

Consolidated Financial Statements of

**TOWN OF TABER**

Year ended December 31, 2009

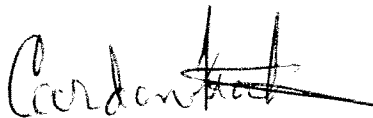
## Management's Responsibility for the Financial Statements

The accompanying financial statements of Town of Taber (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Town. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Town's financial statements.



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Chief Administrative Officer



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Director of Finance and Administration



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**Chartered Accountants**  
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## 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, 2009 and the consolidated statements of operations and accumulated surplus, changes in net financial assets (debt) and cash flows for the year then ended. These financial statements are the responsibility of the Town's management. 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 plan and perform an audit to obtain reasonable assurance whether the 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 financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2009 and the results of its operations, changes in net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian Generally Accepted Accounting Principles.

Chartered Accountants

Lethbridge, Canada  
June 11, 2010

# TOWN OF TABER

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2009, with comparative figures for 2008

	Budget (Unaudited)	2009	2008 (Restated – note 2)
<b>Revenue:</b>			
Net taxes available for municipal purposes (schedule)	\$ 6,402,007	\$ 6,404,507	\$ 6,011,789
Government transfers for operating (schedule)	1,372,292	1,304,063	1,523,695
Sales and user fees	7,510,915	6,980,317	6,292,775
Investment income	2,000	208,137	385,958
Penalties and costs of taxes	87,400	99,906	93,248
Admissions and rentals	533,625	585,605	519,366
Franchise and concessions contracts	908,000	855,312	896,942
Fines	179,680	231,661	187,160
Licenses and permits	260,790	201,863	323,847
Other	78,344	264,765	498,202
	17,335,053	17,136,136	16,732,982
<b>Expenses:</b>			
Council and other legislative	247,861	226,142	246,725
General government	1,301,191	1,309,797	1,293,863
Police	2,138,409	2,327,952	1,982,204
Fire	488,911	538,054	519,274
Disaster	8,076	4,389	1,256
Ambulance	990,455	1,183,831	876,387
Bylaw	129,887	148,457	137,649
Roads, walks and street lighting	1,710,705	3,974,500	5,068,321
Public transit	31,262	48,974	41,258
Storm water	138,413	407,643	176,468
Water supply and distribution	1,073,913	1,693,972	1,848,031
Waste water treatment and disposal	2,140,761	3,052,835	2,054,963
Waste management	1,215,490	1,204,229	1,266,393
Family and community support	50,054	49,663	46,305
Cemeteries	75,246	51,460	68,868
Land use planning, zoning and development	425,344	284,418	356,750
Subdivision, land and development	131,777	31,946	105,225
Land, housing and building rentals	241,024	252,771	151,859
Parks and recreation	1,789,599	2,111,495	1,795,543
Culture	632,134	686,109	601,257
	14,960,512	19,588,637	18,638,599
Excess (deficiency) of revenue over expenses before the undernoted	2,374,541	(2,452,501)	(1,905,617)
<b>Other:</b>			
Contributed assets	--	--	75,000
Government transfers for capital (schedule)	13,132,292	10,249,304	3,533,675
Loss on disposal of capital assets	--	(221,866)	(171,847)
Excess of revenue over expenses	15,506,833	7,574,937	1,531,211
Accumulated surplus, beginning of year	104,121,961	104,121,961	102,590,750
Accumulated surplus, end of year	\$119,628,794	\$111,696,898	\$104,121,961

The accompanying notes are an integral part of these financial statements.

# TOWN OF TABER

## Consolidated Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
		(Restated – note 2)
<b>Financial Assets:</b>		
Cash and temporary investments (note 3)	\$ 6,410,300	\$ 6,841,159
Taxes and grants in lieu receivable (note 4)	310,077	279,388
Trade and other receivables	1,431,522	2,285,067
Long-term investments (note 5)	1,439,686	1,387,649
Debt charges recoverable	398,629	196,809
Other financial assets	5,293	968
	<u>9,995,507</u>	<u>10,991,040</u>
<b>Financial Liabilities:</b>		
Accounts payable and accrued liabilities	667,761	938,814
Accrued compensation payable (note 6)	349,630	285,225
Deposit liabilities	466,073	660,528
Deferred revenue (note 7)	1,126,198	979,114
Landfill liability (note 8)	310,570	405,452
Long-term debt (note 9)	10,600,615	1,691,597
	<u>13,520,847</u>	<u>4,960,730</u>
Net financial assets (debt)	(3,525,340)	6,030,310
<b>Non-Financial Assets:</b>		
Tangible capital assets (note 11)	113,689,499	96,648,762
Inventory held for consumption	101,392	58,810
Land held for resale	1,024,086	1,024,086
Prepaid expenses	407,261	359,993
	<u>115,222,238</u>	<u>98,091,651</u>
Contingent liability (note 19)		
Accumulated surplus (note 12)	<u>\$111,696,898</u>	<u>\$104,121,961</u>

The accompanying notes are an integral part of these financial statements.

# TOWN OF TABER

## Consolidated Statement of Change in Net Financial Assets (Debt)

Year ended December 31, 2009, with comparative figures for 2008

	Budget (Unaudited)	2009	2008 (Restated – note 2)
Excess of revenue over expenses	\$15,506,883	\$ 7,574,937	\$ 1,531,211
Acquisition of tangible capital assets	(25,951,524)	(20,745,833)	(3,488,808)
Contributed tangible capital assets	--	--	(75,000)
Proceeds on disposal of tangible capital assets	--	1,008	31,058
Amortization of tangible capital assets	--	3,482,222	3,035,621
Loss on disposal of capital assets	--	221,866	171,847
	(10,444,641)	(9,465,800)	1,205,929
Acquisition of inventories of supplies	--	(101,392)	(58,810)
Acquisition of prepaid expenses	--	(412,554)	(360,961)
Consumption of inventories of supplies	--	58,810	209,556
Use of prepaid expenses	--	365,286	27,342
Acquisition of land held for resale	--	--	(454,434)
	--	(89,850)	(637,307)
Change in net financial assets (debt)	(10,444,641)	(9,555,650)	568,622
Net financial assets, beginning of year	6,030,310	6,030,310	5,461,688
Net financial assets (debt), end of year	\$(4,414,331)	\$ (3,525,340)	\$ 6,030,310

The accompanying notes are an integral part of these financial statements

# TOWN OF TABER

## Consolidated Statement of Cash Flows

December 31, 2009, with comparative figures for 2008

	2009	2008
		(Restated – note 2)
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 7,574,937	\$ 1,531,211
Items not involving cash:		
Contributed capital assets	--	(75,000)
Amortization of capital assets	3,482,222	3,035,621
Loss on disposal of tangible capital assets	221,866	171,847
Change in non-cash financial assets and liabilities:		
Taxes and grants in lieu receivables	(30,689)	(34,478)
Trade and other receivables	853,545	(706,558)
Debt changes receivable	(201,820)	21,791
Other financial assets	(4,325)	--
Accounts payable and accrued liabilities	(271,053)	209,543
Employee benefit obligations	64,405	4,665
Deposit liabilities	(194,455)	237,673
Landfill liability	147,084	(1,535,720)
Deferred revenue	(94,882)	40,904
Land held for resale	--	(454,434)
Inventory and supplies	(42,582)	150,746
Prepaid expenses	(47,268)	(333,619)
	11,456,985	2,264,192
Cash flows from investing activities:		
Purchase of long-term investments	(52,037)	(539,200)
Purchase of tangible capital assets	(20,745,833)	(3,488,808)
Proceeds on disposal of tangible capital assets	1,008	31,058
	(20,796,862)	(3,996,950)
Cash flow from financing activities:		
Proceeds of debt changes recoverable issued	225,000	--
Repayment of debt changes recoverable	(23,180)	(21,791)
Proceeds on long-term debt	9,143,878	--
Repayment of long-term debt	(436,680)	(53,741)
	8,909,018	(75,532)
Net decrease in cash	(430,859)	(1,808,290)
Cash and cash equivalents, beginning of year	6,841,159	8,649,449
Cash and cash equivalents, end of year	\$ 6,410,300	\$ 6,841,159

The accompanying notes are an integral part of these financial statements

# TOWN OF TABER

Notes to Consolidated Financial Statements

Year ended December 31, 2009

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## 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, change in net financial assets (net) 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:

The financial statements are prepared using the accrual basis of accounts. 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 the 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) Pension expenditure:

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



# TOWN OF TABER

Notes to Consolidated Financial Statements

Year ended December 31, 2009

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## 1. Significant accounting policies (continued):

### (d) Land held for resale:

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

### (e) Investments:

Investments are recorded at amortized cost. Investment premiums and discounts are amortized over the terms 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) Over-levies collections and under-levies:

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

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where 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.

### (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.

# TOWN OF TABER

Notes to Consolidated Financial Statements

Year ended December 31, 2009

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## 1. Significant accounting policies (continued):

### (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.

### (i) Tangible capital assets:

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

	Years
Land Improvements	25-45
Buildings	25-75
Engineered structures	25-75
Machinery and equipment	4-40
Vehicles	4-25

Assets under construction are not amortized until the asset is available for productive use.

### (ii) Contributions of tangible capital assets:

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

### (iii) Inventories:

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

### (iv) Cultural and historical tangible capital assets:

Works of art for display are not recorded as tangible capital assets but are disclosed.

# TOWN OF TABER

Notes to Consolidated Financial Statements

Year ended December 31, 2009

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## 1. Significant accounting policies (continued):

(i) 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.

(j) Deferred revenue and prepaid 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) 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.

# TOWN OF TABER

Notes to Consolidated Financial Statements

Year ended December 31, 2009

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## 1. Significant accounting policies (continued):

### (m) Use of estimates:

The preparation of the 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 and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality.

The Town's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost, where information was not available, and useful lives of tangible capital assets.

Contributions of tangible capital assets are recorded at fair value at the date of receipt.

Actual results could differ from those estimates.

## 2. Change in accounting policies:

The Town has implemented Public Sector Accounting Board ("PSAB") sections PS1200 Financial Statement Presentation and PS3150 Tangible Capital Assets. PS1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. PS3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

### **Methods used for determining the cost of each major category of tangible capital assets**

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The Town applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, the Non-Residential Building Construction Price Index was used as a resource for determining appropriate indices in order to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

# TOWN OF TABER

Notes to Consolidated Financial Statements

Year ended December 31, 2009

## 2. Change in accounting policies (continued):

This change has been applied retrospectively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

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Accumulated surplus at January 1, 2008:	
Operating fund balance	\$ 1,488,756
Reserves	6,327,044
Equity in capital assets	92,143,168
Accumulated surplus, as previously reported	99,958,968
Net book value of tangible capital assets recorded	2,631,782
Accumulated surplus, as restated	\$102,590,750

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Annual surplus for 2008:	
Net revenues, as previously reported	\$ 810,191
Assets capitalized but previously expensed	3,959,546
Amortization expense not previously recorded	(3,035,621)
Loss on disposal of assets	(171,847)
Proceeds on disposal previously reported as revenue	(31,058)
Annual surplus, as restated	\$ 1,531,211

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## 3. Cash and cash equivalents:

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	2009	2008
Cash	\$ 699,024	\$ 473,586
Temporary investments (market value 2009 - \$5,791,098; 2008 - \$6,496,721)	5,711,276	6,367,573
	\$ 6,410,300	\$ 6,841,159

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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, 2010 to October 8, 2010.

Included in temporary investments is a restricted amount of \$407,969 received from New Deal for Cities and Communities and held exclusively for capital projects.

# TOWN OF TABER

Notes to Consolidated Financial Statements

Year ended December 31, 2009

## 4. Taxes and grants in lieu receivable:

	2009	2008
Current taxes and grants in place of taxes	\$ 241,390	\$ 226,724
Tax arrears	68,687	52,664
	<u>\$ 310,077</u>	<u>\$ 279,388</u>

## 5. Investments:

	2009		2008	
	Cost	Market value	Cost	Market value
Guaranteed Investment Certificate	\$ 955,269	\$ 955,269	\$ 1,383,269	\$ 1,428,950
Corporate Bonds	479,975	474,000	--	--
Patronage reserves - United Farmers of Alberta	3,225	3,225	3,184	3,184
Equity in Association of Alberta Municipal Districts and Counties	1,126	1,126	1,156	1,156
Shares in Alberta Capital Finance Authority	40	40	40	40
Shares in 1 <sup>st</sup> Choice Savings & Credit Union Ltd.	51	51	--	--
	<u>\$ 1,439,686</u>	<u>\$ 1,433,711</u>	<u>\$ 1,387,649</u>	<u>\$ 1,433,330</u>

Guaranteed Investment Certificates have effective interest rates of 1.75% to 4.99% (2008 – 4.51% to 4.99%) with maturity dates from August 3, 2010 to June 17, 2013.

The Corporate Bonds have effective rates of 3.25% with maturity dates from June 3, 2012 to November 4, 2013.

## 6. Employee benefit obligations

	2009	2008
Vacation and overtime entitlements	\$ 349,630	\$ 285,225

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

Year ended December 31, 2009

## 7. Deferred revenue:

	2009	2008
Prepaid property taxes	\$ 22,395	\$ 18,452
Prepaid local improvement charges	2,389	2,910
Provincial conditional grants	878,324	771,322
Revenues from services not yet provided	223,090	186,430
	<u>\$ 1,126,198</u>	<u>\$ 979,114</u>

Deferred provincial conditional grants include:

### a) New Deal for Cities and Communities:

	2009	2008
Opening balance	\$ 460,163	\$ 463,241
Funds advanced in the year	607,620	--
Interest earned	8,500	16,581
Amounts expended	(668,314)	(19,659)
	<u>\$ 407,969</u>	<u>\$ 460,163</u>

These funds are restricted to be used on eligible approved capital projects, as approved under the funding agreement. The remaining balance has been deferred. The balance is supported by temporary investments held exclusively for these projects (note 3).

### b) Municipal Sustainability Initiative:

	2009	2008
Opening balance	\$ 140,801	\$ --
Funds advanced in the year	559,354	761,493
Interest earned	871	--
Amounts expended	(390,524)	(620,692)
	<u>\$ 310,502</u>	<u>\$ 140,801</u>

These funds are restricted to be used on eligible approved capital projects, as approved under the funding agreement. The remaining balance has been deferred.

- c) The remaining balance is made up of various restricted provincial funding received for specific projects, which have not been completed at year end.

# TOWN OF TABER

## Notes to Consolidated Financial Statements

Year ended December 31, 2009

### 8. Landfill liability:

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 \$310,570 for 2009 (2008 - \$405,452) is based on the sum of discounted future cash flows for post-closure activities for 21 years (2008 – 22 years) using a discount rate of 3.2.% (2008 – 4.6%) and assuming annual inflation of 5.0% (2008 – 5.0%).

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

### 9. Long-term debt:

	2009	2008
Tax supported:		
Debenture issued for construction of library	\$ 1,438,675	\$ 1,494,788
Self supported:		
Debentures from debt charges recoverable (Taber and District Housing Authority)	173,629	196,809
Debenture from debt charges recoverable (Taber Golf Club)	225,000	--
Amortization fund bearing interest at 6.50% (note 17)	8,763,311	--
	<u>10,600,615</u>	<u>1,691,597</u>
Current portion	557,642	79,293
	<u>\$ 10,042,973</u>	<u>\$ 1,612,304</u>

	Principal	Interest	Total
2010	\$ 557,642	\$ 621,075	\$ 1,178,717
2011	562,475	587,498	1,149,973
2012	567,544	553,686	1,121,230
2013	572,865	519,620	1,092,485
2014	578,449	485,293	1,063,742
Thereafter	7,761,640	3,280,006	11,041,646
	<u>\$10,600,615</u>	<u>\$ 6,047,178</u>	<u>\$ 16,647,793</u>

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 Authority.



# TOWN OF TABER

Notes to Consolidated Financial Statements

Year ended December 31, 2009

## 9. Long-term debt (continued):

The Town is under agreement with the Taber Golf Club for the repayment of a debenture taken out for the benefit of the club. The full principal and interest costs for the debenture are recovered from the club.

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at 3.4943%, 4.365% and 6.375% and matures in 2015, 2019 and 2026 respectively.

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

The amortization fund is owing to the operator of the agreement described in note 17. It bears interest at 6.50% maturing 2029.

## 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:

	2009	2008
Total debt limit	\$ 25,704,204	\$ 23,099,473
Total debt	10,600,615	1,691,597
Amount of debt limit unused	\$ 15,103,589	\$ 21,407,876
Debt servicing limit	\$ 4,284,034	\$ 4,183,245
Debt servicing	1,178,717	156,481
Amount of debt servicing unused	\$ 3,105,317	\$ 4,026,764

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service 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

Year ended December 31, 2009

## 11. Tangible capital assets:

Cost	2008	Additions	Disposals	Transfer of assets under construction	2009
Land	\$ 973,450	\$ --	\$ --	\$ --	\$ 973,450
Land improvements	2,496,424	114,794	6,500	--	2,604,718
Buildings	14,629,605	48,847	--	--	14,678,452
Engineering structures	118,396,462	19,698,309	421,169	204,594	137,878,196
Machinery and equipment	3,982,236	206,919	18,834	--	4,170,321
Vehicles	2,545,593	235,854	33,642	67,815	2,815,620
Assets under construction	272,409	441,110	--	(272,409)	441,110
<b>Total</b>	<b>\$143,296,179</b>	<b>\$20,745,833</b>	<b>\$ 480,145</b>	<b>\$ --</b>	<b>\$163,561,867</b>

Accumulated amortization	2008	Amortization expense	Disposals	2009
Land	\$ --	\$ --	\$ --	\$ --
Land improvements	877,298	89,980	6,500	960,778
Buildings	3,762,194	327,929	--	4,090,123
Engineering structures	38,582,378	2,572,095	200,577	40,953,896
Machinery and equipment	2,099,367	293,488	16,552	2,376,303
Vehicles	1,326,180	198,730	33,642	1,491,268
Assets under construction	--	--	--	--
<b>Total</b>	<b>\$ 46,647,417</b>	<b>\$ 3,482,222</b>	<b>\$ 257,271</b>	<b>\$ 49,872,368</b>

Net book value	2009	2008
Land	\$ 973,450	\$ 973,450
Land improvements	1,643,940	1,619,126
Buildings	10,588,329	10,867,411
Engineering structures	96,924,300	79,814,084
Machinery and equipment	1,794,018	1,882,869
Vehicles	1,324,352	1,219,413
Assets under construction	441,110	272,409
<b>Total</b>	<b>\$113,689,499</b>	<b>\$ 96,648,762</b>

Contributed assets are recognized at fair market value at the date of contribution. The value of contributed assets, received during the year is \$nil (2008 - \$75,000).

# TOWN OF TABER

Notes to Consolidated Financial Statements

Year ended December 31, 2009

## 12. Accumulated surplus:

Accumulated surplus:

	2009	2008
General government operations	\$111,560,936	\$104,024,972
Taber Public Library	135,962	96,989
	<u>\$111,696,898</u>	<u>\$104,121,961</u>

	Unrestricted net assets	Equity in tangible capital assets (i)	Reserves (ii)	Total 2009	Total 2008
Beginning balance	\$ 1,665,925	\$ 95,153,974	\$ 7,302,062	\$104,121,961	\$102,590,750
Excess of revenues over expenses	7,574,937	--	--	7,574,937	1,531,211
Transfer to reserves	(4,674,881)	--	4,674,881	--	--
Transfers from reserves	6,093,744	--	(6,093,744)	--	--
Amortization of tangible capital assets	3,482,222	(3,482,222)	--	--	--
Net book value of assets disposed	222,874	(222,874)	--	--	--
Capital assets internally funded	(20,745,833)	20,745,833	--	--	--
Contributed capital assets	--	--	--	--	--
Principal payment on capital debt	(436,680)	436,680	--	--	--
Proceeds on capital debt issued	9,143,878	(9,143,878)	--	--	--
<b>Total</b>	<b>\$ 2,326,186</b>	<b>\$103,487,513</b>	<b>\$ 5,883,199</b>	<b>\$111,696,898</b>	<b>\$104,121,961</b>

# TOWN OF TABER

Notes to Consolidated Financial Statements

Year ended December 31, 2009

## 12. Accumulated surplus (continued):

- (i) Equity in tangible capital assets:

	2009	2008
Net book value of tangible capital assets	\$113,689,499	\$ 96,648,762
Long-term debt	(10,600,615)	(1,691,597)
Debt charges recoverable	398,629	196,809
	<u>\$103,487,513</u>	<u>\$ 95,153,974</u>

- (ii) Reserves are comprised of funds internally restricted as follows:

	2008	Transfers in	Transfers out	2009
Off street parking	\$ 6,700	\$ --	\$ --	\$ 6,700
General operations	1,467,509	878,000	1,601,600	743,909
Continuing projects	359,835	--	--	359,835
Police Commission	45,532	13,250	26,500	32,282
Health and safety	54,869	27,696	37,221	45,344
General capital	160,854	--	--	160,854
Infrastructure	2,260,258	1,457,284	2,208,112	1,509,430
Buildings	271,936	602,742	546,456	328,222
Equipment	1,087,466	256,081	317,228	1,035,319
Land	507,333	630,953	635,910	502,376
Vehicles	255,565	294,270	328,533	221,302
Funds held in place of municipal reserves	192,505	116,463	136,914	172,054
Development levies	631,700	284,487	255,300	660,887
Repairs and maintenance	--	104,655	--	104,655
	<u>\$ 7,302,062</u>	<u>\$ 4,665,881</u>	<u>\$6,093,744</u>	<u>\$ 5,883,169</u>

- (iii) Tangible capital assets disclosed at nominal value:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned. A nominal value at \$162 was applied to utility lots and certain municipal reserves.

# TOWN OF TABER

Notes to Consolidated Financial Statements

Year ended December 31, 2009

## 13. Trust funds:

The Town administers the following trusts:

	2008	Increases	Decreases	2009
Community trust	\$ 94,407	\$ 3,598	\$ 2,053	\$ 95,952
Tax sale trusts	16,587	595	19	17,163
Transfer station trust	33,223	64,831	--	98,054
Emergency PAD trust	840	40,169	--	41,009
Police trust	7,523	--	5,229	2,294
	\$ 152,580	\$ 109,193	\$ 7,301	\$ 254,472

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

## 14. Salary and benefits disclosure:

The Town administers:

	2009		2008	
	Salary <sup>(1)</sup>	Benefits & Allowances <sup>(2, 3)</sup>	Total	Total
<b>Members of Council</b>				
Mayor R. Bryant	\$ 30,625	\$ 225	\$ 30,850	\$ 31,780
<b>Councillors:</b>				
A. Andres	18,750	138	18,888	18,180
G. Bekkering	18,750	138	18,888	19,120
J. Papp	18,250	563	18,813	19,404
M. Rochelle	19,250	140	19,390	19,153
T. Sargeant	18,000	553	18,553	19,278
L. Tams	18,000	553	18,553	18,500
	\$ 141,625	\$ 2,310	\$ 143,935	\$ 145,415
<b>Chief Administrative Officer</b>	131,044	14,105	145,149	140,583

- 1) Salary includes regular base pay, bonuses, 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 include the Town's share of the cost of additional taxable benefits including travel and car allowances.

# TOWN OF TABER

Notes to Consolidated Financial Statements

Year ended December 31, 2009

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## 15. 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 exceptions of the police officers, participate in the Local Authorities Pension Plan ("LAPP"), which is covered by the Public Sector Pension Plans Act. The LAPP serves 190,000 people and 411 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP fund.

Contributions for current services are recorded as expenditures in the year in which they become due. The Town is required to make current services contributions to the Plan of 8.46% of pensionable earnings up to the Canadian Pension Plan's yearly maximum pensionable earnings and 11.66% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.46% of pensionable earnings up to the year's maximum pensionable earnings and 10.66% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2009 were \$246,740 (2008 - \$202,969). Total current service contributions by the employees of the Town to the LAPP in 2009 were \$219,392 (2008 - \$175,580).

At December 31, 2008 the Plan disclosed an actuarial deficit of \$4,414 million (2007 - \$1,183 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 5,800 people and 7 employers in Alberta. The plan is financed by employer and employee contributions and investments earnings of the SFPP funds.

The Town is required to make current services contributions to the SFPP 10.01% of pensionable earnings up to the Canadian Pension Plan's yearly maximum and 11.11% on pensionable earnings above this amount. Police officers of the Town are required to make current service contributions of 10.01% of the pensionable earnings up to the yearly maximum and 11.11% on pensionable earnings above this amount.

The current services contributions by the Town to the SFPP in 2009 were \$122,196, (2008 - \$107,145). Total current service contributions by the police officers of the Town to the SFPP in 2009 were \$110,097 (2008 - \$96,537).

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

# TOWN OF TABER

## Notes to Consolidated Financial Statements

Year ended December 31, 2009

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### 16. Financial instruments:

Unless otherwise noted, the carrying value of the financial instruments approximate fair value.

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 difficulties and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimized the credit risk.

It is management's opinion that the Town is not exposed to significant interest or currency risk arising from these financial instruments.

### 17. Commitments:

The Town has entered into an agreement with a service provider to construct, operate and finance the upgrade and operation of its water, wastewater and certain storm water 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 transferred specific inventories held for consumption and tangible 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 received to this fund to reduce the future payments required;
- b) an operational component comprised of annual operating fees of approximately \$1,712,250 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.

### 18. 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 or 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.
- 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.

# TOWN OF TABER

## Consolidated Schedule of Government Transfers

Year ended December 31, 2009, with comparative figures for 2008

	Budget (Unaudited)	2009	2008
Transfers for operating:			
Provincial government	\$ 959,844	\$ 863,503	\$ 975,365
Federal Government	1,000	22,284	17,775
Other local governments	411,448	418,276	530,555
	<u>\$ 1,372,292</u>	<u>\$ 1,304,063</u>	<u>\$ 1,523,695</u>
Transfers for capital:			
Provincial government	\$13,132,292	\$ 10,249,304	\$ 3,449,887
Other local governments	--	--	83,888
	<u>\$13,132,292</u>	<u>\$ 10,249,304</u>	<u>\$ 3,533,675</u>
<b>Total government transfers</b>	<u><b>\$14,504,584</b></u>	<u><b>\$ 11,553,367</b></u>	<u><b>\$ 5,057,370</b></u>

## Consolidated Schedule of Expenses by Object

Year ended December 31, 2009, with comparative figures for 2008

	Budget (Unaudited)	2009	2008 (Restated – note 2)
Salaries, wages and benefits	\$ 6,894,058	\$ 6,902,368	\$ 5,883,501
Contracted and general services	4,742,287	6,028,885	5,018,675
Materials, goods, supplies and utilities	2,159,949	2,285,801	2,157,205
Transfers to local boards and individuals	427,468	289,365	2,353,783
Other expenses	83,346	41,151	106,255
Interest on long-term debt	650,554	554,973	80,161
Interest and bank charges	2,850	3,872	3,398
Amortization	--	3,482,222	3,035,621
	<u>\$14,960,512</u>	<u>\$ 19,588,637</u>	<u>\$ 18,638,599</u>



# TOWN OF TABER

## Consolidated Schedule of Taxes Levied and Net Taxes Available for Municipal Purposes

Year ended December 31, 2009, with comparative figures for 2008

	Budget	2009	2008
	(Unaudited)		
Taxation:			
Real property taxes	\$ 8,090,269	\$ 8,096,558	\$ 7,736,376
Linear property taxes	230,573	230,573	257,142
Government grants in place of property taxes	76,697	76,696	85,638
Local improvement taxes	31,000	32,072	32,071
	<u>8,428,539</u>	<u>8,435,899</u>	<u>8,111,227</u>
Requisition:			
Alberta School Foundation Fund	1,687,616	1,691,536	1,742,079
Holy Spirit School Division	284,689	285,513	307,348
Taber & District Housing Authority	54,227	54,343	50,011
	<u>2,026,532</u>	<u>2,031,392</u>	<u>2,099,438</u>
<b>Net taxes available for Municipal purposes</b>	<b>\$ 6,402,007</b>	<b>\$ 6,404,507</b>	<b>\$ 6,011,789</b>