ^(2,3) | Total | Total |
| Members of Council | | | | |
| Mayor H. DeVlieger | 10,000 | 272 | 10,272 | 30,817 |
| Mayor A. Prokop | 21,774 | 603 | 22,377 | - |
| Councillors: | | | | |
| R. Popadynetz | 14,740 | 343 | 15,083 | 19,196 |
| R. Sparks | 14,768 | 343 | 15,111 | 18,421 |
| J. Brewin | 19,373 | 466 | 19,839 | 19,196 |
| J. Strojwas | 19,125 | 458 | 19,583 | 19,454 |
| L. Ross-Giroux | 15,018 | 351 | 15,369 | 18,421 |
| A. Prokop | 6,250 | 149 | 6,399 | 18,421 |
| G. Bekkering | 4,000 | - | 4,000 | - |
| L. Tams | 4,000 | 103 | 4,103 | - |
| C. Firth | 4,000 | 103 | 4,103 | - |
| M. Garner | 4,000 | 103 | 4,103 | - |
| Chief Administrative Officer | 161,792 | 30,373 | 192,165 | 134,823 |
| Acting CAO | - | - | - | 13,104 |
| Acting CAO | - | - | - | 13,104 |
| Acting CAO | - | - | - | 13,104 |

(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, 2017

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 244,621 people and 417 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 2017 were \$543,667 (2016 - \$430,778). Total current service contributions by the employees of the Town to the LAPP in 2017 were \$499,451 (2016 - \$398,591).

At December 31, 2016 the LAPP disclosed an actuarial deficit of \$637 million (2015 - deficit of \$923 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 7,187 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 2017 were \$192,065 (2016 - \$192,495). Total current service contributions by the police officers of the Town to the SFPP in 2017 were \$207,773 (2016 - \$177,942).

At December 31, 2016 the SFPP Plan disclosed an actuarial deficit of \$109.0 million (2015 - deficit of \$162.0 million).

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2017

15. Contingent liabilities

- (a) Various claims have been made against the Town as at December 31, 2017. 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. 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.

17. Segmented disclosure

Segmented disclosures (Schedule 6) 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.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2017

17. Segmented disclosure (continued)

(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.

18. Related party transactions

During the year, the Town entered into transactions aggregating \$79,101 (2016 - \$501,964) 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 \$21,931 (2016 - \$6,971) 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. Comparative figures

The comparative figures for the 2016 year have been reclassified to conform with the 2017 financial statement presentation.

20. Budget

The budget information was approved by Council on June 12, 2017.

21. Approval of financial statements

These financial statements have been approved by Council and Management.