

**MUNICIPAL DISTRICT OF TABER**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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:

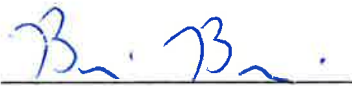
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate 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, 2013

  
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, 2012, 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, 2012, 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, 2013  
Taber, Alberta

*MNP* LLP  
Chartered Accountants

**Municipal District of Taber  
Consolidated Statement of Financial Position  
As at December 31, 2012**

	<u>2012</u>	<u>2011</u>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	22,923,630	17,660,958
Receivables		
Taxes and grants in lieu receivables (Note 3)	370,709	246,890
Trade and other receivables	969,270	5,734,404
Land for resale inventory	970,408	875,096
Long-term-investments (Note 4)	18,264	12,281
Other financial assets (Note 5)	20,895	-
	<u>25,273,176</u>	<u>24,529,629</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,217,193	1,861,659
Other financial liabilities (Note 5)	-	8,341
Deferred revenue (Note 6)	529,682	518,443
Employee benefit obligations (Note 7)	226,689	182,041
Trust funds (Note 8)	139,299	94,815
Long-term debt (Note 9)	3,929,270	4,189,913
	<u>6,042,133</u>	<u>6,855,212</u>
<b>NET FINANCIAL ASSETS</b>	<u>19,231,043</u>	<u>17,674,417</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 11)	73,484,670	64,638,173
Inventory for consumption	2,690,781	2,651,590
Prepaid expenses	366,666	189,051
	<u>76,542,117</u>	<u>67,478,814</u>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 13)</b>	<u>95,773,160</u>	<u>85,153,231</u>

*Contingencies - See Note 17*

**Municipal District of Taber  
Consolidated Statement of Operations  
For the Year Ended December 31, 2012**

	Budget \$ (Unaudited)	2012 \$	2011 \$
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	13,444,453	13,399,322	12,456,093
Sales and user charges	842,827	1,002,395	898,076
Government transfers for operating (Schedule 4)	1,483,958	1,661,579	4,346,982
Investment income	108,341	157,799	170,271
Penalties and costs of taxes	45,000	58,225	80,650
Rentals	536,300	695,854	554,880
Insurance proceeds	-	9,750	-
Frontage levies	40,675	25,091	24,292
Well drilling taxes	20,000	65,073	64,762
Other revenues	288,230	1,455,598	327,640
<b>Total Revenue</b>	<b>16,809,784</b>	<b>18,530,686</b>	<b>18,923,646</b>
<b>EXPENSES</b>			
Legislative	305,748	313,467	296,397
General administrative	1,415,173	1,469,972	1,286,943
Bylaws enforcement	186,266	202,685	155,949
GIS	308,538	219,346	208,494
Fire	531,016	498,018	475,306
Roads, streets, walks and lighting	9,262,701	10,688,975	10,512,319
Water and wastewater	1,246,368	1,773,408	1,864,694
Waste management	326,907	354,844	330,875
Family community support services	44,850	44,850	44,379
Agricultural services	1,365,627	1,373,623	1,336,348
Subdivision land development	14,000	4,751	8,283
Land/housing/buildings	173,300	91,456	170,296
Planning and development	137,779	133,344	115,720
Public housing	15,189	15,189	18,435
Recreation and parks	823,091	736,074	850,054
Library	121,196	121,197	119,585
<b>Total Expenses</b>	<b>16,277,749</b>	<b>18,041,199</b>	<b>17,794,077</b>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER</b>	<b>532,035</b>	<b>489,487</b>	<b>1,129,569</b>
<b>OTHER</b>			
Contributed assets	7,541,000	7,541,000	2,771,310
Government transfers for capital (Schedule 4)	2,250,000	2,589,442	5,898,700
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>10,323,035</b>	<b>10,619,929</b>	<b>9,799,579</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>85,153,231</b>	<b>85,153,231</b>	<b>75,353,652</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>95,476,266</b>	<b>95,773,160</b>	<b>85,153,231</b>

**Municipal District of Taber**  
**Consolidated Statement of Changes in Net Financial Assets (Debt)**  
**For the Year Ended December 31, 2012**

	Budget \$ (Unaudited)	2012 \$	2011 \$
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>10,323,035</u>	<u>10,619,929</u>	<u>9,799,579</u>
Acquisition of tangible capital assets	(4,141,230)	(5,116,484)	(10,376,792)
Contributed tangible capital assets	(7,541,000)	(7,541,000)	(2,771,310)
Proceeds on disposal of tangible capital assets	394,000	287,109	1,658,537
Amortization of tangible capital assets	3,087,631	3,470,361	3,346,314
(Gain) loss on disposal of tangible capital assets	<u>-</u>	<u>53,517</u>	<u>14,426</u>
	<u>(8,200,599)</u>	<u>(8,846,497)</u>	<u>(8,128,825)</u>
Acquisition of supplies inventories	(786,610)	(786,610)	(674,186)
Acquisition of prepaid assets	(366,666)	(366,666)	(189,051)
Use of supplies inventories	747,419	747,419	636,615
Use of prepaid assets	<u>189,051</u>	<u>189,051</u>	<u>521,409</u>
	<u>(216,806)</u>	<u>(216,806)</u>	<u>294,787</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	1,905,630	1,556,626	1,965,541
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>17,674,417</u>	<u>17,674,417</u>	<u>15,708,876</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><u>19,580,047</u></u>	<u><u>19,231,043</u></u>	<u><u>17,674,417</u></u>

**Municipal District of Taber  
Consolidated Statement of Cash Flows  
For the Year Ended December 31, 2012**

	2012	2011
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	10,619,929	9,799,579
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	3,470,361	3,346,314
Loss on disposal of tangible capital assets	53,517	14,426
Tangible capital assets received as contributions	(7,541,000)	(2,771,310)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	(123,819)	90,968
Decrease (increase) in trade and other receivables	4,765,134	(3,023,603)
Decrease (increase) in land held for resale	(95,312)	442,708
Decrease (increase) in prepaid expenses	(177,615)	332,358
Decrease (increase) in other financial assets	(20,895)	12,249
Decrease (increase) in inventory for consumption	(39,191)	(37,571)
Increase (decrease) in accounts payable & accrued liabilities	(652,807)	976,875
Increase (decrease) in trust funds	44,484	11,431
Increase (decrease) in deferred revenue	11,239	(1,234,649)
Increase (decrease) in employee benefit obligations	44,648	10,894
Cash provided by operating transactions	<u>10,358,673</u>	<u>7,970,669</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(5,116,484)	(10,376,792)
Sale of tangible capital assets	<u>287,109</u>	<u>1,658,537</u>
Cash applied to capital transactions	<u>(4,829,375)</u>	<u>(8,718,255)</u>
<b>INVESTING</b>		
Decrease (increase) in investments	<u>(5,983)</u>	<u>11</u>
Cash applied to investing transactions	<u>(5,983)</u>	<u>11</u>
<b>FINANCING</b>		
Long-term debt repaid	<u>(260,643)</u>	<u>(268,731)</u>
Cash applied to financing transactions	<u>(260,643)</u>	<u>(268,731)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	5,262,672	(1,016,306)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>17,660,958</u>	<u>18,677,264</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>22,923,630</u></u>	<u><u>17,660,958</u></u>
<b>Cash and cash equivalents is made up of:</b>		
Cash and temporary investments (Note 2)	<u><u>22,923,630</u></u>	<u><u>17,660,958</u></u>

**Municipal District of Taber**  
**Schedule of Changes in Accumulated Surplus**  
**For the Year Ended December 31, 2012**  
**Schedule I**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2012 \$	2011 \$
<b>BALANCE, BEGINNING OF YEAR</b>	<b>12,662,374</b>	<b>12,042,597</b>	<b>60,448,260</b>	<b>85,153,231</b>	<b>75,353,652</b>
Excess of revenues over expenses	10,619,929	-	-	10,619,929	9,799,579
Unrestricted funds designated for future use	(1,455,208)	1,455,208	-	-	-
Restricted funds used for operations	-	-	-	-	-
Restricted funds used for tangible capital assets	-	(1,351,611)	1,351,611	-	-
Current year funds used for tangible capital assets	(3,764,873)	-	3,764,873	-	-
Donated and contributed tangible capital assets	(7,541,000)	-	7,541,000	-	-
Disposal of tangible capital assets	340,626	-	(340,626)	-	-
Annual amortization expense	3,470,361	-	(3,470,361)	-	-
Long term debt repaid	(260,643)	-	260,643	-	-
Change in accumulated surplus	1,409,192	103,597	9,107,140	10,619,929	9,799,579
<b>BALANCE, END OF YEAR</b>	<b>14,071,566</b>	<b>12,146,194</b>	<b>69,555,400</b>	<b>95,773,160</b>	<b>85,153,231</b>



**Municipal District of Taber**  
**Schedule of Tangible Capital Assets**  
**For the Year Ended December 31, 2012**  
**Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2012	2011
							\$	\$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	5,560,110	129,191	2,105,598	86,556,258	12,469,289	4,565,325	111,385,771	100,284,200
Acquisition of tangible capital assets	7,541,000	16,767	14,900	3,446,306	1,148,348	455,355	12,622,676	13,136,536
Construction-in-progress	-	-	-	34,808	-	-	34,808	11,566
Disposal of tangible capital assets	-	-	-	-	(544,900)	(474,946)	(1,019,846)	(2,046,531)
BALANCE, END OF YEAR	13,101,110	145,958	2,120,498	90,037,372	13,072,737	4,545,734	123,023,409	111,385,771
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	26,261	821,539	38,030,183	5,563,680	2,305,935	46,747,598	43,774,852
Annual amortization	-	6,681	42,707	2,327,725	791,508	301,740	3,470,361	3,346,314
Accumulated amortization on disposals	-	-	-	-	(326,657)	(352,563)	(679,220)	(373,568)
BALANCE, END OF YEAR	-	32,942	864,246	40,357,908	6,028,531	2,255,112	49,538,739	46,747,598
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>13,101,110</b>	<b>113,016</b>	<b>1,256,252</b>	<b>49,679,464</b>	<b>7,044,206</b>	<b>2,290,622</b>	<b>73,484,670</b>	<b>64,638,173</b>
2011 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	5,560,110	102,930	1,284,059	48,526,075	6,905,609	2,259,390	64,638,173	

**Municipal District of Taber  
Schedule of Property and Other Taxes  
For the Year Ended December 31, 2012  
Schedule 3**

	Budget (Unaudited)	2012 \$	2011 \$
<b>TAXATION</b>			
Property taxes levied	18,447,509	18,373,226	17,277,317
Government grants in place of property taxes	16,530	16,530	15,663
	<u>18,464,039</u>	<u>18,389,756</u>	<u>17,292,980</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	4,767,734	4,738,906	4,597,710
Holy Spirit School Division	113,060	113,059	103,254
Taber Seniors Foundation	138,792	138,469	135,923
	<u>5,019,586</u>	<u>4,990,434</u>	<u>4,836,887</u>
<b>NET MUNICIPAL TAXES</b>	<u>13,444,453</u>	<u>13,399,322</u>	<u>12,456,093</u>

**Municipal District of Taber  
Schedule of Government Transfers  
For the Year Ended December 31, 2012  
Schedule 4**

	Budget (Unaudited)	2012 \$	2011 \$
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	1,463,769	1,576,191	4,323,874
Federal Government	5,000	-	4,673
Other Local Governments	15,189	85,388	18,435
	<u>1,483,958</u>	<u>1,661,579</u>	<u>4,346,982</u>
 <b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	2,250,000	2,589,442	5,585,969
Federal Government	-	-	312,731
	<u>2,250,000</u>	<u>2,589,442</u>	<u>5,898,700</u>
 <b>TOTAL GOVERNMENT TRANSFERS</b>	 <u><u>3,733,958</u></u>	 <u><u>4,251,021</u></u>	 <u><u>10,245,682</u></u>

**Municipal District of Taber**  
**Schedule of Consolidated Expenses by Object**  
**For the Year Ended December 31, 2012**  
**Schedule 5**

	Budget \$ (Unaudited)	2012 \$	2011 \$
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	5,478,369	5,651,997	5,023,036
Contracted and general services	2,597,085	2,420,161	4,371,424
Purchase from other governments	282,994	298,370	265,072
Materials, goods, supplies and utilities	3,744,566	4,636,647	3,163,245
Provision for allowances	20,000	3,164	3,404
Bank charges and short term interest	1,500	2,662	2,241
Grants from other governments and boards	822,525	1,261,241	1,346,626
Interest on long term debt	243,080	243,079	258,289
Amortization of tangible capital assets	3,087,630	3,470,361	3,346,314
Loss on disposal of tangible capital assets	-	53,517	14,426
	<u>16,277,749</u>	<u>18,041,199</u>	<u>17,794,077</u>

**Municipal District of Taber**  
**Schedule of Segmented Disclosure**  
**For the Year Ended December 31, 2012**  
**Schedule 6**

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health	Planning & Development	Recreation & Culture	Total
								\$
<b>REVENUE</b>								
Net municipal taxes	13,399,322	-	-	-	-	-	-	13,399,322
Government transfers	364,065	-	2,429,768	1,032,103	15,189	168,359	241,537	4,251,021
Sales and user charges	63,186	-	138,676	510,749	-	172,941	116,843	1,002,395
Investment income	154,866	-	-	2,933	-	-	-	157,799
Contributed assets	-	-	-	-	-	7,541,000	-	7,541,000
Other revenues	134,098	-	1,465,348	25,091	-	685,054	-	2,309,591
	14,115,537	-	4,033,792	1,570,876	15,189	8,567,354	358,380	28,661,128
<b>EXPENSES</b>								
Salaries, wages and benefits	1,072,134	40,639	3,358,267	286,091	-	859,623	35,243	5,651,997
Contracted and general services	408,071	461,650	1,035,448	483,834	-	233,318	96,210	2,718,531
Materials, goods, supplies and utilities	239,997	132,279	3,280,167	365,160	-	533,852	85,192	4,636,647
Transfers from other governments and boards	12,153	-	-	536,845	44,850	50,592	616,801	1,261,241
Interest on long term debt	-	-	-	227,890	15,189	-	-	243,079
Other Expenses	5,826	-	53,517	-	-	-	-	59,343
	1,738,181	634,568	7,727,399	1,899,820	60,039	1,677,385	833,446	14,570,838
<b>NET REVENUE, BEFORE AMORTIZATION</b>	12,377,356	(634,568)	(3,693,607)	(328,944)	(44,850)	6,889,969	(475,066)	14,090,290
Amortization	45,258	66,135	2,961,576	228,432	-	145,135	23,825	3,470,361
<b>NET REVENUE</b>	12,332,098	(700,703)	(6,655,183)	(557,376)	(44,850)	6,744,834	(498,891)	10,619,929

**Municipal District of Taber  
Notes to Financial Statements  
For the Year Ended December 31, 2012**

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**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 public sector accounting standards 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, 2012**

**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, 2012**

**i) 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.

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**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2012</u>	<u>2011</u>
Cash	\$ 7,923,630	\$ 3,625,412
Temporary Investments	<u>15,000,000</u>	<u>14,035,546</u>
	<u>\$ 22,923,630</u>	<u>\$ 17,660,958</u>

Temporary investments are short-term deposits with original maturities of twelve months or less with interest rates ranging from 1.41% to 1.43%.  
Council has designated funds of \$6,314,665 (2011 - \$6,246,275) included in the above amounts for equipment replacement.

Included in temporary investments is a restricted amount of \$529,682 (2011 – \$518,443) received from senior levels of government and held exclusively for capital projects (Note 6).

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**3. TAXES AND GRANTS IN LIEU RECEIVABLES**

	<u>2012</u>	<u>2011</u>
Current taxes and grants place of taxes	\$ 250,865	\$ 209,872
Arrears taxes	<u>142,897</u>	<u>56,907</u>
	393,762	266,779
Less allowance for doubtful accounts	<u>(23,053)</u>	<u>(19,889)</u>
	<u>\$ 370,709</u>	<u>\$ 246,890</u>

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**4. LONG-TERM INVESTMENTS**

	<u>2012</u>	<u>2011</u>
A.M.F.C. Shares	\$ 120	\$ 120
A.A.M.D. & C. Equity	2,478	2,478
CO-OP Equity	10,425	4,201
U.F.A. Equity	<u>5,241</u>	<u>5,482</u>
	<u>\$ 18,264</u>	<u>\$ 12,281</u>

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**5. OTHER FINANCIAL ASSETS/(LIABILITIES)**

	<u>2012</u>	<u>2011</u>
Alberta School Requisition (Over)/Under-levy	\$ 20,571	\$ (8,258)
Taber Seniors Foundation (Over)/Under-levy	<u>324</u>	<u>(83)</u>
	<u>\$ 20,895</u>	<u>\$ (8,341)</u>



**Municipal District of Taber  
Notes to Financial Statements  
For the Year Ended December 31, 2012**

**6. DEFERRED REVENUE**

	<u>2012</u>	<u>2011</u>
Municipal Sustainability Initiative	\$ 317,480	\$ 168,021
New Deal for Communities and Cities	<u>212,202</u>	<u>350,422</u>
	<u>\$ 529,682</u>	<u>\$ 518,443</u>

Funding in the amount of \$529,682 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 2013. Unexpended funds related to the advance are supported by temporary investments of \$529,682 held exclusively for these projects (refer Note 2).

**7. EMPLOYEE BENEFIT OBLIGATIONS**

	<u>2012</u>	<u>2011</u>
Vacation	\$ 190,272	\$ 164,060
Overtime	<u>36,417</u>	<u>17,981</u>
	<u>\$ 226,689</u>	<u>\$ 182,041</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:

	<u>2012</u>	<u>2011</u>
<b>Subdivisions</b>		
Balance at beginning of year	\$ 94,815	\$ 83,384
Net revenue of land held for resale subdivided and sold	43,280	10,527
Investment income	1,204	904
Community enhancement expenditures	<u>-</u>	<u>-</u>
	<u>\$ 139,299</u>	<u>\$ 94,815</u>

**9. LONG TERM DEBT**

	<u>2011</u>	<u>2011</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.	\$ 3,893,484	\$ 4,143,099
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.	35,786	46,814
	<u>3,929,270</u>	<u>4,189,913</u>
Less principal portion due within one year	<u>275,922</u>	<u>260,643</u>
	<u>\$ 3,653,348</u>	<u>\$ 3,929,270</u>

**Municipal District of Taber  
Notes to Financial Statements  
For the Year Ended December 31, 2012**

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	275,922	227,800	503,722
2014	292,099	211,623	503,722
2015	308,510	194,494	503,004
2016	244,607	176,394	421,001
2017	258,719	162,283	421,002
Thereafter	<u>2,549,413</u>	<u>706,799</u>	<u>3,256,212</u>
	<u>\$ 3,929,270</u>	<u>\$ 1,679,393</u>	<u>\$ 5,608,663</u>

Interest on long-term debt amounted to \$243,079 (2011 – \$258,289).

The Municipal District's total cash payments for interest in 2012 were \$243,080 (2011 – \$259,367).

## 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>2012</u>	<u>2011</u>
Total debt limit	\$ 27,796,029	\$ 28,385,469
Total debt	<u>3,929,270</u>	<u>4,189,913</u>
Amount total debt limit unused	<u>\$ 23,866,759</u>	<u>\$ 24,195,556</u>
Service on debt limit	\$ 4,632,672	\$ 4,730,911
Service on debt	<u>503,722</u>	<u>528,098</u>
Amount service on debt limit unused	<u>\$ 4,128,950</u>	<u>\$ 4,202,813</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

<u>Net Book Value</u>	<u>2012</u>	<u>2011</u>
Land	\$ 13,101,110	\$ 5,560,110
Land Improvements	113,016	102,930
Buildings	1,256,252	1,284,059
Engineered Structures		
Roadway system	40,956,543	39,829,388
Roadway system – construction-in-progress	46,374	11,566
Water distribution system	4,999,109	5,138,685
Wastewater treatment system	2,992,735	2,840,557
Communication System	684,703	705,879
Machinery, equipment and furnishings	7,044,206	6,905,609
Vehicles	<u>2,290,622</u>	<u>2,259,390</u>
	<u>\$ 73,484,670</u>	<u>\$ 64,638,173</u>

**Municipal District of Taber  
Notes to Financial Statements  
For the Year Ended December 31, 2012**

**12. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2012</u>	<u>2011</u>
Tangible capital assets (Schedule 2)	\$ 123,023,409	\$ 111,385,771
Accumulated amortization (Schedule 2)	(49,538,739)	(46,747,598)
Long-term debt (Note 9)	<u>(3,929,270)</u>	<u>(4,189,913)</u>
	<u>\$ 69,555,400</u>	<u>\$ 60,448,260</u>

**13. ACCUMULATED SURPLUS**

	<u>2012</u>	<u>2011</u>
Unrestricted surplus	\$ 14,071,566	\$ 12,662,374
Restricted surplus		
Operating reserve	5,831,529	5,796,321
Capital reserve	6,314,665	6,246,276
Equity in tangible capital assets	<u>69,555,400</u>	<u>60,448,260</u>
	<u>\$ 95,773,160</u>	<u>\$ 85,153,231</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>2012</u>			<u>2011</u>
	<u>Salary<sup>1</sup></u>	<u>Benefits &amp; allowances<sup>2</sup></u>	<u>Total</u>	<u>Total</u>
Councillors:				
Division 1	\$ 21,000	\$ 7,918	\$ 28,918	\$ 41,103
Division 2	28,500	8,166	36,666	26,658
Division 3	30,250	6,303	36,553	31,918
Division 4	31,750	8,273	40,023	43,853
Division 5	31,000	8,248	39,248	30,758
Division 6	21,500	7,935	29,435	26,433
Division 7	22,500	7,822	30,322	27,358
Designated officers <sup>3</sup> (5 positions)	546,049	91,156	637,205	616,800

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, 2012**

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**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 423 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 2012 were \$250,093 (2011 - \$233,933). Total current service contributions by the employees of the Municipal District of Taber to the Local Authorities Pension Plan in 2012 were \$227,320 (2011 - \$211,625).

At December 31, 2011, the LAPP disclosed an actuarial deficiency of \$4.639 billion.

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**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)

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**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.

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**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, 2012**

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**19. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management approved these financial statements.

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**20. COMPARATIVE FIGURES**

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