

MUNICIPAL DISTRICT OF TABER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022



Table of Contents:

<i>Management's Responsibility for Financial Reporting</i>	3
<i>Independent Auditor's Report to the Reeve and Council</i>	4-6
<i>Consolidated Financial Statements</i>	
Consolidated Statement of Financial Position	7
Consolidated Statement of Operations and Accumulated Surplus	8
Consolidated Statement of Changes in Net Financial Assets	9
Consolidated Statement of Cash Flows	10
<i>Schedules to Consolidated Financial Statements</i>	
Schedule of Changes in Accumulated Surplus	11
Schedule of Tangible Capital Assets	12
Schedule of Property and Other Taxes	13
Schedule of Government Transfers	14
Schedule of Consolidated Expenses by Object	15
Schedule of Segmented Disclosure	16
<i>Notes to Consolidated Financial Statements</i>	17-30

Management's Responsibility

To the Members of Council of the Municipal District of Taber:

Management of the Municipal District of Taber are responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Municipal District's financial position as at December 31, 2022 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized, and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Municipal District Council carries out its responsibilities for review of the consolidated financial statements principally through its Finance Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Finance Committee with and without the presence of management. The Municipal District Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by MNP LLP, Chartered Professional Accountants, independent external auditors appointed by the Municipal District. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipal District's consolidated financial statements.

April 25, 2023



Chief Administrative Officer

To the Members of Council of the Municipal District of Taber:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Municipal District of Taber (the "Municipal District"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipal District as at December 31, 2022, and the results of its consolidated operations, changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipal District in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Municipal District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipal District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipal District's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Municipal District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipal District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipal District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Debt Limit Regulation

In accordance with Alberta Regulation 255/2000, we confirm that the Municipal District is in compliance with the Debt Limit Regulation. A detailed account of the Municipal District's debt limit can be found in note 11.

Supplementary Accounting Principles and Standards Regulations

In accordance with Alberta Regulation 313/2000, we confirm that the Municipal District is in compliance with Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 16.

Lethbridge, Alberta

April 25, 2023

MNP LLP

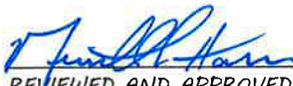
Chartered Professional Accountants

**Municipal District of Taber
Consolidated Statement of Financial Position
As at December 31, 2022**

	<u>2022</u>	<u>2021</u>
	<u>\$</u>	<u>\$</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	50,975,138	50,330,905
Receivables		
Taxes and grants in lieu receivables (Note 3)	542,193	666,428
Trade and other receivables (Note 3)	2,242,729	978,277
Land for resale inventory	924,961	614,796
Long-term-investments (Note 4)	36,004	35,788
Other financial assets (Note 5)	9,672	63,049
	<u>54,730,697</u>	<u>52,689,243</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,014,297	901,002
Deferred revenue (Note 6)	21,135,787	23,021,003
Employee benefit obligations (Note 7)	339,401	272,462
Trust funds (Note 8)	218,022	192,089
Long-term debt (Note 10)	1,013,962	1,356,427
Contractual Liabilities (Note 12)	2,397,360	801,598
	<u>26,118,829</u>	<u>26,544,581</u>
NET FINANCIAL ASSETS	<u>28,611,868</u>	<u>26,144,662</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2, Note 13)	132,489,658	129,932,311
Inventory for consumption	6,667,573	6,149,846
Prepaid expenses	271,191	305,129
	<u>139,428,422</u>	<u>136,387,286</u>
ACCUMULATED SURPLUS (Schedule 1, Note 15)	<u>168,040,290</u>	<u>162,531,948</u>

Contingencies - See Note 20


REVIEWED AND APPROVED


REVIEWED AND APPROVED

Municipal District of Taber
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2022

	Budget \$	2022 \$	2021 \$
REVENUE			
Net municipal property taxes (Schedule 3)	16,076,432	16,062,307	15,388,605
Rentals	1,660,000	2,704,186	2,025,704
User fees and sales of goods	2,089,618	2,138,440	2,028,914
Government transfers for operating (Schedule 4)	1,285,593	1,243,575	3,072,053
Investment income	222,000	615,840	247,611
Penalties and costs of taxes	75,000	149,087	447,411
Insurance proceeds	-	75,000	2,450
Licences and permits	50,500	52,021	55,569
Frontage levies	30,681	30,681	30,681
Transfers from individuals and organization	-	14,600	30,420
Fines	41,000	7,752	27,258
Gain (loss) on disposal of tangible capital assets	-	(133,501)	47,846
Total Revenue	21,530,824	22,959,988	23,404,522
EXPENSES			
Legislative	349,450	337,840	270,785
General administrative	1,751,124	1,780,655	1,717,781
Fire	1,781,170	1,501,565	1,262,854
Police	553,844	421,891	446,295
Planning and development	377,588	384,067	277,498
GIS	494,031	483,383	377,364
Roads, streets, walks and lighting	10,426,007	10,124,305	10,107,804
Agricultural services	1,336,260	1,421,767	1,220,307
Water and wastewater	1,788,875	1,768,943	1,750,884
Waste management	471,618	414,354	473,495
Family community support services	56,793	56,236	54,586
Land/housing/buildings	452,029	387,402	2,067,249
Recreation and parks	1,131,579	1,051,792	1,280,994
Library	163,486	160,916	151,613
Provision for allowances	1,000,000	260,342	745,357
Total Expenses	22,133,854	20,555,458	22,204,866
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(603,030)	2,404,530	1,199,656
OTHER			
Other transfers for capital	-	196,282	11,841
Government transfers for capital (Schedule 4)	5,500,000	2,907,530	3,748,054
EXCESS OF REVENUE OVER EXPENSES	4,896,970	5,508,342	4,959,551
ACCUMULATED SURPLUS, BEGINNING OF YEAR	162,531,948	162,531,948	157,572,397
ACCUMULATED SURPLUS, END OF YEAR	167,428,918	168,040,290	162,531,948

Municipal District of Taber
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2022

	Budget	2022	2021
	\$	\$	\$
EXCESS OF REVENUE OVER EXPENSES	4,896,970	5,508,342	4,959,551
Acquisition of tangible capital assets	(11,307,000)	(7,663,730)	(6,497,564)
Proceeds on disposal of tangible capital assets	868,000	512,503	490,200
Amortization of tangible capital assets	4,232,645	4,460,379	4,399,589
(Gain) loss on disposal of tangible capital assets	-	133,501	(47,846)
	<u>(6,206,355)</u>	<u>(2,557,347)</u>	<u>(1,655,621)</u>
Acquisition of inventory for consumption	(6,149,846)	(6,667,573)	(6,149,846)
Acquisition of prepaid assets	(305,129)	(271,191)	(305,129)
Use of inventory for consumption	6,149,846	6,149,846	6,279,215
Use of prepaid assets	305,129	305,129	295,217
	<u>-</u>	<u>(483,789)</u>	<u>119,457</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(1,309,385)	2,467,206	3,423,387
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>26,144,662</u>	<u>26,144,662</u>	<u>22,721,275</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>24,835,277</u></u>	<u><u>28,611,868</u></u>	<u><u>26,144,662</u></u>

Municipal District of Taber
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2022

	2022 \$	2021 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	5,508,342	4,959,551
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	4,460,379	4,399,589
(Gain) loss on disposal of tangible capital assets	133,501	(47,846)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	124,235	613,044
Decrease (increase) in trade and other receivables	(1,264,452)	1,569,674
Decrease (increase) in land held for resale	(310,165)	481,524
Decrease (increase) in prepaid expenses	33,938	(9,912)
Decrease (increase) in other financial assets	53,377	253,810
Decrease (increase) in inventory for consumption	(517,727)	129,369
Increase (decrease) in accounts payable & accrued liabilities	113,295	116,818
Increase (decrease) in trust funds	25,933	34,024
Increase (decrease) in contractual obligations	1,595,762	729,148
Increase (decrease) in deferred revenue	(1,885,216)	16,006,682
Increase (decrease) in employee benefit obligations	66,939	(14,030)
	<u>8,138,141</u>	<u>29,221,445</u>
CAPITAL		
Acquisition of tangible capital assets	(7,663,730)	(6,497,564)
Proceeds on disposal of tangible capital assets	512,503	490,200
	<u>(7,151,227)</u>	<u>(6,007,364)</u>
INVESTING		
Decrease (increase) in investments	(216)	(113)
Decrease (increase) in restricted cash and temporary investments	1,885,216	(16,006,682)
	<u>1,885,000</u>	<u>(16,006,795)</u>
FINANCING		
Long-term debt repaid	(342,465)	(323,787)
	<u>(342,465)</u>	<u>(323,787)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	2,529,449	6,883,499
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>27,309,902</u>	<u>20,426,403</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>29,839,351</u></u>	<u><u>27,309,902</u></u>
Cash and cash equivalents consists of:		
Cash and temporary investments (Note 2)	50,975,138	50,330,905
Less: restricted portion cash and temporary investments (Note 2)	(21,135,787)	(23,021,003)
	<u><u>29,839,351</u></u>	<u><u>27,309,902</u></u>

Municipal District of Taber
Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2022
Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022 \$	2021 \$
BALANCE, BEGINNING OF YEAR	10,000,444	23,955,620	128,575,884	162,531,948	157,572,397
Excess of revenues over expenses	5,508,342	-	-	5,508,342	4,959,551
Unrestricted funds designated for future use	(5,615,117)	5,615,117	-	-	-
Restricted funds used for operations	477,024	(477,024)	-	-	-
Restricted funds used for tangible capital assets	-	(2,438,554)	2,438,554	-	-
Current year funds used for tangible capital assets	(4,712,673)	-	4,712,673	-	-
Disposal of tangible capital assets	133,501	-	(133,501)	-	-
Annual amortization expense	4,460,379	-	(4,460,379)	-	-
Long term debt repaid	(342,465)	-	342,465	-	-
Change in accumulated surplus	(91,009)	2,699,539	2,899,812	5,508,342	4,959,551
BALANCE, END OF YEAR	9,909,435	26,655,159	131,475,696	168,040,290	162,531,948

Municipal District of Taber
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2022
Schedule 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2022 \$	2021 \$
COST:								
BALANCE, BEGINNING OF YEAR	50,642,879	1,987,473	12,638,130	119,672,213	17,731,234	7,848,998	210,520,927	205,062,679
Acquisition of tangible capital assets	-	470,707	140,932	1,873,517	2,457,496	352,628	5,295,280	5,569,832
Construction-in-progress	-	-	-	2,368,450	-	-	2,368,450	927,732
Disposal of tangible capital assets	-	-	-	-	(791,253)	(133,925)	(925,178)	(1,039,316)
BALANCE, END OF YEAR	50,642,879	2,458,180	12,779,062	123,914,180	19,397,477	8,067,701	217,259,479	210,520,927
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	383,220	1,852,379	63,689,695	9,277,798	5,385,524	80,588,616	76,785,989
Annual amortization	-	71,665	162,015	2,674,615	1,123,260	428,824	4,460,379	4,399,589
Accumulated amortization on disposals	-	-	-	-	(212,212)	(66,962)	(279,174)	(596,962)
BALANCE, END OF YEAR	-	454,885	2,014,394	66,364,310	10,188,846	5,747,386	84,769,821	80,588,616
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	50,642,879	2,003,295	10,764,668	57,549,870	9,208,631	2,320,315	132,489,658	129,932,311
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	50,642,879	1,604,253	10,785,751	55,982,518	8,453,436	2,463,474	129,932,311	

Municipal District of Taber
Schedule of Property and Other Taxes
For the Year Ended December 31, 2022
Schedule 3

	Budget	2022 \$	2021 \$
TAXATION			
Real property taxes	12,948,788	12,925,708	12,239,054
Linear property taxes	8,533,048	8,533,049	8,614,531
Government grants in place of property taxes	6,290	10,000	9,438
Minimum property taxes	24,000	23,261	24,352
	<u>21,512,126</u>	<u>21,492,018</u>	<u>20,887,375</u>
REQUISITIONS			
Alberta School Foundation Fund	4,980,828	4,974,720	5,048,207
Designated Industrial Assessment	70,299	70,309	72,117
Holy Spirit School Division	126,727	126,728	123,472
Taber Seniors Foundation	257,840	257,954	254,974
	<u>5,435,694</u>	<u>5,429,711</u>	<u>5,498,770</u>
NET MUNICIPAL TAXES	<u><u>16,076,432</u></u>	<u><u>16,062,307</u></u>	<u><u>15,388,605</u></u>

Municipal District of Taber
Schedule of Government Transfers
For the Year Ended December 31, 2022
Schedule 4

	Budget	2022 \$	2021 \$
TRANSFERS FOR OPERATING:			
Provincial Government	1,053,330	1,013,362	2,871,284
Federal Government	-	8,400	18,900
Other Local Governments	232,263	221,813	181,869
	<u>1,285,593</u>	<u>1,243,575</u>	<u>3,072,053</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	4,100,000	1,794,759	3,736,212
Federal Government	1,400,000	1,112,771	11,842
	<u>5,500,000</u>	<u>2,907,530</u>	<u>3,748,054</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>6,785,593</u></u>	<u><u>4,151,105</u></u>	<u><u>6,820,107</u></u>

Municipal District of Taber
Schedule of Consolidated Expenses by Object
For the Year Ended December 31, 2022
Schedule 5

	Budget	2022	2021
	\$	\$	\$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	7,746,821	7,211,061	7,157,598
Materials, goods, supplies and utilities	4,624,505	4,177,170	3,935,915
Contracted and general services	2,179,720	2,133,662	2,102,592
Purchase from other governments	1,149,594	1,231,850	924,209
Grants to individuals and organizations	1,111,033	999,854	2,851,087
Provision for allowances	1,000,000	260,342	745,357
Interest on long term debt	78,536	66,265	85,612
Bank charges and short term interest	11,000	14,875	2,907
Amortization of tangible capital assets	4,232,645	4,460,379	4,399,589
	<u>22,133,854</u>	<u>20,555,458</u>	<u>22,204,866</u>

Municipal District of Taber
Schedule of Segmented Disclosure
For the Year Ended December 31, 2022
Schedule 6

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health	Planning & Development	Recreation & Culture	Total \$
REVENUE								
Net municipal taxes	16,062,307	-	-	-	-	-	-	16,062,307
Government transfers	83,922	147,981	3,158,501	-	-	141,502	619,199	4,151,105
Sales and user charges	55,966	103,273	308,098	1,349,872	-	58,950	262,281	2,138,440
Investment income	615,840	-	-	-	-	-	-	615,840
Other revenues	149,087	19,752	175,112	30,681	-	2,718,876	2,600	3,096,108
	<u>16,967,122</u>	<u>271,006</u>	<u>3,641,711</u>	<u>1,380,553</u>	<u>-</u>	<u>2,919,328</u>	<u>884,080</u>	<u>26,063,800</u>
EXPENSES								
Salaries, wages and benefits	1,298,241	385,665	3,424,345	723,056	-	1,328,146	51,608	7,211,061
Contracted and general services	602,385	246,676	499,532	337,670	-	339,604	107,795	2,133,662
Purchase from other governments	76,772	457,499	-	589,949	-	107,630	-	1,231,850
Materials, goods, supplies and utilities	77,916	665,080	2,547,249	179,764	-	569,464	137,697	4,177,170
Transfers to other governments and boards	-	-	-	-	56,236	157,519	786,099	999,854
Interest on long term debt	-	-	-	66,265	-	-	-	66,265
Provision for allowances	260,342	-	-	-	-	-	-	260,342
Other Expenses	1,950	-	-	-	-	-	12,925	14,875
	<u>2,317,606</u>	<u>1,754,920</u>	<u>6,471,126</u>	<u>1,896,704</u>	<u>56,236</u>	<u>2,502,363</u>	<u>1,096,124</u>	<u>16,095,079</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION	<u>14,649,516</u>	<u>(1,483,914)</u>	<u>(2,829,415)</u>	<u>(516,151)</u>	<u>(56,236)</u>	<u>416,965</u>	<u>(212,044)</u>	<u>9,968,721</u>
Amortization	61,231	168,536	3,653,179	286,593	-	174,256	116,584	4,460,379
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u><u>14,588,285</u></u>	<u><u>(1,652,450)</u></u>	<u><u>(6,482,594)</u></u>	<u><u>(802,744)</u></u>	<u><u>(56,236)</u></u>	<u><u>242,709</u></u>	<u><u>(328,628)</u></u>	<u><u>5,508,342</u></u>

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipal District of Taber (the “Municipal District”) are the representations of management prepared in accordance with the Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. 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 changes in the 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 Municipal District Council for the administration of their financial affairs and resources. Included with the Municipal District is the following:

Regional Fire Authority

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 consolidated 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 tangible capital assets are acquired.

1. SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

c) Measurement Uncertainty (Use of Estimates)

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenue and expense during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow-moving and obsolete inventory. Gravel inventory is recognized based on estimated yards of gravel. Amortization is based on the estimated useful lives of tangible capital assets.

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.

f) Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Costs include costs for land acquisition and improvements such as clearing, stripping, and leveling charges to prepare the land for services. 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

g) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

h) 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 cove and landscaping, as well as surface and groundwater 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 consolidated financial statements.

i) 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 are the result of a direct financial return.

Government transfers are recognized in the consolidated 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.

j) Segments

The Municipal District conducts its operations through reportable segments in the form of departments as listed on the statement of operations. These segments are established by management to facilitate the achievement of the Municipal District's long-term objectives to aid in resource allocation decisions, and to assess operational performance. Interdepartmental and organizational transactions and balances are eliminated.

Information on segments has been disclosed in Schedule 6 – Schedule of Segmented Disclosure.

1. SIGNIFICANT ACCOUNTING POLICIES(continued from previous page)

k) 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 for the year.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all the amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset 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		25-80
ENGINEERED STRUCTURES		
WATER SYSTEM	2%-3%	
WASTEWATER 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. Inventory for Consumption

Inventory held for consumption is recorded at the lower of cost and replacement cost.

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2022**

2. CASH AND TEMPORARY INVESTMENTS

	<u>2022</u>	<u>2021</u>
Cash	\$ 713,576	\$ 778,058
Temporary Investments	<u>50,261,562</u>	<u>49,552,847</u>
	<u>\$ 50,975,138</u>	<u>\$ 50,330,905</u>

Temporary investments are term deposits and demand deposit accounts, with notice of 31 days and 90 days required in order to access funds, with interest rates ranging from 3.72% to 5.18%, as well as a bank account, with interest rates of prime minus 1.65%.

Council has designated funds of \$19,620,110 (2021 - \$17,320,571) included in the above amounts for equipment replacement.

Included in cash and temporary investments is a restricted amount of \$21,135,787 (2021 – \$23,021,003) received from senior levels of government and held exclusively for capital projects (Note 6).

3. RECEIVABLES

Taxes and grants in place of taxes receivables

	<u>2022</u>	<u>2021</u>
CURRENT TAXES AND GRANTS IN PLACE OF TAXES	\$ 500,547	\$ 1,332,314
ARREARS TAXES	<u>61,285</u>	<u>1,907,626</u>
	561,832	3,239,940
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	<u>(19,639)</u>	<u>(2,573,512)</u>
	<u>542,193</u>	<u>666,428</u>

Other receivables

	<u>2022</u>	<u>2021</u>
TRADE AND OTHER ACCOUNTS RECEIVABLES	\$ 2,252,786	\$ 941,720
GOODS AND SERVICES TAX RECEIVABLE	<u>2,277</u>	<u>48,892</u>
	2,255,063	990,612
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	<u>(12,334)</u>	<u>(12,335)</u>
	<u>2,242,729</u>	<u>978,277</u>
	<u>\$ 2,784,922</u>	<u>\$ 1,644,705</u>

Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2022

4. LONG-TERM INVESTMENTS

	<u>2022</u>	<u>2021</u>
CO-OP Equity	\$ 31,888	\$ 31,672
U.F.A. Equity	<u>4,116</u>	<u>4,116</u>
	<u>\$ 36,004</u>	<u>\$ 35,788</u>

5. OTHER FINANCIAL ASSETS

	<u>2022</u>	<u>2021</u>
Alberta School Requisition (Over)/Under-levy	\$ 6,108	\$ 54,044
Designated Industrial Property (Over)/Under-levy	25	202
Taber Seniors Foundation (Over)/Under-levy	<u>3,539</u>	<u>8,803</u>
	<u>\$ 9,672</u>	<u>\$ 63,049</u>

6. DEFERRED REVENUE

	<u>2022</u>	<u>2021</u>
Federal Gas Tax Fund	\$ 159,334	\$ 427,512
Alberta Community Partnership – Inter-municipal	138,750	-
Alberta Community Partnership – Strategic Initiative	108,753	-
Municipal Sustainability Initiative	-	1,543,643
Town of Taber – Horsefly Regional Spillway	20,693	20,693
Regional Collaboration Program	<u>20,708,257</u>	<u>21,029,155</u>
	<u>\$ 21,135,787</u>	<u>\$ 23,021,003</u>

Funding in the amount of \$406,837 was received in the current year and \$20,728,950 was carried forward from 2021 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 2025. Unexpended funds related to the advance are supported by cash and temporary investments of \$21,135,787 held exclusively for these projects (refer to Note 2).

7. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2022</u>	<u>2021</u>
Vacation	\$ 302,833	\$ 236,691
Overtime	<u>36,568</u>	<u>35,771</u>
	<u>\$ 339,401</u>	<u>\$ 272,462</u>

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2022**

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>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 192,089	\$ 158,065
Net revenue of land held for resale subdivided and sold	21,236	33,075
Investment income	4,697	949
Community enhancement expenditures	<u>-</u>	<u>-</u>
	<u>\$ 218,022</u>	<u>\$ 192,089</u>

9. CONTAMINATED SITES LIABILITY

On January 1, 2015, the Municipality adopted PS3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustment to the financial liabilities, tangible capital assets, or accumulated surplus of the Municipal District.

As at December 31, 2022, the Municipal District does not have any contaminated sites and as such, no liability has been accrued in these consolidated financial statements.

10. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Alberta Municipal Financing Corporation debenture debt bearing interest at rates ranging from 5.75% to 5.875% per annum maturing in periods from 2024 through 2028	\$ 1,013,962	\$ 1,356,427
Less principal portion due within one year	<u>362,222</u>	<u>342,465</u>
	<u>\$ 651,740</u>	<u>\$ 1,013,962</u>

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2022**

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	362,222	58,780	421,002
2024	383,118	37,883	421,001
2025	61,519	15,781	77,300
2026	65,133	12,167	77,300
2027	68,959	8,341	77,300
THEREAFTER	<u>73,011</u>	<u>4,289</u>	<u>77,300</u>
	<u>\$ 1,013,962</u>	<u>\$ 137,241</u>	<u>\$ 1,151,203</u>

Interest on long-term debt amounted to \$66,265 (2021 – \$85,612).

The Municipal District's total cash payments for interest in 2022 were \$78,536 (2021 – \$97,215).

11. 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>2022</u>	<u>2021</u>
Total debt limit	\$ 34,640,234	\$ 35,106,783
Less total debt	<u>1,013,962</u>	<u>1,356,427</u>
Amount total debt limit unused	<u>\$ 33,626,272</u>	<u>\$ 33,750,356</u>
Service on debt limit	\$ 5,773,372	\$ 5,851,131
Less service on debt	<u>421,002</u>	<u>421,002</u>
Amount service on debt limit unused	<u>\$ 5,352,370</u>	<u>\$ 5,430,129</u>

The debt limit is calculated at 1.5 times the 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 additional debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the consolidated financial statements must be interpreted as a whole.

12. CONTRACTUAL LIABILITIES

The Municipal District of Taber has entered into a contractual agreement for the management of a multi-year capital project, of which ownership will transfer at the end of the project to the St. Mary River Irrigation District at the completion of the project. The estimated completion cost of phase 1 of this project totals \$27,331,000 which is being

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2022**

funded through various federal government and provincial government grants, along with contributions from other municipal project partners. Total costs incurred for the project as at December 31, 2022 were \$2,397,360.

13. TANGIBLE CAPITAL ASSETS

Net Book Value	<u>2022</u>	<u>2021</u>
Land	\$ 50,642,879	\$ 50,642,879
Land Improvements	2,003,295	1,604,253
Buildings	10,764,668	10,785,751
Engineered Structures		
Roadway system	46,819,735	47,368,966
Roadway system – construction-in-progress	3,296,182	927,732
Water distribution system	4,696,475	4,858,201
Wastewater treatment system	2,515,487	2,581,965
Communication System	221,991	245,654
Machinery, equipment and furnishings	9,208,631	8,453,436
Vehicles	<u>2,320,315</u>	<u>2,463,474</u>
	<u>\$ 132,489,658</u>	<u>\$ 129,932,311</u>

14. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets (Schedule 2)	\$ 217,259,479	\$ 210,520,927
Accumulated amortization (Schedule 2)	(84,769,821)	(80,588,616)
Long-term debt (Note 11)	<u>(1,013,962)</u>	<u>(1,356,427)</u>
	<u>\$ 131,475,696</u>	<u>\$ 128,575,884</u>

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2022**

15. ACCUMULATED SURPLUS

	<u>2022</u>	<u>2021</u>
Unrestricted surplus	\$ 9,909,435	\$ 10,000,444
Internally restricted surplus		
Operating reserves		
General municipal	1,125,588	925,588
Road building/maintenance	1,875,809	1,875,809
Major projects	2,145,221	2,145,221
Taber airport	29,706	29,706
Recreation	502,063	502,063
Landfill	273,880	273,880
Bridges	922,782	722,782
Water	160,000	160,000
Capital reserves		
Computer	417,329	487,860
Fire	1,881,333	1,135,601
General equipment	5,996,199	6,056,827
General land / buildings	6,715,269	6,353,119
Water	958,132	365,378
A.S.B.	1,193,244	669,985
Recreation	324,354	275,740
Land development	2,010,800	1,976,061
Land trust	123,450	-
Equity in tangible capital assets	<u>131,475,696</u>	<u>128,575,884</u>
	<u>\$ 168,040,290</u>	<u>\$ 162,531,948</u>

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2022**

16. 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:

Councilors	2022			2021
	Salary ¹	Benefits & allowances ²	Total	Total
Division 1	\$ 23,075	\$ 8,750	\$ 31,825	\$ 31,132
Division 2	27,607	9,008	36,615	30,140
Division 3 (9 months)	-	-	-	15,515
Division 3	23,133	8,753	31,886	6,679
Division 4	22,989	8,744	31,733	26,382
Division 5 (9 months)	-	-	-	23,824
Division 5	22,787	8,733	31,520	7,182
Division 6	18,515	8,490	27,005	24,595
Division 7 (9 months)	-	-	-	12,511
Division 7	19,092	8,522	27,614	4,870
CAO ³	191,365	36,945	228,310	216,631
Designated officer (contract)	179,333		179,333	175,667

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 moving allowances.

17. 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 Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2022**

The Municipal District of Taber is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.8% on pensionable earnings above this amount.

Total current service contributions by the Municipal District of Taber to the LAPP in 2022 were \$390,039 (2021 - \$397,045). Total current service contributions by the employees of the Municipal District of Taber to the LAPP in 2022 were \$351,735 (2021 - \$360,115).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 billion (2020 - \$5.0 billion).¹

18. APEX SUPPLEMENTARY PLAN

The APEX supplementary pension plan, an Alberta Urban Municipalities Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pensions Plan Act, commenced on January 1, 2003, and provides supplementary pension benefits to a prescribed class of employees. The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the Municipal District of Taber. Employees and the Municipal District of Taber are required to make current service contributions to APEX of 2.61% (2021 - 2.61%) and 3.85% (2021 - 3.85%) respectively of pensionable earnings up to \$180,470 (2021 - \$162,278).

Total current service contributions by the Municipal District of Taber to APEX in 2022 were \$34,928 (2021 - \$34,776). Total current service contributions by the employees of the Municipal District of Taber to APEX in 2022 were \$23,679 (2021 - \$23,307).

19. 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 consolidated financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

¹Local Authorities Pension Plan. (2022). *2021 LAPP Annual Report*. Retrieved March 14, 2023, from <https://www.lapp.ca/page/annual-reports>

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2022**

20. 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 Municipal District 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 Municipal District.

21. CONTRACTUAL RIGHTS

The Municipal District of Taber has entered into several land rent and oil lease agreements with various third parties. These agreements are individually insignificant. The timing and extent of future revenues from each agreement varies based on its terms. Revenue from land rent and oil leases for 2022 was \$2,704,186 (2021 – \$1,869,370).

22. RELATED PARTIES

During the year, the Municipal District of Taber carried out transactions with related parties. The Municipal District is related to two Water Commissions due to membership in the Commissions. The transactions have been carried out at the exchange amount as agreed to by the related parties. The accounts receivable, account payables, user fees, and sales of goods included amounts from related parties as follows:

	<u>2022</u>	<u>2021</u>
Accounts Payable		
Highway 3 Regional Water Services Commission	\$ 13,613	\$ 13,730
Vauxhall & District Regional Water Services Commission	<u>16,878</u>	<u>15,702</u>
	<u>\$ 30,491</u>	<u>\$ 29,432</u>
User fees and sales of goods		
Highway 3 Regional Water Services Commission	\$ 262,725	\$ 250,900
Vauxhall & District Regional Water Services Commission	<u>262,725</u>	<u>250,900</u>
	<u>\$ 525,450</u>	<u>\$ 501,800</u>

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2022**

23. FINANCIAL INSTRUMENTS

The Municipal District'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 Municipal District 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 Municipal District provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimize the credit risk.

In addition, substantially all of the Municipal District's cash is held with one bank, thereby exposing the Municipal District to the risk of this financial institution.

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

24. BUDGET INFORMATION

The disclosed budget information was approved by the Reeve and Council of the Municipal District of Taber on November 22, 2021.

25. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Council and Management approved these consolidated financial statements.

26. COMPARATIVE INFORMATION

The consolidated financial statements have been reclassified where applicable to conform to the current year's presentation. The changes do not affect prior-year operations.