

TOWN OF TABER
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2010

TOWN OF TABER
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December 31, 2010

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Management's Responsibility for the Financial Statements

The accompanying financial statements of the 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 judgement, 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 Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's financial statements.

Chief Administrative Officer

Director of Corporate Services



KPMG LLP
Chartered Accountants
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Independent Auditors' Report

To the Mayor and Members of Council of the Town of Taber

We have audited the accompanying consolidated financial statements of Town of Taber (the "Entity") which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of operations and net accumulated surplus, change in net financial assets (debt) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Town of Taber as at December 31, 2010, and results of its operations, its changes in net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

April 25, 2011
Lethbridge, Canada

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Consolidated Statement of Financial Position

As at December 31, 2010

	2010	2009
Financial assets		
Cash and temporary investments (note 2)	\$ 5,280,470	\$ 6,410,300
Taxes and grants in lieu receivable (note 3)	371,745	310,077
Trade and other receivables	2,523,970	1,408,029
Long-term investments (note 4)	2,348,139	1,439,686
Debt charges recoverable	354,813	398,629
Other financial assets	936	5,293
	<hr/> 10,880,073	<hr/> 9,972,014
Liabilities		
Accounts payable and accrued liabilities	1,618,216	678,212
Employee benefit obligations (note 5)	343,711	315,686
Deposit liabilities	488,684	466,073
Deferred revenue (note 6)	848,018	1,126,198
Provision for landfill post-closure costs (note 7)	304,540	310,570
Long-term debt (note 8)	10,042,974	10,600,615
	<hr/> 13,646,143	<hr/> 13,497,354
Net financial debt	<hr/> (2,766,070)	<hr/> (3,525,340)
Non-financial assets		
Tangible capital assets (schedule 2)	123,530,804	113,689,499
Land held for resale	1,024,086	1,024,086
Inventory held for consumption	56,547	101,392
Prepaid expenses	357,829	407,261
	<hr/> 124,969,266	<hr/> 115,222,238
Accumulated surplus (schedule 1, note 10)	<hr/> 122,203,196	<hr/> 111,696,898
Contingent liabilities (note 14)		

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Consolidated Statement of Operations and Accumulated Surplus For the year ended December 31, 2010

	Budget (Unaudited)	2010	2009
Revenue			
Net taxes available for municipal purposes (schedule 3)	\$ 6,591,308	\$ 6,692,953	\$ 6,404,507
Sales and user fees	7,212,998	7,289,429	6,647,262
Government transfers for operating	1,244,739	1,235,740	1,304,063
Penalties and costs of taxes	90,000	109,201	99,906
Fines	195,950	212,351	231,661
Franchise and concession contracts	931,895	1,010,609	855,312
Investment income	2,500	176,008	208,137
Licenses and permits	186,350	209,821	201,863
Rentals	597,550	646,795	555,605
Other	203,344	384,575	245,317
	17,256,634	17,967,482	16,753,633
Expenses (schedule 5)			
Council and other legislative	273,922	258,166	226,142
General government	1,375,323	1,358,087	1,312,079
Police	2,441,010	2,365,608	2,326,944
Fire	576,668	445,922	538,054
Disaster	3,550	547	4,389
Ambulance	1,105,622	1,209,386	1,134,383
Bylaw	139,066	149,850	148,457
Roads, walks and street lighting	2,675,915	3,257,633	4,173,787
Public transit	38,974	116,138	48,974
Stormwater	457,778	1,372,359	407,643
Water supply and distribution	1,571,060	1,802,455	1,715,277
Wastewater treatment and disposal	3,051,464	3,758,107	3,052,835
Waste management	918,075	945,335	871,174
Family and community support	52,150	50,211	49,663
Cemeteries	94,465	104,481	51,460
Land use planning, zoning and development	335,302	344,785	284,418
Subdivision land and development	85,163	(24,470)	31,946
Public housing	10,294	10,294	11,818
Land, housing and building rentals	340,600	330,794	240,953
Parks and recreation	2,100,150	2,304,831	2,111,495
Culture	658,723	646,056	686,109
	18,305,274	20,806,575	19,428,000
Deficiency of revenue over expenses before other	(1,048,640)	(2,839,093)	(2,674,367)
Other			
Contributed assets	-	7,835,182	-
Government transfers for capital (schedule 4)	8,209,969	5,510,209	10,249,304
Excess of revenue over expenses	7,161,329	10,506,298	7,574,937
Accumulated surplus, beginning of year	111,696,898	111,696,898	104,121,961
Accumulated surplus, end of year	\$ 118,858,227	\$ 122,203,196	\$ 111,696,898

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Consolidated Statement of Change in Net Financial Assets (Debt) For the year ended December 31, 2010

	Budget	2010	2009
Excess of revenue over expenses	\$ 7,161,329	\$ 10,506,298	\$ 7,574,937
Acquisition of tangible capital assets	(11,735,217)	(6,729,614)	(20,745,833)
Contributed tangible capital assets	-	(7,835,182)	-
Amortization of tangible capital assets	3,670,312	3,673,708	3,482,222
Loss on disposal of tangible capital assets	-	968,241	221,866
Proceeds on disposal of tangible capital assets	-	81,542	1,008
	(903,576)	664,993	(9,465,800)
Acquisition of inventories of supplies	-	(56,547)	(101,392)
Acquisition of prepaid expenses	-	(357,829)	(407,261)
Consumption of inventories of supplies	-	101,392	58,810
Use of prepaid expenses	-	407,261	359,993
	-	94,277	(89,850)
Decrease (increase) in net financial assets (debt)	(903,576)	759,270	(9,555,650)
Net financial assets (debt), beginning of year	(3,525,340)	(3,525,340)	6,030,310
Net financial debt, end of year	\$ (4,428,916)	\$ (2,766,070)	\$ (3,525,340)

TOWN OF TABER**Consolidated Statement of Cash Flows
For the year ended December 31, 2010**

	2010	2009
Cash flows provided by (used in) the following activities:		
Operating		
Excess of revenue over expenses	\$ 10,506,298	\$ 7,574,937
Items not involving cash:		
Amortization of tangible capital assets	3,673,708	3,482,222
Contributed tangible capital assets	(7,835,182)	-
Loss on disposal of tangible capital assets	968,241	221,866
Change in non-cash assets and liabilities:		
Taxes and grants in lieu receivable (note 3)	(61,668)	(30,689)
Trade and other receivables	(1,115,941)	857,843
Debt charges recoverable	43,816	(201,820)
Other financial assets	4,357	(4,325)
Accounts payable and accrued liabilities	940,004	(275,351)
Employee benefit obligations (note 5)	28,025	64,405
Deposit liabilities	22,611	(194,455)
Deferred revenue (note 6)	(278,180)	147,084
Provision for landfill post-closure costs (note 7)	(6,030)	(94,882)
Inventory held for consumption	44,845	(42,582)
Prepaid expenses	49,432	(47,268)
	6,984,336	11,456,985
Capital		
Proceeds on disposal of tangible capital assets	81,542	1,008
Purchase of tangible capital assets	(6,729,614)	(20,745,833)
	(6,648,072)	(20,744,825)
Investing		
Purchase of long-term investments	(908,453)	(52,037)
	(908,453)	(52,037)
Financing		
Proceeds of debt charges recoverable issued	-	225,000
Repayment of debt charges recoverable	(43,816)	(23,180)
Proceeds of long-term debt	-	18,498,136
Repayment of long-term debt	(513,825)	(9,790,938)
	(557,641)	8,909,018
Net decrease in cash and cash equivalents	(1,129,830)	(430,859)
Cash and cash equivalents, beginning of year	6,410,300	6,841,159
Cash and cash equivalents, end of year	\$ 5,280,470	\$ 6,410,300

TOWN OF TABER**Consolidated Schedule of Changes in Accumulated Surplus**

For the year ended December 31, 2010

Schedule 1

	Unrestricted Net Assets	Reserves	Equity in tangible capital assets	2010	2009
Beginning balance	\$ 2,326,216	\$ 5,883,169	\$ 103,487,513	\$ 111,696,898	\$ 104,121,961
Excess of revenue over expenses	10,506,298	-	-	10,506,298	7,574,937
Operating reserves					
Transfers to reserves	(345,942)	345,942	-	-	-
Transfers from reserves	594,126	(594,126)	-	-	-
Capital reserves					
Transfers to reserves	(2,136,206)	2,136,206	-	-	-
Transfers from reserves for operating purposes	1,019,764	(1,019,764)	-	-	-
Transfers from reserves for capital purposes	-	(1,059,636)	1,059,636	-	-
Capital investing					
Capital assets internally funded	(5,669,978)	-	5,669,978	-	-
Contributed assets	(7,835,182)	-	7,835,182	-	-
Proceeds on disposal of tangible capital assets	81,542	-	(81,542)	-	-
Loss on disposal of tangible capital assets	968,241	-	(968,241)	-	-
Amortization of tangible capital assets	3,673,708	-	(3,673,708)	-	-
Capital financing					
Principal payment of capital debt	(513,825)	-	513,825	-	-
Total	\$ 2,668,762	\$ 5,691,791	\$ 113,842,643	\$ 122,203,196	\$ 111,696,898

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Consolidated Schedule of Tangible Capital Assets

For the year ended December 31, 2010

Schedule 2

Cost	2009	Additions	Disposals	Transfers of assets under construction	2010
Land	\$ 973,449	\$ -	\$ 1	\$ -	\$ 973,448
Land improvements	2,604,718	705,000	120,000	-	3,189,718
Buildings	14,678,452	-	-	-	14,678,452
Engineering structures	137,798,616	12,628,421	1,210,984	505,689	149,721,742
Machinery and equipment	4,170,321	553,170	198,353	-	4,525,138
Vehicles	2,815,622	89,765	152,494	-	2,752,893
Assets under construction	520,689	588,440	-	(505,689)	603,440
Total	\$ 163,561,867	\$ 14,564,796	\$ 1,681,832	\$ -	\$ 176,444,831

Accumulated amortization	2009	Amortization expense	Disposals	2010
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	960,778	115,513	88,593	987,698
Buildings	4,090,123	327,929	-	4,418,052
Engineering structures	40,953,896	2,766,068	226,735	43,493,229
Machinery and equipment	2,376,303	314,479	187,363	2,503,419
Vehicles	1,491,268	149,719	129,358	1,511,629
Assets under construction	-	-	-	-
Total	\$ 49,872,368	\$ 3,673,708	\$ 632,049	\$ 52,914,027

Net book value	2009	2010
Land	\$ 973,449	\$ 973,448
Land improvements	1,643,940	2,202,020
Buildings	10,588,329	10,260,400
Engineering structures	96,844,720	106,228,513
Machinery and equipment	1,794,018	2,021,719
Vehicles	1,324,354	1,241,264
Assets under construction	520,689	603,440
Total	\$ 113,689,499	\$ 123,530,804

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

For the year ended December 31, 2010

Schedule 3

	Budget (Unaudited)	2010	2009
Taxation:			
Real property taxes	\$ 8,380,577	\$ 8,438,171	\$ 8,096,558
Linear property taxes	236,981	216,162	230,573
Government grants in place of property taxes	78,605	79,654	76,696
Local improvement taxes	23,004	23,745	32,071
	8,719,167	8,757,732	8,435,898
Requisition:			
Alberta School Foundation Fund	1,771,997	1,726,053	1,691,536
Holy Spirit School Division	298,924	281,647	285,513
Taber & District Housing Authority	56,938	57,079	54,342
	2,127,859	2,064,779	2,031,391
Net taxes available for municipal purposes	\$ 6,591,308	\$ 6,692,953	\$ 6,404,507

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Consolidated Schedule of Government Transfers

For the year ended December 31, 2010

Schedule 4

	Budget (Unaudited)	2010	2009
Transfers for operating:			
Provincial government	\$ 868,893	\$ 874,860	\$ 863,503
Federal government	26,640	33,973	22,284
Other local governments	349,206	326,907	418,276
	1,244,739	1,235,740	1,304,063
Transfers for capital:			
Provincial government	1,499,985	1,067,361	9,489,865
Federal government	6,709,984	4,442,848	759,439
	8,209,969	5,510,209	10,249,304
Total government transfers	\$ 9,454,708	\$ 6,745,949	\$ 11,553,367

Consolidated Schedule of Expenses by Object

For the year ended December 31, 2010

Schedule 5

	Budget (Unaudited)	2010	2009
Salaries, wages and benefits	\$ 7,296,017	\$ 7,403,528	\$ 6,902,368
Contracted and general services	4,194,996	5,382,194	5,649,354
Materials, goods and supplies	2,258,556	2,475,984	2,279,490
Provision for allowances	6,000	14,890	41,151
Transfers to local boards and agencies	214,901	259,741	289,365
Bank charges and short-term interest	4,000	5,000	3,872
Interest on long-term debt	619,992	619,989	554,973
Amortization of tangible capital assets	3,670,312	3,673,708	3,482,222
Loss on disposal of tangible capital assets	-	968,241	221,866
Other	40,500	3,300	3,339
	\$ 18,305,274	\$ 20,806,575	\$ 19,428,000

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Consolidated Schedule of Segmented Disclosure

For the year ended December 31, 2010

Schedule 6

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health Services	Planning and Development	Parks and Recreation	Culture and Libraries	Total
Revenue									
Net taxes available for municipal purposes	\$ 6,669,208	\$ -	\$ 23,745	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,692,953
Sales and user fees	141,189	1,342,011	295,656	5,306,565	47,035	90	143,090	13,793	7,289,429
Government transfers for operating	9,098	538,439	28,803	330,153	5,456	30,548	205,447	87,796	1,235,740
Penalties and costs of taxes	85,397	-	261	23,293	-	-	250	-	109,201
Fines	-	204,756	-	-	-	-	-	7,595	212,351
Franchise and concession contracts	1,010,609	-	-	-	-	-	-	-	1,010,609
Investment income	163,898	-	11,761	-	-	-	-	349	176,008
Licenses and permits	-	4,265	-	-	721	204,835	-	-	209,821
Rentals	51,650	-	-	46,350	-	84,787	411,362	52,646	646,795
Other	27,661	114,935	21,933	73,654	-	74,112	56,647	15,633	384,575
	8,158,710	2,204,406	382,159	5,780,015	53,212	394,372	816,796	177,812	17,967,482
Expenses									
Salaries, wages and benefits	1,006,048	3,386,969	881,076	279,702	76,411	407,618	1,117,586	248,118	7,403,528
Contracted and general services	376,063	360,674	890,491	3,134,513	8,842	235,831	296,057	79,723	5,382,194
Materials, goods and supplies	101,016	197,484	518,554	939,610	6,407	21,415	540,449	151,049	2,475,984
Provision for allowances	115	8,501	205	6,069	-	-	-	-	14,890
Transfers to local boards and agencies	33,821	-	93,002	38,910	50,211	-	-	43,797	259,741
Bank charges and short-term interest	4,999	-	-	-	-	-	-	1	5,000
Interest on long-term debt	-	-	26,178	513,966	-	10,294	7,498	62,053	619,989
Amortization of tangible capital assets	88,989	223,174	1,364,203	1,579,478	12,821	36,244	310,784	58,015	3,673,708
Loss (gain) on disposal of tangible capital assets	5,202	(5,489)	972,421	13,649	-	(49,999)	32,457	-	968,241
Other	-	-	-	-	-	-	-	3,300	3,300
	1,616,253	4,171,313	4,746,130	6,505,897	154,692	661,403	2,304,831	646,056	20,806,575
Excess (deficiency) of revenue over expenses before other	6,542,457	(1,966,907)	(4,363,971)	(725,882)	(101,480)	(267,031)	(1,488,035)	(468,244)	(2,839,093)
Other									
Contributed assets	-	33,182	4,672,523	2,424,477	-	-	705,000	-	7,835,182
Government transfers for capital	-	-	5,510,209	-	-	-	-	-	5,510,209
Excess (deficiency) of revenue over expenses	\$ 6,542,457	\$ (1,933,725)	\$ 5,818,761	\$ 1,698,595	\$ (101,480)	\$ (267,031)	\$ (783,035)	\$ (468,244)	\$ 10,506,298

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Notes to Consolidated Financial Statements For the year ended December 31, 2010

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 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 (debt) 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 accounting. Revenue is recorded when it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the 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.

(c) Pension expenses:

The Municipality participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan whereby contributions are expensed as incurred.

(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.

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Notes to Consolidated Financial Statements For the year ended December 31, 2010

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

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 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.

(f) 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.

(g) 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) 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 levelling 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.

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Notes to Consolidated Financial Statements For the year ended December 31, 2010

(h) 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.

(i) 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.

(j) 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.

(k) 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. 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 in 2009 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.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2010

2. Cash and temporary investments

	2010	2009
Cash	\$ 1,126,080	\$ 699,024
Temporary investments (market value 2010 - \$4,188,471; 2009 - \$5,791,098)	4,154,390	5,711,276
	\$ 5,280,470	\$ 6,410,300

The temporary investments are comprised of short-term deposits issued by either a Canadian province or Canadian financial institution. These investments mature between June 17, 2011 to October 17, 2011, but are redeemable at managements discretion.

Included in temporary investments is a restricted amount of \$411,934 received from Streets Improvement Program and held exclusively for capital projects (note 6).

3. Taxes and grants in lieu receivable

	2010	2009
Current taxes and grants in place of taxes	\$ 294,291	\$ 230,338
Tax arrears	77,454	79,739
	\$ 371,745	\$ 310,077

4. Long-term investments

	2010		2009	
	Cost	Market Value	Cost	Market Value
Guaranteed Investment Certificates	\$ 1,848,429	\$ 1,931,280	\$ 955,269	\$ 988,372
Corporate bonds	495,561	501,649	479,975	474,000
Patronage reserves - United Farmers of Alberta	3,225	3,225	3,225	3,225
Equity in Association of Alberta Municipal Districts and Counties	833	833	1,126	1,126
Shares in Alberta Capital Finance Authority	40	40	40	40
Shares in 1st Choice Savings & Credit Union Ltd.	51	51	51	51
	\$ 2,348,139	\$ 2,437,078	\$ 1,439,686	\$ 1,466,814

Guaranteed Investment Certificates have effective interest rates of 2.15% to 4.99% (2009 - 4.51% to 4.99%) with maturity dates from June 17, 2012 to August 6, 2015.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2010

4. Long-term investments (continued)

Corporate bonds have effective interest rates of 3.25% (2009 - 3.25%) with maturity dates from June 3, 2013 to November 4, 2013.

5. Employee benefit obligations

	2010	2009
Vacation and overtime entitlements	\$ 343,711	\$ 315,686

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.

6. Deferred revenue

	2010	2009
Prepaid property taxes	\$ 17,801	\$ 22,395
Prepaid local improvement charges	1,649	2,389
Provincial conditional grants	525,379	878,324
Revenues from services not yet provided	303,189	223,090
	\$ 848,018	\$ 1,126,198

Deferred provincial conditional grants include:

- Streets Improvement Program advanced funding in the amount of \$469,260. The Town earned \$2,485 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 2011. During the year, the Town spent \$59,811 of these restricted funds. The remaining balance of \$411,934 has been deferred. The balance is supported by temporary investments held exclusively for these projects (Note 2).
- The remaining balance is made up of various restricted provincial funding received for specific projects, which had not yet been completed at year-end.

7. 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 \$304,540 for 2010 (2009 - \$310,570) is based on the sum of discounted future cash flows for post-closure activities for 20 years (2009 - 21 years) using a discount rate of 2.1% (2009 - 2.1%) and assuming annual inflation of 2.5% (2009 - 2.5%).

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, 2010

8. Long-term debt

	2010	2009
Tax supported:		
Debenture issued for the construction of library building	\$ 1,380,087	\$ 1,438,675
Self supported:		
Debenture from debt charges recoverable (Taber & District Housing Authority)	148,970	173,629
Debenture from debt charges recoverable (Taber Golf Club)	205,843	225,000
Amortization fund bearing interest at 6.5% (note 15)	8,308,074	8,763,311
	10,042,974	10,600,615
Current portion	562,474	557,641
	\$ 9,480,500	\$ 10,042,974

	Principal	Interest	Total
2011	\$ 562,474	\$ 587,499	\$ 1,149,973
2012	567,544	553,684	1,121,228
2013	572,865	519,619	1,092,484
2014	578,449	485,291	1,063,740
2015	584,311	450,686	1,034,997
Thereafter	7,177,331	2,829,310	10,006,641
	\$ 10,042,974	\$ 5,426,089	\$ 15,469,063

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.

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 issued for the construction of the library building is repayable to Alberta Capital Finance Authority and bears interest at 4.365% and matures in 2026.

Debenture debt issued to Taber & District Housing Authority is repayable to Alberta Capital Finance Authority and bears interest at 6.375% and matures in 2015.

Debenture debt issued to Taber Golf Club is repayable to Alberta Capital Finance Authority and bears interest at 3.494% and matures in 2019.

During the year the Town paid \$621,075 on interest on long-term debt.

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 15. It bears interest at 6.5% and matures in 2029.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2010

9. 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:

	2010	2009
Total debt limit	\$ 26,951,224	\$ 25,130,450
Total debt	(10,042,974)	(10,600,615)
Amount of debt limit unused	\$ 16,908,250	\$ 14,529,835
Debt servicing limit	\$ 4,491,871	\$ 4,188,408
Debt servicing	(1,149,973)	(1,178,716)
Amount of debt servicing limit unused	\$ 3,341,898	\$ 3,009,692

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, 2010

10. Accumulated surplus

	2010	2009
General government operations	\$ 122,057,252	\$ 111,560,936
Taber Public Library	145,944	135,962
	\$ 122,203,196	\$ 111,696,898

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2010	2009
Unrestricted surplus	\$ 2,668,762	\$ 2,326,216
Reserves	5,691,791	5,883,169
Equity in tangible capital assets	113,842,643	103,487,513
	\$ 122,203,196	\$ 111,696,898

Reserves are comprised of funds internally restricted as follows:

	2009	Transfers in	Transfers out	2010
General operations	\$ 743,907	\$ 120,000	\$ 275,000	\$ 588,907
Off street parking	6,700	-	-	6,700
Continuing projects	359,835	-	-	359,835
Police Commission	32,282	-	-	32,282
Health and safety	45,344	3,237	20,800	27,781
Repairs and maintenance	104,655	222,705	298,325	29,035
General capital	160,854	-	-	160,854
Infrastructure	1,509,432	1,451,431	1,473,547	1,487,316
Buildings	328,222	112,405	18,183	422,444
Equipment	1,035,319	266,471	443,703	858,087
Land	502,376	69,147	25,529	545,994
Vehicles	221,302	205,760	118,439	308,623
Funds held in place of municipal reserves	172,054	6,402	-	178,456
Development levies	660,887	24,590	-	685,477
	\$ 5,883,169	\$ 2,482,148	\$ 2,673,526	\$ 5,691,791

Equity in tangible capital assets

	2010	2009
Net book value of tangible capital assets	\$ 123,530,804	\$ 113,689,499
Long -term debt	(10,042,974)	(10,600,615)
Debt charges recoverable	354,813	398,629
	\$ 113,842,643	\$ 103,487,513

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2010

11. Trust funds

The Town administers the following trusts:

	2009	Increases	Decreases	2010
Community trust	\$ 95,953	\$ 25	\$ -	\$ 95,978
Tax sale trusts	17,163	3	12,076	5,090
Transfer station trust	(98,054)	-	70,213	(168,267)
Police trust	2,294	-	803	1,491
Emergency PAD trust	41,009	-	41,009	-
	<u>\$ 58,365</u>	<u>\$ 28</u>	<u>\$ 124,101</u>	<u>\$ (65,708)</u>

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

12. 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:

			2010	2009
	Salary ⁽¹⁾	Benefits & Allowances ^(2,3)	Total	Total
Members of Council				
Mayor R. Bryant	30,875	268	31,143	30,850
Councillors:				
A. Andres	10,500	91	10,591	18,888
G. Bekkering	18,625	161	18,786	18,888
J. Papp	19,375	634	20,009	18,813
R. Popadynetz	3,000	96	3,096	-
M. Rochelle	18,875	164	19,039	19,390
T. Sargeant	15,000	481	15,481	18,553
R. Sparks	3,000	96	3,096	-
L. Tams	19,500	639	20,139	18,553
Chief Administrative Officer	86,831	16,218	103,049	-
Chief Administrative Officer	50,766	4,859	55,625	145,149

(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, 2010

13. 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 one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves 206,249 people and 421 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 expenses in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 9.06% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.53% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.06% of pensionable earnings up to the year's maximum pensionable earnings and 11.53% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2010 were \$304,489 (2009 - \$246,740). Total current service contributions by the employees of the Town to the LAPP in 2010 were \$272,982 (2009 - \$219,392).

At December 31, 2009 the LAPP disclosed an actuarial deficit of \$3,998.6 million (2008 deficit of \$4,414.0 million).

(b) Special Forces Pension Plan

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

Police officers employed by the Town, including management, participate in the Special Forces Pension Plan (SFPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The SFPP serves about 6,187 people and 7 employers. The plan is financed by employer and employee contributions and by investment earnings of the SFPP Fund.

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

The Town is required to make current service contributions to the SFPP of 14.55% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.55% on pensionable earnings above this amount. Police officers of the Town are required to make current service contributions of 13.45% of pensionable earnings up to the year's maximum pensionable earnings and 13.45% on pensionable earnings above this amount.

Total current service contributions by the Town to the SFPP in 2010 were \$138,684 (2009 - \$122,196). Total current service contributions by the police officers of the Town to the SFPP in 2010 were \$126,766 (2009 - \$110,097).

At December 31, 2009 the SFPP Plan disclosed an actuarial deficit of \$374.9 million (2008 - deficit of \$430.0 million).

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2010

14. Contingent liabilities

- (a) Various claims have been made against the Town as at December 31, 2010. If proven, it is possible that these claims may have an adverse effect on the financial position of the Town. The Town is disputing the claims and as the outcome is not determinable at this time, no amount has been accrued in the financial statements.
- (b) The Town has not recognized liabilities relating to certain obligations, primarily environmental and other liabilities relating to facilities, equipment and land. These liabilities are not recognized as the dates of remediation are unknown and as such the fair value of these liabilities cannot be reasonably determined.

15. Commitments

The Town has entered into an agreement with a service provider to construct, operate and finance the upgrade and operation of its water, waste water 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 receives to this fund to reduce the future payments required;
- (b) an operational component comprised of annual operating fees of approximately \$1,708,850 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.

16. 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.

TOWN OF TABER

Notes to Consolidated Financial Statements For the year ended December 31, 2010

17. Segmented disclosure

The Municipality 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 adopted by the Municipality as a whole.

18. Comparative figures

The comparative figures for the 2009 year have been reclassified to conform with the 2010 financial statement presentation.

19. Approval of financial statements

These financial statements have been approved by Council and Management.