

MUNICIPAL DISTRICT OF TABER

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Contents:

Management's Responsibility

Auditors' Report

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Financial Assets

Consolidated Statement of Cash Flows

Schedule of Changes in Accumulated Surplus

Schedule of Tangible Capital Assets

Schedule of Property and Other Taxes

Schedule of Government Transfers

Schedule of Consolidated Expenses by Object

Schedule of Segmented Disclosure

Notes to Financial Statements

Management's Responsibility

To the Council of the Municipal District of Taber:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Council is composed primarily of elected members who are neither management nor employees of the District. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. The Council is also responsible for recommending the appointment of the District's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

March 25, 2014



Reeve



Municipal Administrator

Independent Auditors' Report

To the Council of Municipal District of Taber:

We have audited the accompanying consolidated financial statements of the Municipal District of Taber, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of operations, changes in net financial assets, cash flows and related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 the auditors' 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, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 the Municipal District of Taber as at December 31, 2013, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

March 25, 2014
Taber, Alberta


Chartered Accountants

**Municipal District of Taber
Consolidated Statement of Financial Position
As at December 31, 2013**

	2013 \$	2012 \$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	24,970,829	22,923,630
Receivables		
Taxes and grants in lieu receivables (Note 3)	386,251	370,709
Trade and other receivables	1,315,311	969,270
Land for resale inventory	861,148	970,408
Long-term-investments (Note 4)	22,879	18,264
Other financial assets (Note 5)	5,538	20,895
	<u>27,561,956</u>	<u>25,273,176</u>
LIABILITIES		
Accounts payable and accrued liabilities	917,339	1,217,193
Deferred revenue (Note 6)	1,222,392	529,682
Employee benefit obligations (Note 7)	273,221	226,689
Trust funds (Note 8)	147,491	139,299
Long-term debt (Note 9)	3,653,348	3,929,270
	<u>6,213,791</u>	<u>6,042,133</u>
NET FINANCIAL ASSETS	<u>21,348,165</u>	<u>19,231,043</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	82,621,092	73,484,670
Inventory for consumption	2,530,127	2,690,781
Prepaid expenses	194,314	366,666
	<u>85,345,533</u>	<u>76,542,117</u>
ACCUMULATED SURPLUS (Schedule 1, Note 13)	<u>106,693,698</u>	<u>95,773,160</u>

Contingencies - See Note 17

**Municipal District of Taber
Consolidated Statement of Operations
For the Year Ended December 31, 2013**

	Budget \$	2013 \$	2012 \$
REVENUE			
Net municipal property taxes (Schedule 3)	14,018,532	14,006,673	13,399,322
Sales and user charges	1,002,827	1,125,855	968,529
Government transfers for operating (Schedule 4)	1,236,524	1,205,317	1,661,579
Investment income	156,000	305,885	157,799
Penalties and costs of taxes	45,000	73,004	58,225
Rentals	730,102	1,275,497	729,720
Insurance proceeds	-	-	9,750
Frontage levies	25,091	25,091	25,091
Well drilling taxes	40,000	38,023	65,073
Gain on sale of tangible capital assets	-	75,332	-
Other revenues	288,230	1,144,255	1,455,598
Total Revenue	17,542,306	19,274,932	18,530,686
EXPENSES			
Legislative	330,934	376,851	313,467
General administrative	1,534,512	1,583,892	1,469,972
Bylaws enforcement	132,500	142,022	202,685
GIS	345,560	275,167	219,346
Fire	559,536	533,315	498,018
Roads, streets, walks and lighting	9,741,860	10,579,127	10,688,975
Water and wastewater	1,318,274	1,772,598	1,773,408
Waste management	321,382	344,988	354,844
Family community support services	46,244	46,244	44,850
Agricultural services	1,438,105	1,474,751	1,373,623
Subdivision land development	14,000	897	4,751
Land/housing/buildings	281,068	374,178	91,456
Planning and development	158,359	158,758	133,344
Public housing	11,736	15,735	15,189
Recreation and parks	872,082	829,532	736,074
Library	125,740	125,740	121,197
Total Expenses (Schedule 5)	17,231,892	18,633,795	18,041,199
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER	310,414	641,137	489,487
OTHER			
Contributed assets	6,778,767	6,778,767	7,541,000
Government transfers for capital (Schedule 4)	3,512,001	3,500,634	2,589,442
EXCESS OF REVENUE OVER EXPENSES	10,601,182	10,920,538	10,619,929
ACCUMULATED SURPLUS, BEGINNING OF YEAR	95,773,160	95,773,160	85,153,231
ACCUMULATED SURPLUS, END OF YEAR	106,374,342	106,693,698	95,773,160

Municipal District of Taber
Consolidated Statement of Changes in Net Financial Assets (Debt)
For the Year Ended December 31, 2013

	Budget \$	2013 \$	2012 \$
EXCESS OF REVENUE OVER EXPENSES	<u>10,601,182</u>	<u>10,920,538</u>	<u>10,619,929</u>
Acquisition of tangible capital assets	(5,685,081)	(6,482,369)	(5,116,484)
Contributed tangible capital assets	(6,778,767)	(6,778,767)	(7,541,000)
Proceeds on disposal of tangible capital assets	530,000	567,562	287,109
Amortization of tangible capital assets	3,346,507	3,632,484	3,470,361
(Gain) loss on disposal of tangible capital assets	<u>-</u>	<u>(75,332)</u>	<u>53,517</u>
	<u>(8,587,341)</u>	<u>(9,136,422)</u>	<u>(8,846,497)</u>
Acquisition of supplies inventories	(625,956)	(625,956)	(786,610)
Acquisition of prepaid assets	(194,314)	(194,314)	(366,666)
Use of supplies inventories	786,610	786,610	747,419
Use of prepaid assets	<u>366,666</u>	<u>366,666</u>	<u>189,051</u>
	<u>333,006</u>	<u>333,006</u>	<u>(216,806)</u>
INCREASE IN NET FINANCIAL ASSETS	2,346,847	2,117,122	1,556,626
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>19,231,043</u>	<u>19,231,043</u>	<u>17,674,417</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>21,577,890</u></u>	<u><u>21,348,165</u></u>	<u><u>19,231,043</u></u>

**Municipal District of Taber
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2013**

	2013	2012
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	10,920,538	10,619,929
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	3,632,484	3,470,361
(Gain) loss on disposal of tangible capital assets	(75,332)	53,517
Tangible capital assets received as contributions	(6,778,767)	(7,541,000)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	(15,542)	(123,819)
Decrease (increase) in trade and other receivables	(346,041)	4,765,134
Decrease (increase) in land held for resale	109,260	(95,312)
Decrease (increase) in prepaid expenses	172,352	(177,615)
Decrease (increase) in other financial assets	15,357	(20,895)
Decrease (increase) in inventory for consumption	160,654	(39,191)
Increase (decrease) in accounts payable & accrued liabilities	(299,854)	(652,807)
Increase (decrease) in trust funds	8,192	44,484
Increase (decrease) in deferred revenue	692,710	11,239
Increase (decrease) in employee benefit obligations	46,532	44,648
Cash provided by operating transactions	<u>8,242,543</u>	<u>10,358,673</u>
CAPITAL		
Acquisition of tangible capital assets	(6,482,369)	(5,116,484)
Sale of tangible capital assets	<u>567,562</u>	<u>287,109</u>
Cash applied to capital transactions	<u>(5,914,807)</u>	<u>(4,829,375)</u>
INVESTING		
Decrease (increase) in investments	<u>(4,615)</u>	<u>(5,983)</u>
FINANCING		
Long-term debt repaid	<u>(275,922)</u>	<u>(260,643)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	2,047,199	5,262,672
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>22,923,630</u>	<u>17,660,958</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>24,970,829</u></u>	<u><u>22,923,630</u></u>
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	<u><u>24,970,829</u></u>	<u><u>22,923,630</u></u>

Municipal District of Taber
Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2013
Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2013 \$	2012 \$
BALANCE, BEGINNING OF YEAR	14,071,566	12,146,194	69,555,400	95,773,160	85,153,231
Excess of revenues over expenses	10,920,538	-	-	10,920,538	10,619,929
Unrestricted funds designated for future use	(1,455,208)	1,455,208	-	-	-
Restricted funds used for operations	34,120	(34,120)	-	-	-
Restricted funds used for tangible capital assets	-	(1,294,001)	1,294,001	-	-
Current year funds used for tangible capital assets	(5,188,368)	-	5,188,368	-	-
Donated and contributed tangible capital assets	(6,778,767)	-	6,778,767	-	-
Disposal of tangible capital assets	492,230	-	(492,230)	-	-
Annual amortization expense	3,632,484	-	(3,632,484)	-	-
Long term debt repaid	(275,922)	-	275,922	-	-
Change in accumulated surplus	1,381,107	127,087	9,412,344	10,920,538	10,619,929
BALANCE, END OF YEAR	15,452,673	12,273,281	78,967,744	106,693,698	95,773,160

Municipal District of Taber
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2013
Schedule 2

	2013	2012
	\$	\$
COST:		
BALANCE, BEGINNING OF YEAR	123,023,409	111,385,771
Acquisition of tangible capital assets	13,089,553	12,622,676
Construction-in-progress	171,583	34,808
Disposal of tangible capital assets	(1,277,195)	(1,019,846)
BALANCE, END OF YEAR	135,007,350	123,023,409
ACCUMULATED AMORTIZATION:		
BALANCE, BEGINNING OF YEAR	49,538,739	46,747,598
Annual amortization	3,632,484	3,470,361
Accumulated amortization on disposals	(784,965)	(679,220)
BALANCE, END OF YEAR	52,386,258	49,538,739
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	82,621,092	73,484,670
2012 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	73,484,670	

**Municipal District of Taber
Schedule of Property and Other Taxes
For the Year Ended December 31, 2013
Schedule 3**

	Budget	2013 \$	2012 \$
TAXATION			
Property taxes levied	19,376,211	19,358,815	18,373,226
Government grants in place of property taxes	17,145	17,145	16,530
	<u>19,393,356</u>	<u>19,375,960</u>	<u>18,389,756</u>
REQUISITIONS			
Alberta School Foundation Fund	5,096,802	5,093,186	4,738,906
Holy Spirit School Division	130,909	129,200	113,059
Taber Seniors Foundation	147,113	146,901	138,469
	<u>5,374,824</u>	<u>5,369,287</u>	<u>4,990,434</u>
NET MUNICIPAL TAXES	<u>14,018,532</u>	<u>14,006,673</u>	<u>13,399,322</u>

**Municipal District of Taber
Schedule of Government Transfers
For the Year Ended December 31, 2013
Schedule 4**

	Budget	2013 \$	2012 \$
TRANSFERS FOR OPERATING:			
Provincial Government	1,219,788	1,178,909	1,576,191
Federal Government	5,000	-	-
Other Local Governments	11,736	26,408	85,388
	<u>1,236,524</u>	<u>1,205,317</u>	<u>1,661,579</u>
 TRANSFERS FOR CAPITAL:			
Provincial Government	2,103,833	2,089,733	2,589,442
Federal Government	1,408,168	1,410,901	-
	<u>3,512,001</u>	<u>3,500,634</u>	<u>2,589,442</u>
 TOTAL GOVERNMENT TRANSFERS	 <u>4,748,525</u>	 <u>4,705,951</u>	 <u>4,251,021</u>

Municipal District of Taber
Schedule of Consolidated Expenses by Object
For the Year Ended December 31, 2013
Schedule 5

	Budget	2013	2012
	\$	\$	\$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	5,928,323	6,044,409	5,651,997
Contracted and general services	2,545,889	2,758,512	2,243,207
Purchase from other governments	432,044	373,972	450,638
Materials, goods, supplies and utilities	3,882,647	4,466,408	4,690,334
Provision for allowances	20,000	5,404	3,164
Bank charges and short term interest	1,500	3,728	2,662
Grants to individuals and organizations	846,630	1,124,496	1,232,240
Interest on long term debt	228,352	224,382	243,079
Amortization of tangible capital assets	3,346,507	3,632,484	3,470,361
Loss on disposal of tangible capital assets	-	-	53,517
	<u>17,231,892</u>	<u>18,633,795</u>	<u>18,041,199</u>

Municipal District of Taber
Schedule of Segmented Disclosure
For the Year Ended December 31, 2013
Schedule 6

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health	Planning & Development	Recreation & Culture	Total
								\$
REVENUE								
Net municipal taxes	14,006,673	-	-	-	-	-	-	14,006,673
Government transfers	143,718	7,173	3,515,948	620,418	15,735	168,359	280,682	4,752,033
Sales and user charges	57,389	13,400	132,409	688,883	-	1,367,422	95,767	2,355,270
Investment income	304,096	-	-	1,789	-	-	-	305,885
Contributed assets	-	-	-	-	-	6,778,767	-	6,778,767
Other revenues	111,027	-	1,219,587	25,091	-	-	-	1,355,705
	14,622,903	20,573	4,867,944	1,336,181	15,735	8,314,548	376,449	29,554,333
EXPENSES								
Salaries, wages and benefits	1,199,747	15,625	3,453,769	355,589	-	984,654	35,025	6,044,409
Contracted and general services	591,856	393,075	1,271,236	422,820	-	314,015	139,482	3,132,484
Materials, goods, supplies and utilities	91,172	200,355	2,743,431	642,064	-	659,949	129,437	4,466,408
Transfers to other governments and boards	18,264	-	-	251,314	46,244	183,754	624,920	1,124,496
Interest on long term debt	-	-	-	208,647	15,735	-	-	224,382
Other Expenses	9,132	-	-	-	-	-	-	9,132
	1,910,171	609,055	7,468,436	1,880,434	61,979	2,142,372	928,864	15,001,311
NET REVENUE, BEFORE AMORTIZATION	12,712,732	(588,482)	(2,600,492)	(544,253)	(46,244)	6,172,176	(552,415)	14,553,022
Amortization	50,572	66,282	3,110,691	237,152	-	141,379	26,408	3,632,484
NET REVENUE	12,662,160	(654,764)	(5,711,183)	(781,405)	(46,244)	6,030,797	(578,823)	10,920,538

Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

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

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the period. Where measurable uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Investments

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

e) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the differences 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 the 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.

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2013**

f) Inventories 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 physical assets under their respective function.

g) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

h) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a declining balance basis and/or amortized on a straight-line basis over the estimated useful life as follows:

	PERCENT	YEARS
Land Improvements		15-25
Buildings		25-50
Engineered structures		
Water System	2% - 3%	
Waste water system	2% - 3%	
Other engineered structures	2% - 20%	30
Machinery and equipment		5-25
Vehicles		3-25

Full annual amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

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

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2013**

v. Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Municipality is required to fund the closure of its landfill sites 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. This requirement is estimated to be immaterial and the post closure activities will be performed by municipal forces as landfill closures occur in the future. Therefore the related liability has not been recorded in these financial statements.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2013</u>	<u>2012</u>
Cash	\$ 970,829	\$ 7,923,630
Temporary Investments	<u>24,000,000</u>	<u>15,000,000</u>
	<u>\$ 24,970,829</u>	<u>\$ 22,923,630</u>

Temporary investments are short-term deposits with original maturities of twelve months or less with interest rates ranging from 1.65% to 2.03%.

Council has designated funds of \$6,440,664 (2012 - \$6,314,665) included in the above amounts for equipment replacement.

Included in temporary investments is a restricted amount of \$1,222,392 (2012 – \$529,682) received from senior levels of government and held exclusively for capital projects (Note 6).

3. TAXES AND GRANTS IN LIEU RECEIVABLES

	<u>2013</u>	<u>2012</u>
Current taxes and grants place of taxes	\$ 191,593	\$ 250,865
Arrears taxes	<u>215,652</u>	<u>142,897</u>
	407,245	393,762
Less allowance for doubtful accounts	<u>(20,994)</u>	<u>(23,053)</u>
	<u>\$ 386,251</u>	<u>\$ 370,709</u>

4. LONG-TERM INVESTMENTS

	<u>2013</u>	<u>2012</u>
A.M.F.C. Shares	\$ 120	\$ 120
A.A.M.D. & C. Equity	3,105	2,478
CO-OP Equity	14,125	10,425
U.F.A. Equity	<u>5,529</u>	<u>5,241</u>
	<u>\$ 22,879</u>	<u>\$ 18,264</u>

5. OTHER FINANCIAL ASSETS/(LIABILITIES)

	<u>2013</u>	<u>2012</u>
Alberta School Requisition (Over)/Under-levy	\$ 5,326	\$ 20,571
Taber Seniors Foundation (Over)/Under-levy	<u>212</u>	<u>324</u>
	<u>\$ 5,538</u>	<u>\$ 20,895</u>

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2013**

6. DEFERRED REVENUE

	<u>2013</u>	<u>2012</u>
Municipal Sustainability Initiative	\$ 557,673	\$ 317,480
Regional Collaboration Program	\$ 664,719	\$ -
New Deal for Communities and Cities	-	212,202
	<u>\$ 1,222,392</u>	<u>\$ 529,682</u>

Funding in the amount of \$1,222,392 was received in the current year from the senior levels of government. The use of these funds is restricted to eligible capital projects, as approved under the funding agreements, which are scheduled for completion in 2014. Unexpended funds related to the advance are supported by temporary investments of \$1,222,392 held exclusively for these projects (refer Note 2).

7. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2013</u>	<u>2012</u>
Vacation	\$ 241,187	\$ 190,272
Overtime	32,034	36,417
	<u>\$ 273,221</u>	<u>\$ 226,689</u>

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

8. TRUST FUNDS

A summary of trust fund activities by the Municipal District of Taber is as follows:

Subdivisions	<u>2013</u>	<u>2012</u>
Balance at beginning of year	\$ 139,299	\$ 94,815
Net revenue of land held for resale subdivided and sold	6,776	43,280
Investment income	1,416	1,204
Community enhancement expenditures	-	-
	<u>\$ 147,491</u>	<u>\$ 139,299</u>

9. LONG TERM DEBT

	<u>2013</u>	<u>2012</u>
Alberta Municipal Financing Corporation debenture debt bearing interest at rates ranging from 5.75% to 6.375% per annum maturing in periods from 2015 through 2028.	\$ 3,629,142	\$ 3,893,484
Self-financing capital debt for a water treatment plant, repayable in annual installments of \$13,369 including interest at 5% with a maturity date of June 2015.	24,206	35,786
	<u>3,653,348</u>	<u>3,929,270</u>
Less principal portion due within one year	<u>292,100</u>	<u>275,922</u>
	<u>\$ 3,361,248</u>	<u>\$ 3,653,348</u>

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2013**

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	292,100	211,623	503,723
2015	308,510	194,494	503,004
2016	244,607	176,394	421,001
2017	258,719	162,283	421,002
2018	273,644	147,358	421,002
Thereafter	<u>2,275,768</u>	<u>559,441</u>	<u>2,835,209</u>
	<u>\$ 3,653,348</u>	<u>\$ 1,451,593</u>	<u>\$ 5,104,941</u>

Interest on long-term debt amounted to \$224,382 (2012 – \$243,079).

The Municipal District's total cash payments for interest in 2013 were \$227,800 (2012 – \$243,080).

10. DEBT LIMITS

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

	<u>2013</u>	<u>2012</u>
Total debt limit	\$ 28,912,396	\$ 27,796,029
Total debt	<u>3,653,348</u>	<u>\$ 3,929,270</u>
Amount total debt limit unused	<u>\$ 25,259,048</u>	<u>\$ 23,866,759</u>
Service on debt limit	\$ 4,818,732	\$ 4,632,672
Service on debt	<u>503,722</u>	<u>503,722</u>
Amount service on debt limit unused	<u>\$ 4,315,010</u>	<u>\$ 4,128,950</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

11. TANGIBLE CAPITAL ASSETS

Net Book Value	<u>2013</u>	<u>2012</u>
Land	\$ 20,029,877	\$ 13,101,110
Land Improvements	106,335	113,016
Buildings	1,225,026	1,256,252
Engineered Structures		
Roadway system	42,616,695	40,956,543
Roadway system – construction-in-progress	217,957	46,374
Water distribution system	5,285,160	4,999,109
Wastewater treatment system	2,929,142	2,992,735
Communication System	664,162	684,703
Machinery, equipment and furnishings	6,996,791	7,044,206
Vehicles	<u>2,549,947</u>	<u>2,290,622</u>
	<u>\$ 82,621,092</u>	<u>\$ 73,484,670</u>

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2013**

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2013</u>	<u>2012</u>
Tangible capital assets (Schedule 2)	\$ 135,007,350	\$ 123,023,409
Accumulated amortization (Schedule 2)	(52,386,258)	(49,538,739)
Long-term debt (Note 9)	<u>(3,653,348)</u>	<u>(3,929,270)</u>
	<u>\$ 78,967,744</u>	<u>\$ 69,555,400</u>

13. ACCUMULATED SURPLUS

	<u>2013</u>	<u>2012</u>
Unrestricted surplus	\$ 15,452,673	\$ 14,071,566
Restricted surplus		
Operating reserve	5,832,617	5,831,529
Capital reserve	6,440,664	6,314,665
Equity in tangible capital assets	<u>78,967,744</u>	<u>69,555,400</u>
	<u>\$ 106,693,698</u>	<u>\$ 95,773,160</u>

14. 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:

	<u>2013</u>			<u>2012</u>
	<u>Salary¹</u>	<u>Benefits & allowances²</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Division 1	\$ 29,750	\$ 8,175	\$ 37,925	\$ 28,918
Division 2	29,500	8,021	37,521	36,666
Division 3	33,000	7,698	40,698	36,553
Division 4	34,750	8,195	42,945	40,023
Division 5	33,750	8,162	41,912	39,248
Division 6	19,375	7,534	26,909	29,435
Division 7	27,500	7,121	34,621	30,322
Designated officers ³ (6 positions)	672,516	121,341	793,857	637,205

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.
3. Benefits and allowances figures also include the Employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships. There were no such benefits of this nature during the year.

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2013**

15. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipal District of Taber 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 214,000 plan members and about 398 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

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

Total current service contributions by the Municipal District of Taber to the LAPP in 2013 were \$307,626 (2012 - \$250,093). Total current service contributions by the employees of the Municipal District of Taber to the Local Authorities Pension Plan in 2013 were \$281,222 (2012 - \$227,320).

At December 31, 2012, the LAPP disclosed an actuarial deficiency of \$4.635 billion.

16. SEGMENTED DISCLOSURE

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

Refer to the Schedule of Segmented Disclosure (Schedule 6)

17. CONTINGENCIES

The Municipal District of Taber is a member of the Genesis Reciprocal Insurance Program. Under the terms of the membership, the Municipal District of Taber could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Municipality is involved in various litigation and claims associated with normal operations and management believes that any resulting settlement would not materially affect the financial position of the Municipality.

18. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash and temporary investments, receivables, land held for resale, investments, prepaid expenses, other financial assets, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The Municipal District of Taber is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2013**

19. RELATED PARTIES

The Municipal District of Taber is a member of the following Commissions and has the right to appoint some of the board of directors, as such; they have been identified as related parties. All transactions are measured at exchange amount, which is the amount agreed upon between the related parties.

The total expenses paid to related parties for are as follows:

	<u>2013</u>	<u>2012</u>
Highway 3 & District Regional Water Commission	\$ 110,099	\$ 113,521
Taber & District Regional Waste Management Authority	37,600	37,600
Vauxhall & District Regional Water Commission	<u>165,065</u>	<u>42,666</u>
	<u>\$ 312,764</u>	<u>\$ 193,787</u>

The accounts receivable and account payables included amounts from related parties as follows:

	<u>2013</u>	<u>2012</u>
Accounts Receivable		
Highway 3 & District Regional Water Commission	\$ 43,316	\$ 97,768
Vauxhall & District Regional Water Commission	<u>107,181</u>	<u>-</u>
	<u>\$ 150,497</u>	<u>\$ 31,654</u>
Accounts Payable		
Highway 3 & District Regional Water Commission	\$ 5,557	\$ 5,898
Vauxhall & District Regional Water Commission	<u>69,913</u>	<u>42,666</u>
	<u>\$ 75,470</u>	<u>\$ 48,564</u>

20. BUDGET INFORMATION

The disclosed budget information has been approved by the Reeve and Council of the Municipal District of Taber on December 11, 2012.

21. APPROVAL OF FINANCIAL STATEMENTS

Council and Management approved these financial statements.

22. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the current year's presentation.