

TOWN OF TABER
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2008

TOWN OF TABER
TABLE OF CONTENTS
December 31, 2008

AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES	3
CONSOLIDATED STATEMENT OF CASH FLOWS	4
CONSOLIDATED STATEMENT OF OPERATING FUND	5
CONSOLIDATED STATEMENT OF CAPITAL FUND	6
CONSOLIDATED STATEMENT OF RESERVES	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 18
SCHEDULE OF CONSOLIDATED EQUITY IN CAPITAL ASSETS	19
SCHEDULE OF TAXES LEVIED AND NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES	20
SCHEDULE OF CONSOLIDATED GOVERNMENT TRANSFERS	21
SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT	21



KPMG LLP
Chartered Accountants
500 Lethbridge Centre Tower
400 - 4th Avenue South
Lethbridge AB T1J 4E1
Canada

Telephone (403) 380-5700
Fax (403) 380-5760
Internet www.kpmg.ca

AUDITORS' REPORT

To the Mayor and Members of Council

Town of Taber

We have audited the consolidated statement of financial position of the Town of Taber as at December 31, 2008 and the consolidated statements of financial activities and consolidated cash flows for the year then ended. These financial statements are the responsibility of the Municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2008 and the results of its financial activities and its cash flows for the year then ended in accordance with Canadian Generally Accepted Accounting Principles.

KPMG LLP

Chartered Accountants

Lethbridge, Canada
February 27, 2009

TOWN OF TABER
Consolidated Statement of Financial Position
As at December 31, 2008

	2008	2007
ASSETS		
Financial assets		
Cash and temporary investments (note 2)	\$ 6,841,159	\$ 8,649,449
Taxes and grants in lieu receivable (note 3)	279,388	244,910
Trade and other receivables	2,265,873	1,547,447
Land held for resale	906,164	569,652
Long-term investments (note 4)	1,387,649	848,644
Debt charges recoverable (note 9)	196,809	218,600
Other financial assets	5,919	27,342
	11,882,961	12,106,044
Physical assets		
Inventory held for consumption	58,810	209,556
Capital assets (note 5)	99,879,902	93,691,697
	99,938,712	93,901,253
	\$ 111,821,673	\$ 106,007,297
LIABILITIES AND MUNICIPAL POSITION		
Liabilities		
Accounts payable and accrued liabilities	\$ 919,618	\$ 698,403
Employee benefit obligations (note 6)	285,225	280,560
Deposit liabilities	660,528	422,855
Deferred revenue (note 7)	901,889	2,514,834
Provision for landfill post-closure costs	405,452	364,548
Long-term debt (note 9)	1,691,597	1,767,129
	4,864,309	6,048,329
Municipal position		
Operating fund (note 11)	1,320,009	1,488,756
Capital fund	-	-
Reserves (note 12)	7,252,241	6,327,044
	8,572,250	7,815,800
Equity in capital assets (note 13)	98,385,114	92,143,168
	106,957,364	99,958,968
Contingent liabilities (note 17)		
	\$ 111,821,673	\$ 106,007,297

TOWN OF TABER

Consolidated Statement of Financial Activities and Change in Fund Balances For the year ended December 31, 2008

	Budget (Unaudited)	2008	2007
Revenues			
Net taxes available for municipal purposes	\$ 5,994,685	\$ 6,011,789	\$ 5,577,270
Sales and user fees	6,676,284	6,292,775	5,155,548
Government transfers	14,415,183	5,057,370	5,131,518
Penalties and costs of taxes	64,000	93,248	56,389
Fines	166,200	187,160	211,779
Franchise and concession contracts	908,381	896,942	826,589
Investment income	4,642	385,958	461,951
Licenses and permits	257,600	323,847	286,900
Rentals	507,260	519,366	520,973
Proceeds on disposal of capital assets	-	31,058	20,050
Other	4,329,430	597,218	1,063,320
	33,323,665	20,396,731	19,312,287
Expenditures			
Council and other legislative	279,331	246,725	187,875
General administration	1,361,962	1,300,670	1,057,309
Police	1,988,690	1,937,457	1,830,098
Fire	569,054	533,464	536,142
Disaster	8,875	1,256	1,020
Ambulance	930,280	844,862	786,537
Bylaw	123,946	133,947	112,552
Roads, walks and street lighting	4,652,694	4,274,054	5,025,694
Public transit	31,262	33,546	31,262
Airport	-	-	20,766
Stormwater	9,237,549	920,039	145,666
Water supply and distribution	1,013,246	1,263,010	1,067,163
Wastewater treatment and disposal	16,057,300	1,582,907	1,415,542
Waste management	1,423,312	1,445,030	1,158,661
Family and community support	46,305	46,305	44,108
Cemeteries	86,102	99,313	73,370
Land use planning, zoning and development	360,735	356,750	257,376
Subdivision land and development	868,362	288,835	1,481,407
Public housing	35,727	35,042	35,083
Land, housing and building rentals	116,776	120,316	135,610
Parks and recreation	3,584,833	3,540,153	2,090,365
Library	564,963	582,859	1,211,618
	43,341,304	19,586,540	18,705,224
Excess (deficiency) of revenue over expenditures	(10,017,639)	810,191	607,063
Proceeds on long-term debt	9,125,797	-	-
Repayment of long-term debt	(53,742)	(53,741)	(51,471)
Change in fund balances	(945,584)	756,450	555,592
Fund balances, beginning of year	7,815,800	7,815,800	7,260,208
Fund balances, end of year	\$ 6,870,216	\$ 8,572,250	\$ 7,815,800

TOWN OF TABER**Consolidated Statement of Cash Flows
For the year ended December 31, 2008**

	2008	2007
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures	\$ 810,191	\$ 607,063
Change in non-cash financial assets and liabilities:		
Taxes and grants in lieu receivable	(34,478)	(45,243)
Trade and other receivables	(718,426)	(155,259)
Other financial assets	21,423	(8,682)
Land held for resale	(336,512)	5,787
Debt charges recoverable	21,791	20,485
Inventory held for consumption	150,746	(140,062)
Accounts payable and accrued liabilities	221,215	(149,125)
Employee benefit obligations	4,665	38,413
Deposit liabilities	237,673	306,160
Deferred revenue	(1,612,945)	311,976
Provision for landfill post-closure costs	40,904	77,907
	(1,193,753)	869,420
Cash flows from investing activities		
(Purchase) disposal of:		
Long-term investments	(539,005)	1,024,198
Cash flows from financing activities		
Repayment of long-term debt	(75,532)	(71,955)
	(75,532)	(71,955)
Net increase (decrease) in cash	(1,808,290)	1,821,663
Cash and cash equivalents, beginning of year	8,649,449	6,827,786
Cash and cash equivalents, end of year	\$ 6,841,159	\$ 8,649,449

TOWN OF TABER

Consolidated Statement of Operating Fund For the year ended December 31, 2008

	Budget (Unaudited)	2008	2007
Revenues			
Net taxes available for municipal purposes	\$ 5,994,685	\$ 6,011,789	\$ 5,577,270
Sales and user fees	6,676,284	6,292,775	5,155,548
Government transfers	1,509,467	1,523,695	1,223,058
Penalties and costs of taxes	64,000	93,248	56,389
Fines	166,200	187,160	211,779
Franchise and concession contracts	908,381	896,942	826,589
Investment income	4,400	9,490	9,736
Licenses and permits	257,600	323,847	286,900
Rentals	507,260	519,366	520,973
Other	168,430	234,311	225,342
	16,256,707	16,092,623	14,093,584
Expenditures			
Council and other legislative	279,331	246,725	187,875
General administration	1,191,962	1,181,430	1,045,249
Police	1,902,690	1,852,646	1,733,160
Fire	479,054	430,557	402,764
Disaster	8,875	1,256	1,020
Ambulance	800,280	844,862	786,537
Bylaw	123,946	133,947	112,552
Roads, walks and street lighting	1,436,859	1,508,874	1,135,847
Public transit	31,262	33,546	31,262
Airport	-	-	20,766
Stormwater	102,229	62,878	39,641
Water supply and distribution	1,013,246	1,263,010	1,050,115
Wastewater treatment and disposal	1,424,484	1,477,552	826,639
Waste management	1,193,462	1,215,180	1,158,661
Family and community support	46,305	46,305	44,108
Cemeteries	66,102	58,745	73,370
Land use planning, zoning and development	360,735	356,750	257,376
Subdivision land and development	123,432	102,430	142,729
Public housing	35,727	35,042	35,083
Land, housing and building rentals	116,776	120,316	99,910
Parks and recreation	1,681,567	1,535,596	1,489,122
Library	564,963	539,970	495,958
	12,983,287	13,047,617	11,169,744
Excess of revenue over expenditures	3,273,420	3,045,006	2,923,840
Net inter-fund transfers			
Repayment of long-term debt	(53,742)	(53,741)	(51,471)
To capital fund	(2,416,566)	(2,320,552)	(2,348,875)
To reserves	(803,112)	(839,460)	(175,445)
Change in fund balance	-	(168,747)	348,049
Fund balance, beginning of year	1,488,756	1,488,756	1,140,707
Fund balance, end of year	\$ 1,488,756	\$ 1,320,009	\$ 1,488,756

TOWN OF TABER
Consolidated Statement of Capital Fund
For the year ended December 31, 2008

	Budget (Unaudited)	2008	2007
Revenues			
Government transfers	\$ 12,905,716	\$ 3,533,675	\$ 3,908,460
Investment income	242	376,468	452,215
Proceeds on disposal of capital assets	-	31,058	20,050
Other	4,161,000	362,907	837,978
	17,066,958	4,304,108	5,218,703
Expenditures			
General administration	170,000	119,240	12,060
Police	86,000	84,811	96,938
Fire	90,000	102,907	133,378
Ambulance	130,000	-	-
Roads, walks and street lighting	3,215,835	2,765,180	3,889,847
Stormwater	9,135,320	857,161	106,025
Water supply and distribution	-	-	17,048
Wastewater treatment and disposal	14,632,816	105,355	588,903
Waste management	229,850	229,850	-
Cemeteries	20,000	40,568	-
Subdivision land and development	744,930	186,405	1,338,678
Land, housing and building rentals	-	-	35,700
Parks and recreation	1,903,266	2,004,557	601,243
Library	-	42,889	715,660
	30,358,017	6,538,923	7,535,480
Deficiency of revenue over expenditures	(13,291,059)	(2,234,815)	(2,316,777)
Net inter-fund transfers			
Proceeds on long-term debt	9,125,797	-	-
From operating fund	2,416,566	2,320,552	2,348,875
From (to) reserves	1,748,696	(85,737)	(455,444)
Change in fund balance	-	-	(423,346)
Fund balance, beginning of year	-	-	423,346
Fund balance, end of year	\$ -	\$ -	\$ -

TOWN OF TABER
Consolidated Statement of Reserves
As at December 31, 2008

	Budget (Unaudited)	2008	2007
Balance, beginning of year	\$ 6,327,044	\$ 6,327,044	\$ 5,696,155
Add (deduct)			
Transfer from operating fund	803,112	839,460	175,445
Transfer from (to) capital fund	(1,748,696)	85,737	455,444
	(945,584)	925,197	630,889
Balance, end of year	5,381,460	7,252,241	6,327,044

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2008

1. Significant Accounting Policies

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

(a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change 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 Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources. Included with the town are the following:

Taber Public Library
Taber Police Commission

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the Town.

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

(b) Basis of accounting:

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, provided the transfers are authorized, the town has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(d) Fund accounting:

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Proceeds from subdivision development land sales are recorded as operating fund revenues.

TOWN OF TABER

Notes to Consolidated Financial Statements

For the year ended December 31, 2008

(e) 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.

(f) Debt charges recoverable:

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

(g) Inventories:

Inventories of materials and supplies are valued at the lower of cost or net realizable value with cost determined by the first-in first-out method.

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks, and street lighting are recorded as capital assets under their respective function.

(h) Capital assets:

Capital assets are reported as expenditures in the period they are acquired.

Capital assets are reported at cost except for donated assets, which are recorded at estimated fair value when acquired.

Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the related physical asset costs.

Capital assets for government services are not depreciated.

(i) Requisition over-levy and under-levy:

Over-levies and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where that actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

TOWN OF TABER

Notes to Consolidated Financial Statements

For the year ended December 31, 2008

(j) Deferred revenue and prepaid local improvement charges:

Deferred revenue includes amounts received for services yet to be performed and prepaid local improvement charges.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessment during the period of related borrowings. These levies are collectable from property owners for work performed by the Town.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

(k) Landfill closure and post-closure liability:

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The landfill site has been closed.

(l) Operating fund:

Operating fund represents the amounts available to offset future operational revenue requirements (or the shortfall which will be financed from future operational revenues).

(m) Capital fund:

Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.

(n) Reserve fund:

Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and/or from the reserve fund are reflected as an adjustment to the respective fund.

(o) Equity in capital assets:

Equity in capital assets represents the Town's net investment in its total capital assets, after deducting the portion financed by third parties through debenture, bond and mortgage debts, long-term borrowings, capitalized leases, and other capital liabilities which will be repaid by the municipality.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2008

2. Cash and temporary investments

	2008	2007
Cash	\$ 486,823	\$ 5,698,970
Temporary investments (market value 2008 - \$6,496,721; 2007 - \$2,975,928)	6,354,336	2,950,479
	\$ 6,841,159	\$ 8,649,449

The temporary investments are comprised of short-term deposits issued by either a Canadian province or Canadian financial institution. These investments mature between January 12, 2009 to October 8, 2009.

Included in temporary investments is a restricted amount of \$460,163 received from New Deal for Cities and Communities and held exclusively for capital projects (note 7).

3. Taxes and grants in lieu receivable

	2008	2007
Current taxes and grants in place of taxes	\$ 210,701	\$ 192,246
Tax arrears	68,687	52,664
	\$ 279,388	\$ 244,910

4. Long-term investments

	2008		2007	
	Cost	Market Value	Cost	Market Value
Guaranteed Investment Certificates	\$ 1,383,269	\$ 1,428,950	\$ 844,510	\$ 868,991
Patronage reserves - United Farmers of Alberta	3,184	3,184	2,984	2,984
Equity in Association of Alberta Municipal Districts and Counties	1,156	1,156	1,110	1,110
Shares in Alberta Capital Finance Authority	40	40	40	40
	\$ 1,387,649	\$ 1,433,330	\$ 848,644	\$ 873,125

Guaranteed Investment Certificates have effective interest rates of 4.51% to 4.99% (2007 - 4.15% to 4.85%) with maturity dates from August 3, 2010 to June 17, 2013.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2008

5. Capital assets

	2008	2007
Land	\$ 876,701	\$ 876,701
Buildings	19,530,097	17,678,185
Engineering structures	71,592,190	67,642,218
Machinery, equipment and furnishings	5,305,887	5,084,430
Vehicles	2,575,027	2,410,163
	-	-
	\$ 99,879,902	\$ 93,691,697

Effective January 1, 2007 the Town adopted the Accounting Guideline 7 (PSG - 7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants (CICA) with respect to the disclosure of tangible capital assets of local governments. PSG - 7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect January 1, 2009.

During 2008, the Town continued to work towards compliance with the new accounting standards for tangible capital assets. As of December 31, 2008, the Town has identified major classes of assets. Also, a complete listing of assets and values for all asset classes is completed and the Town expects to be in a position to comply with the new accounting requirements January 1, 2009.

As of December 31, 2008, there is no amortization presented in the notes to the financial statements. Amortization is not recorded as an expense. Amortization for all applicable tangible capital assets is expected to be presented in the 2009 financial statements.

6. Employee benefit obligations

	2008	2007
Vacation and overtime entitlements	\$ 285,225	\$ 280,560

The vacation and overtime 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.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2008

7. Deferred revenue

	2008	2007
Prepaid property taxes	\$ 18,452	\$ 18,514
Prepaid local improvement charges	2,910	4,214
Provincial conditional grants	771,322	2,383,211
Revenues from services not yet provided	109,205	108,895
	<hr/>	<hr/>
	\$ 901,889	\$ 2,514,834

Deferred provincial conditional grants include:

- New Deal for Cities and Communities advanced funding in the amount of \$463,064. The Town earned \$16,758 of restricted interest on these funds. These funds are restricted to be used on eligible approved capital projects, as approved under the funding agreement, which are scheduled for completion in 2009. During the year, the Town spent \$19,659 of these restricted funds. The remaining balance of \$460,163 has been deferred. The balance is supported by temporary investments held exclusively for these projects (Note 2).
- Municipal Sustainability Initiative advanced funding in the amount of \$754,146. The Town earned \$7,347 of restricted interest on these funds. These funds are restricted to be used on eligible approved capital projects, as approved under the funding agreement, which are scheduled for completion in 2009. During the year, the Town spent \$620,692 of these restricted funds. The remaining balance of \$140,801 has been deferred.
- The remaining balance is made up of various restricted provincial funding received for specific projects, which had not yet been completed at year-end.

8. Provision for landfill post-closure costs

Alberta Environmental law requires closure and post-closure of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and on-going environmental monitoring, site inspections and maintenance.

The estimated total liability of \$405,452 for 2008 (2007 - \$364,548) is based on the sum of discounted future cash flows for post-closure activities for 21 years (2007 - 22 years) using a discount rate of 3.2% (2007 - 4.6%) and assuming annual inflation of 5.0% (2007 - 5.0%).

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

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2008

9. Long-term debt

	2008	2007
Debt issued for construction of library building	\$ 1,494,788	\$ 1,548,530
Self-supported debentures from debt charges recoverable	196,809	218,599
	\$ 1,691,597	\$ 1,767,129
Current portion	\$ 79,293	\$ 75,532

	Principal	Interest	Total
2009	\$ 79,293	\$ 77,188	\$ 156,481
2010	83,247	73,234	156,481
2011	87,404	69,077	156,481
2012	91,776	64,705	156,481
2013	96,373	60,108	156,481
Thereafter	1,253,504	387,760	1,641,264
	\$ 1,691,597	\$ 732,072	\$ 2,423,669

The Town is under agreement with the Taber & District Housing Authority for the repayment of a debenture to construct seniors housing in the community. The full principal and interest costs for the debenture are recovered from the Housing Authority.

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at a rate of 4.365% and 6.375% and matures in 2026 and 2015.

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

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 Town be disclosed as follows:

	2008	2007
Total debt limit	\$ 25,420,340	\$ 23,227,286
Total debt	(1,691,597)	(1,767,129)
Amount of debt limit unused	\$ 23,728,743	\$ 21,460,157
Debt servicing limit	\$ 4,236,723	\$ 3,871,214
Debt servicing	(156,481)	(156,481)
Amount of debt servicing limit unused	\$ 4,080,242	\$ 3,714,733

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

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2008

11. Operating fund

	2008	2007
General government operations	\$ 1,223,021	\$ 1,397,415
Taber Public Library	96,988	91,341
	\$ 1,320,009	\$ 1,488,756

12. Reserves

Reserves for operating and capital activities changed as follows:

	Opening	Transfers in	Transfers out	Ending Balance
Off street parking	\$ 6,700	\$ -	\$ -	\$ 6,700
General operating	589,509	878,000	-	1,467,509
Continuing projects	424,785	-	64,950	359,835
Summer games	10,873	-	10,873	-
Police commission	32,282	13,250	-	45,532
Health and safety	30,836	27,696	3,663	54,869
General capital	203,744	-	42,890	160,854
Infrastructure	1,820,779	1,457,284	1,017,805	2,260,258
Buildings	834,100	602,742	1,164,906	271,936
Equipment	921,900	265,081	99,515	1,087,466
Land	576,559	630,953	750,000	457,512
Vehicles	451,722	294,270	490,427	255,565
Funds held in place of municipal reserves	76,042	116,463	-	192,505
Development levy	347,213	284,487	-	631,700
	\$ 6,327,044	\$ 4,570,226	\$ 3,645,029	\$ 7,252,241

13. Equity in capital assets

	2008	2007
Capital assets	\$ 99,879,902	\$ 93,691,697
Long -term debt	(1,691,597)	(1,767,129)
Debt charges recoverable	196,809	218,600
	\$ 98,385,114	\$ 92,143,168

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2008

14. Trust funds

The Town administers the following trusts:

	2007	Increases	Decreases	2008
Community trust	\$ 90,809	\$ 3,598	\$ -	\$ 94,407
Tax sale trusts	25,841	595	9,849	16,587
Transfer station trust	108,102	-	74,879	33,223
Amulance and fire trust	8,794	-	8,794	-
Emergency PAD trust	18,367	-	17,527	840
Munishare trust	120,546	-	120,546	-
Police trust	-	7,523	-	7,523
	<u>\$ 372,459</u>	<u>\$ 11,716</u>	<u>\$ 231,595</u>	<u>\$ 152,580</u>

These amounts are not reflected in the financial statements.

15. 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:

	2008		2007	
	Salary ⁽¹⁾	Benefits & Allowances ^(2,3)	Total	Total
Members of Council				
Mayor R. Bryant	30,875	905	31,780	18,716
Councillors:				
A. Andres	18,000	180	18,180	2,739
G. Bekkering	18,875	245	19,120	13,350
L. Joblonkay	-	-	-	9,991
J. Papp	18,875	529	19,404	13,314
M. Rochelle	18,875	278	19,153	13,407
T. Sargeant	18,750	528	19,278	12,353
R. Sparks	-	-	-	9,991
L. Tams	18,000	500	18,500	2,739
Chief Administrative Officer	120,926	19,657	140,583	132,461

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances figures include the Town's share of all employee benefits and contributions or payments made on behalf of the employee.

(3) Benefits and allowances figures also include the Town's share of the costs of additional taxable benefits including travel allowances and car allowances.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2008

16. Pension plans

Employees of the Town qualify to belong to one of the following defined-benefits pension plans:

(a) Local Authorities Pension Plan

The Town participates in a multi-employer defined benefit pension plan. The plan is accounted for as a defined contribution plan.

Employees of the Town, with the exception of police officers, participate in the Local Authorities Pension Plan ("LAPP"), which is covered by the Public Sector Pension Plans Act. The LAPP serves 179,188 people and 407 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP fund.

The Town is required to make current service contributions to the LAPP of 7.75% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.64% on pensionable earnings.

Total current service contributions by the Town to LAPP in 2008 were \$199,016 (2007 - \$202,969). Total current service contributions by the employees of the Town to LAPP in 2008 were \$175,580 (2007 - \$179,919).

At December 31, 2008 the Plan disclosed an actuarial deficit of \$4,414.0 million (2007 deficit of \$1,183.3 million).

(b) Special Forces Pension Plan

Police officers employed by the Town, excluding management, participate in the Special Forces Pension Plan (SFPP), a multi-employer plan covered by the Alberta Public Sector Pension Plans Act. The plan serves about 5,286 people and 7 employers in Alberta. The plan is financed by employer and employee contributions and investment earnings of the SFPP funds.

The Town is required to make current service contributions to the SFPP of 10.01% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.11% on pensionable earnings.

Total current service contributions by the Town to SFPP in 2008 were \$107,145 (2007 - \$97,312). Total current service contributions by the police officers of the Town to SFPP in 2008 were \$96,537 (2007 - \$87,677).

At December 31, 2008 the SFPP Plan disclosed an actuarial deficit of \$430.0 million (2007 - deficit of \$78.7 million).

17. Contingent liabilities

(a) The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Town could become liable for its proportionate share of any claims 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.

(b) The Town has been jointly named as a defendant in a class action lawsuit regarding the Town's participation in a pension plan administered by the Alberta Pension Authority. The success of the class action is unknown and any liability amount against the Town is currently indeterminable.

TOWN OF TABER

Notes to Consolidated Financial Statements

For the year ended December 31, 2008

17. Contingent liabilities (continued)

- (c) The Town owns properties that may contain environmental contamination and may require site reclamation. The existence of such contamination and the cost of any obligation to remediate such contamination is undeterminable. As such no liability is reflected in the financial statements.

18. Commitments

During the year, the Town entered into an agreement with a service provider to construct, operate and finance the upgrade and operation of its Water, Wastewater and certain Stormwater functions. The term of the agreement is for 20 years from the effective date, with an option to extend the contract for an additional 10 year period. Under the terms of the agreement, the Town will transfer specific inventories held for consumption and capital assets related to the service provider, at a nominal amount.

Consideration to be paid for services as stipulated in the agreement includes:

- (a) an amortization fund, aggregating \$18,498,136, to be paid to the Operator by the Town in 240 consecutive monthly blended payments including interest at 6.5%. The Town is able to apply specific grant funding it receives to this fund to reduce the future payments required;
- (b) an operational component comprised of annual operating fees of approximately \$1,696,681 per annum, paid to the operator and adjusted annually for certain factors as outlined in the agreement;
- (c) a cost plus variable management fee component for any future capital additions required for operations.

Upon termination of the agreement, title of all related assets will transfer to the Town.

19. Financial instruments

The Town's financial instruments consist of cash and temporary investments, taxes and grants in lieu receivable, trade and other receivables, long-term investments, debt charges recoverable, accounts payable and accrued liabilities, employee benefit obligations, deposit liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risk arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in lieu receivable, and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimized the credit risk.

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

20. Approval of financial statements

These financial statements have been approved by Council and Management.

TOWN OF TABER

Schedule of Consolidated Equity in Capital Assets For the year ended December 31, 2008

	Budget (Unaudited)	2008	2007
Acquisition of capital assets:			
General administration	\$ 170,000	\$ 119,240	\$ 12,060
Police	86,000	84,811	96,938
Fire	90,000	102,907	133,378
Ambulance	130,000	-	-
Roads, walks and street lighting	3,215,835	2,765,180	3,889,847
Stormwater	9,135,320	857,161	106,025
Water supply and distribution	-	-	17,048
Wastewater treatment and disposal	14,632,816	105,355	588,903
Waste management	229,850	229,850	-
Cemeteries	20,000	40,568	-
Subdivision land and development	744,930	186,405	1,338,678
Land, housing and building rentals	-	-	35,700
Parks and recreation	1,903,266	2,004,557	601,243
Library	-	42,889	715,660
	30,358,017	6,538,923	7,535,480
Disposal of capital assets:			
Police	-	-	(28,530)
Ambulance	-	-	(29,500)
Roads, walks and street lighting	-	(203,184)	(129,385)
Airport	-	-	(28,249)
Water supply and distribution	-	(48,376)	(30,411)
Wastewater treatment and disposal	-	(72,908)	(87,550)
Parks and recreation	-	(26,250)	-
	-	(350,718)	(333,625)
Capital financing:			
Capital debt issued	-	-	-
Capital debt repaid from operating fund	53,742	53,741	51,471
Capital debt recovered from others	-	-	-
Changes in equity balance	30,411,759	6,241,946	7,253,326
Equity balance, beginning of year	92,143,168	92,143,168	84,889,842
Equity balance, end of year	\$ 122,554,927	\$ 98,385,114	\$ 92,143,168

TOWN OF TABER

Schedule of Taxes Levied and Net Taxes Available for Municipal Purposes For the year ended December 31, 2008

	Budget (Unaudited)	2008	2007
Taxation:			
Real property taxes	\$ 7,713,374	\$ 7,736,376	\$ 7,381,952
Linear property taxes	255,965	257,142	273,302
Government grants in place of property taxes	85,637	85,638	87,618
Local improvement taxes	32,072	32,071	32,104
	8,087,048	8,111,227	7,774,976
Requisition:			
Alberta School Foundation Fund	1,735,788	1,742,079	1,823,007
Holy Spirit School Division	306,851	307,348	325,292
Taber & District Housing Authority	49,724	50,011	49,407
	2,092,363	2,099,438	2,197,706
Net taxes available for municipal purposes	\$ 5,994,685	\$ 6,011,789	\$ 5,577,270

TOWN OF TABER**Schedule of Consolidated Government Transfers
For the year ended December 31, 2008**

	Budget	2008	2007
	(Unaudited)		
Federal transfers:			
Shared-cost agreements and grants	\$ 900	\$ 17,775	\$ 2,606
	900	17,775	2,606
Provincial transfers:			
Shared-cost agreements and grants	13,793,795	4,425,207	4,501,969
	13,793,795	4,425,207	4,501,969
Local government transfers:			
Shared-cost agreements and grants	620,488	614,388	626,943
	\$ 14,415,183	\$ 5,057,370	\$ 5,131,518

**Schedule of Consolidated Expenditures by Object
For the year ended December 31, 2008**

	Budget	2008	2007
	(Unaudited)		
Salaries, wages and benefits	\$ 5,997,882	\$ 5,883,501	\$ 5,808,944
Contracted and general services	5,234,661	4,634,154	2,779,261
Materials, goods and supplies	1,448,718	2,157,205	2,180,921
Transfers to local boards and agencies	173,736	173,073	171,060
Bank charges and short-term interest	3,000	3,348	2,817
Interest on long-term debt	80,949	80,161	83,688
Other expenditures	44,341	116,175	143,053
Capital assets acquired	30,358,017	6,538,923	7,535,480
	\$ 43,341,304	\$ 19,586,540	\$ 18,705,224