

MUNICIPAL DISTRICT OF TABER

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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Management's Responsibility

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

Management of the Municipal District of Taber are responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Municipal District's financial position as at December 31, 2021 and the results of its operations for the year then ended.

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

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

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

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

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

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

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

April 27, 2022



Chief Administrative Officer

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Municipal District of Taber (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2021, and the results of its consolidated operations, changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Debt Limit Regulation

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

Supplementary Accounting Principles and Standards Regulations

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

Lethbridge, Alberta

April 27, 2022

MNP LLP

Chartered Professional Accountants

**Municipal District of Taber
Consolidated Statement of Financial Position
As at December 31, 2021**

	<u>2021</u>	<u>2020</u>
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	50,330,905	27,440,724
Receivables		
Taxes and grants in lieu receivables (Note 3)	666,428	1,279,472
Trade and other receivables	978,277	2,547,951
Land for resale inventory	614,796	1,096,320
Long-term-investments (Note 4)	35,788	35,675
Other financial assets (Note 5)	63,049	316,859
	<u>52,689,243</u>	<u>32,717,001</u>
LIABILITIES		
Accounts payable and accrued liabilities	901,002	784,184
Deferred revenue (Note 6)	23,021,003	7,014,321
Employee benefit obligations (Note 7)	272,462	286,492
Trust funds (Note 8)	192,089	158,065
Long-term debt (Note 10)	1,356,427	1,680,214
Contractual Liabilities (Note 12)	801,598	72,450
	<u>26,544,581</u>	<u>9,995,726</u>
NET FINANCIAL ASSETS	<u>26,144,662</u>	<u>22,721,275</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2, Note 13)	129,932,311	128,276,690
Inventory for consumption	6,149,846	6,279,215
Prepaid expenses	305,129	295,217
	<u>136,387,286</u>	<u>134,851,122</u>
ACCUMULATED SURPLUS (Schedule 1, Note 15)	<u>162,531,948</u>	<u>157,572,397</u>

Contingencies - See Note 20




Municipal District of Taber
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2021

	Budget \$	2021 \$	2020 \$
REVENUE			
Net municipal property taxes (Schedule 3)	15,413,471	15,388,605	15,313,489
User fees and sales of goods	1,996,219	2,028,914	1,989,649
Government transfers for operating (Schedule 4)	5,493,800	3,072,053	2,111,293
Investment income	302,000	247,611	232,550
Penalties and costs of taxes	75,000	447,411	417,908
Fines	41,000	27,258	17,427
Rentals	1,660,000	2,025,704	1,638,140
Licences and permits	49,500	55,569	40,566
Insurance proceeds	-	2,450	4,970
Frontage levies	30,681	30,681	30,681
Transfers from individuals and organization	-	30,420	10,800
Gain on disposal of tangible capital assets	-	47,846	-
Total Revenue	25,061,671	23,404,522	21,807,473
EXPENSES			
Legislative	331,871	270,785	253,019
General administrative	1,626,606	1,717,781	1,563,680
Bylaws enforcement	545,147	446,295	411,507
GIS	417,558	377,364	365,357
Fire	1,379,917	1,262,854	1,156,674
Roads, streets, walks and lighting	10,155,503	10,107,804	10,085,596
Water and wastewater	1,779,982	1,750,884	1,714,430
Waste management	445,382	473,495	419,278
Family community support services	55,679	54,586	84,086
Agricultural services	1,364,570	1,220,307	1,401,284
Land/housing/buildings	4,841,791	2,067,249	667,738
Planning and development	372,537	277,498	390,308
Recreation and parks	1,057,507	1,280,994	1,035,404
Library	160,567	151,613	157,875
Provision for allowances	1,500,000	745,357	1,022,897
Total Expenses	26,034,617	22,204,866	20,729,133
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(972,946)	1,199,656	1,078,340
OTHER			
Other transfers for capital	400,000	11,841	-
Government transfers for capital (Schedule 4)	8,035,000	3,748,054	4,193,465
EXCESS OF REVENUE OVER EXPENSES	7,462,054	4,959,551	5,271,805
ACCUMULATED SURPLUS, BEGINNING OF YEAR	157,572,397	157,572,397	152,300,592
ACCUMULATED SURPLUS, END OF YEAR	165,034,451	162,531,948	157,572,397

Municipal District of Taber
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2021

	Budget \$	2021 \$	2020 \$
EXCESS OF REVENUE OVER EXPENSES	7,462,054	4,959,551	5,271,805
Acquisition of tangible capital assets	(11,852,000)	(6,497,564)	(5,648,171)
Proceeds on disposal of tangible capital assets	530,000	490,200	911,231
Amortization of tangible capital assets	4,309,199	4,399,589	4,236,553
(Gain) loss on disposal of tangible capital assets	-	(47,846)	327,283
	<u>(7,012,801)</u>	<u>(1,655,621)</u>	<u>(173,104)</u>
Acquisition of inventory for consumption	(6,293,694)	(6,149,846)	(6,279,215)
Acquisition of prepaid assets	(235,708)	(305,129)	(295,217)
Use of inventory for consumption	6,001,368	6,279,215	6,293,694
Use of prepaid assets	264,757	295,217	235,708
	<u>(263,277)</u>	<u>119,457</u>	<u>(45,030)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	185,976	3,423,387	5,053,671
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>22,721,275</u>	<u>22,721,275</u>	<u>17,667,604</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>22,907,251</u></u>	<u><u>26,144,662</u></u>	<u><u>22,721,275</u></u>

**Municipal District of Taber
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2021**

	2021 \$	2020 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	4,959,551	5,271,805
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	4,399,589	4,236,553
(Gain) loss on disposal of tangible capital assets	(47,846)	327,283
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	613,044	(980,206)
Decrease (increase) in trade and other receivables	1,569,674	(1,119,413)
Decrease (increase) in land held for resale	481,524	24,877
Decrease (increase) in prepaid expenses	(9,912)	(59,509)
Decrease (increase) in other financial assets	253,810	(111,517)
Decrease (increase) in inventory for consumption	129,369	14,479
Increase (decrease) in accounts payable & accrued liabilities	116,818	(39,114)
Increase (decrease) in trust funds	34,024	23,945
Increase (decrease) in contractual obligations	729,148	72,450
Increase (decrease) in deferred revenue	16,006,682	2,127,333
Increase (decrease) in employee benefit obligations	(14,030)	17,207
	<u>29,221,445</u>	<u>9,806,173</u>
Cash provided by operating transactions		
CAPITAL		
Acquisition of tangible capital assets	(6,497,564)	(5,648,171)
Proceeds on disposal of tangible capital assets	490,200	911,231
	<u>(6,007,364)</u>	<u>(4,736,940)</u>
Cash applied to capital transactions		
INVESTING		
Decrease (increase) in investments	(113)	(79)
Decrease (increase) in restricted cash and temporary investments	(16,006,682)	(2,127,333)
	<u>(16,006,795)</u>	<u>(2,127,412)</u>
Cash applied to investing transactions		
FINANCING		
Long-term debt repaid	(323,787)	(306,126)
	<u>(323,787)</u>	<u>(306,126)</u>
Cash applied to financing transactions		
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	6,883,499	2,635,695
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	20,426,403	17,790,708
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>27,309,902</u>	<u>20,426,403</u>
Cash and cash equivalents consists of:		
Cash and temporary investments (Note 2)	50,330,905	27,440,724
Less: restricted portion cash and temporary investments (Note 2)	(23,021,003)	(7,014,321)
	<u>27,309,902</u>	<u>20,426,403</u>

Municipal District of Taber
Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2021
Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021 \$	2020 \$
BALANCE, BEGINNING OF YEAR	9,899,306	21,076,615	126,596,476	157,572,397	152,300,592
Excess of revenues over expenses	4,959,551	-	-	4,959,551	5,271,805
Unrestricted funds designated for future use	(4,557,465)	4,557,465	-	-	-
Restricted funds used for operations	27,224	(27,224)	-	-	-
Restricted funds used for tangible capital assets	-	(1,651,236)	1,651,236	-	-
Current year funds used for tangible capital assets	(4,356,128)	-	4,356,128	-	-
Disposal of tangible capital assets	(47,846)	-	47,846	-	-
Annual amortization expense	4,399,589	-	(4,399,589)	-	-
Long term debt repaid	(323,787)	-	323,787	-	-
Change in accumulated surplus	101,138	2,879,005	1,979,408	4,959,551	5,271,805
BALANCE, END OF YEAR	10,000,444	23,955,620	128,575,884	162,531,948	157,572,397

**Municipal District of Taber
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2021
Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2021 \$	2020 \$
COST:								
BALANCE, BEGINNING OF YEAR	50,642,879	1,987,473	12,638,130	115,071,177	16,913,224	7,809,796	205,062,679	201,745,496
Acquisition of tangible capital assets	-	-	-	3,673,304	1,649,183	247,345	5,569,832	2,338,835
Construction-in-progress	-	-	-	927,732	-	-	927,732	3,309,336
Disposal of tangible capital assets	-	-	-	-	(831,173)	(208,143)	(1,039,316)	(2,330,988)
BALANCE, END OF YEAR	<u>50,642,879</u>	<u>1,987,473</u>	<u>12,638,130</u>	<u>119,672,213</u>	<u>17,731,234</u>	<u>7,848,998</u>	<u>210,520,927</u>	<u>205,062,679</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	330,384	1,692,926	60,995,145	8,623,096	5,144,438	76,785,989	73,641,910
Annual amortization	-	52,836	159,453	2,694,550	1,047,921	444,829	4,399,589	4,236,553
Accumulated amortization on disposals	-	-	-	-	(393,219)	(203,743)	(596,962)	(1,092,474)
BALANCE, END OF YEAR	<u>-</u>	<u>383,220</u>	<u>1,852,379</u>	<u>63,689,695</u>	<u>9,277,798</u>	<u>5,385,524</u>	<u>80,588,616</u>	<u>76,785,989</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>50,642,879</u>	<u>1,604,253</u>	<u>10,785,751</u>	<u>55,982,518</u>	<u>8,453,436</u>	<u>2,463,474</u>	<u>129,932,311</u>	<u>128,276,690</u>
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>50,642,879</u>	<u>1,657,089</u>	<u>10,945,204</u>	<u>54,076,032</u>	<u>8,290,128</u>	<u>2,665,358</u>	<u>128,276,690</u>	

**Municipal District of Taber
Schedule of Property and Other Taxes
For the Year Ended December 31, 2021
Schedule 3**

	Budget	2021 \$	2020 \$
TAXATION			
Real property taxes	12,251,513	12,239,054	11,964,650
Linear property taxes	8,628,257	8,614,531	8,744,890
Government grants in place of property taxes	6,012	9,438	8,727
Minimum property taxes	24,000	24,352	15,814
	<u>20,909,782</u>	<u>20,887,375</u>	<u>20,734,081</u>
REQUISITIONS			
Alberta School Foundation Fund	5,049,612	5,048,207	4,979,816
Designated Industrial Assessment	72,128	72,117	76,024
Holy Spirit School Division	123,472	123,472	125,221
Taber Seniors Foundation	251,099	254,974	239,531
	<u>5,496,311</u>	<u>5,498,770</u>	<u>5,420,592</u>
NET MUNICIPAL TAXES	<u>15,413,471</u>	<u>15,388,605</u>	<u>15,313,489</u>

**Municipal District of Taber
Schedule of Government Transfers
For the Year Ended December 31, 2021
Schedule 4**

	Budget	2021 \$	2020 \$
TRANSFERS FOR OPERATING:			
Provincial Government	3,003,310	2,871,284	1,949,625
Federal Government	2,490,490	18,900	-
Other Local Governments	-	181,869	161,668
	<u>5,493,800</u>	<u>3,072,053</u>	<u>2,111,293</u>
 TRANSFERS FOR CAPITAL:			
Provincial Government	7,635,000	3,736,212	3,411,973
Federal Government	400,000	11,842	781,492
	<u>8,035,000</u>	<u>3,748,054</u>	<u>4,193,465</u>
 TOTAL GOVERNMENT TRANSFERS	 <u>13,528,800</u>	 <u>6,820,107</u>	 <u>6,304,758</u>

Municipal District of Taber
Schedule of Consolidated Expenses by Object
For the Year Ended December 31, 2021
Schedule 5

	Budget	2021	2020
	\$	\$	\$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	7,336,491	7,157,598	7,516,758
Contracted and general services	2,212,023	2,102,592	1,724,954
Purchase from other governments	1,008,062	924,209	792,177
Materials, goods, supplies and utilities	4,107,627	3,935,915	3,689,465
Provision for allowances	1,500,000	745,357	1,022,897
Bank charges and short term interest	3,000	2,907	5,185
Grants to individuals and organizations	5,461,000	2,851,087	1,309,958
Interest on long term debt	97,215	85,612	103,903
Amortization of tangible capital assets	4,309,199	4,399,589	4,236,553
Loss on disposal of tangible capital assets	-	-	327,283
	<u>26,034,617</u>	<u>22,204,866</u>	<u>20,729,133</u>

**Municipal District of Taber
Schedule of Segmented Disclosure
For the Year Ended December 31, 2021
Schedule 6**

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health	Planning & Development	Recreation & Culture	Total \$
REVENUE								
Net municipal taxes	15,388,605	-	-	-	-	-	-	15,388,605
Government transfers	140,698	104,665	4,584,305	-	-	1,805,907	282,480	6,918,055
Sales and user charges	81,918	128,008	240,169	1,289,199	-	62,709	184,532	1,986,535
Investment income	247,611	-	-	-	-	-	-	247,611
Other revenues	447,411	33,308	40,325	30,681	-	2,047,516	24,370	2,623,611
	<u>16,306,243</u>	<u>265,981</u>	<u>4,864,799</u>	<u>1,319,880</u>	<u>-</u>	<u>3,916,132</u>	<u>491,382</u>	<u>27,164,417</u>
EXPENSES								
Salaries, wages and benefits	1,233,770	527,993	3,429,109	719,419	-	1,167,298	80,009	7,157,598
Contracted and general services	627,160	323,037	395,794	291,567	-	311,182	153,852	2,102,592
Purchase from other governments	1,000	330,675	-	592,534	-	-	-	924,209
Materials, goods, supplies and utilities	73,568	339,548	2,660,222	247,713	-	446,410	168,454	3,935,915
Transfers to other governments and boards	-	5,000	-	-	54,586	1,853,872	937,629	2,851,087
Interest on long term debt	-	-	-	85,612	-	-	-	85,612
Provision for allowances	745,357	-	-	-	-	-	-	745,357
Other Expenses	2,907	-	-	-	-	-	-	2,907
	<u>2,683,762</u>	<u>1,526,253</u>	<u>6,485,125</u>	<u>1,936,845</u>	<u>54,586</u>	<u>3,778,762</u>	<u>1,339,944</u>	<u>17,805,277</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION	<u>13,622,481</u>	<u>(1,260,272)</u>	<u>(1,620,326)</u>	<u>(616,965)</u>	<u>(54,586)</u>	<u>137,370</u>	<u>(848,562)</u>	<u>9,359,140</u>
Amortization	50,161	182,896	3,622,679	287,534	-	163,656	92,663	4,399,589
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>13,572,320</u>	<u>(1,443,168)</u>	<u>(5,243,005)</u>	<u>(904,499)</u>	<u>(54,586)</u>	<u>(26,286)</u>	<u>(941,225)</u>	<u>4,959,551</u>

Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipal District of Taber (the “Municipal District”) are the representations of management prepared in accordance with the Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipal District of Taber are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Municipal District Council for the administration of their financial affairs and resources. Included with the Municipal District is the following:

Regional Fire Authority

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

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

b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c) Measurement Uncertainty (Use of Estimates)

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expense during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

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

d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

e) Requisition Over-levy and Under-levy

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

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

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

f) Inventories for Resale

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

g) Tax Revenue

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

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

h) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Municipality is required to fund the closure of its landfill sites and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. This requirement is estimated to be immaterial and the post closure activities will be performed by municipal forces as landfill closures occur in the future. Therefore the related liability has not been recorded in these consolidated financial statements.

i) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

j) Segments

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

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

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2021**

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

k) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the consolidated Change in Net Financial Assets for the year.

i. Tangible Capital Assets

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

	PERCENT	YEARS
Land Improvements		15-25
Buildings		25-80
Engineered structures		
Water system	2% - 3%	
Waste water system	2% - 3%	
Other engineered structures	2% - 20%	30
Machinery and equipment		5-25
Vehicles		3-25

Full annual amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

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

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventory for Consumption

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

2. CASH AND TEMPORARY INVESTMENTS

	<u>2021</u>	<u>2020</u>
Cash	\$ 50,319,906	\$ 27,429,831
Temporary Investments	<u>10,999</u>	<u>10,893</u>
	<u>\$ 50,330,905</u>	<u>\$ 27,440,724</u>

Temporary investments are demand deposit accounts, with notice of 31 days and 90 days required in order to access funds, with interest rates ranging from .80% to 1.0%, as well as a bank account, with interest rates ranging from .55% to .90%.

Council has designated funds of \$17,975,572 (2020 - \$14,411,660) included in the above amounts for equipment replacement.

Included in cash and temporary investments is a restricted amount of \$23,021,003 (2020 – \$7,014,321) received from senior levels of government and held exclusively for capital projects (Note 6).

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2021**

3. RECEIVABLES

Taxes and grants in place of taxes receivables

	<u>2021</u>	<u>2020</u>
Current taxes and grants in place of taxes	\$ 1,332,314	\$ 2,732,440
Arrears taxes	<u>1,907,626</u> 3,239,940	<u>1,669,717</u> 4,402,157
Less allowance for doubtful accounts	<u>(2,573,512)</u>	<u>(3,122,685)</u>
	<u>666,428</u>	<u>1,279,472</u>

Other receivables

Trade and other accounts receivables	\$ 941,720	\$ 2,414,196
Goods and Services Tax receivable	<u>48,892</u> 990,612	<u>134,785</u> 2,548,981
Less allowance for doubtful accounts	<u>(12,335)</u>	<u>(1,030)</u>
	<u>978,277</u>	<u>2,547,951</u>
	<u>\$ 1,644,705</u>	<u>\$ 3,827,423</u>

4. LONG-TERM INVESTMENTS

	<u>2021</u>	<u>2020</u>
CO-OP Equity	\$ 31,672	\$ 31,559
U.F.A. Equity	<u>4,116</u>	<u>4,116</u>
	<u>\$ 35,788</u>	<u>\$ 35,675</u>

5. OTHER FINANCIAL ASSETS

	<u>2021</u>	<u>2020</u>
Alberta School Requisition (Over)/Under-levy	\$ 54,044	\$ 294,568
Designated Industrial Property (Over)/Under-levy	202	6,800
Taber Seniors Foundation (Over)/Under-levy	<u>8,803</u>	<u>15,491</u>
	<u>\$ 63,049</u>	<u>\$ 316,859</u>

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2021**

6. DEFERRED REVENUE

	<u>2021</u>	<u>2020</u>
Federal Gas Tax Fund	\$ 427,512	\$ 28,315
Alberta Community Resilience Program	\$ -	\$ 1,467,924
Municipal Sustainability Initiative	\$ 1,543,643	\$ 1,731,941
Municipal Stimulus Program	\$ -	\$ 46,538
Town of Taber – Horsefly Regional Spillway	\$ 20,693	\$ -
Regional Collaboration Program	<u>\$ 21,029,155</u>	<u>\$ 3,739,603</u>
	<u>\$ 23,021,003</u>	<u>\$ 7,014,321</u>

Funding in the amount of \$18,475,663 was received in the current year and \$4,545,340 was carry forward from 2020 from the senior levels of government. The use of these funds is restricted to eligible capital projects, as approved under the funding agreements, which are scheduled for completion in 2024. Unexpended funds related to the advance are supported by cash and temporary investments of \$23,021,003 held exclusively for these projects (refer Note 2).

7. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2021</u>	<u>2020</u>
Vacation	\$ 236,691	\$ 259,745
Overtime	<u>35,771</u>	<u>26,747</u>
	<u>\$ 272,462</u>	<u>\$ 286,492</u>

The employee benefit obligations liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

8. TRUST FUNDS

A summary of trust fund activities by the Municipal District of Taber is as follows:

Subdivisions	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 158,065	\$ 134,120
Net revenue of land held for resale subdivided and sold	33,075	22,712
Investment income	949	1,233
Community enhancement expenditures	<u>-</u>	<u>-</u>
	<u>\$ 192,089</u>	<u>\$ 158,065</u>

9. CONTAMINATED SITES LIABILITY

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

As at December 31, 2021 the Municipal District does not have any contaminated sites and as such no liability has been accrued in these consolidated financial statements.

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2021**

10. LONG TERM DEBT

	<u>2021</u>	<u>2020</u>
Alberta Municipal Financing Corporation debenture debt bearing interest at rates ranging from 5.75% to 5.875% per annum maturing in periods from 2024 through 2028.	\$ 1,356,427	\$ 1,680,214
	1,356,427	1,680,214
Less principal portion due within one year	342,465	323,787
	\$ 1,013,962	\$ 1,356,427

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	342,465	78,537	421,002
2023	362,222	58,780	421,002
2024	383,118	37,883	421,001
2025	61,519	15,781	77,300
2026	65,133	12,167	77,300
Thereafter	141,970	12,630	154,600
	\$ 1,356,427	\$ 215,778	\$ 1,572,205

Interest on long-term debt amounted to \$85,612 (2020 – \$103,903).

The Municipal District's total cash payments for interest in 2021 were \$97,215 (2020 – \$114,875).

11. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Municipal District of Taber be disclosed as follows:

	<u>2021</u>	<u>2020</u>
Total debt limit	\$ 35,106,783	\$ 32,711,210
Total debt	1,356,427	\$ 1,680,214
Amount total debt limit unused	\$ 33,750,356	\$ 31,030,996
Service on debt limit	\$ 5,851,131	\$ 5,451,868
Service on debt	421,002	421,002
Amount service on debt limit unused	\$ 5,430,129	\$ 5,030,866

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

12. CONTRACTUAL LIABILITIES

The Municipal District of Taber has entered into a contractual agreement for management of a multi-year capital project, of which ownership will transfer at the end of the project to the Taber Irrigation District and the St. Mary River Irrigation District at the completion of the project. The estimated completion cost of phase 1 of this project totals \$22,200,000 which is being funded through various federal government and provincial government grants, along with contributions from other municipal project partners. Total costs incurred for the project as at December 31, 2021 were \$801,598.

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2021**

13. TANGIBLE CAPITAL ASSETS

Net Book Value	<u>2021</u>	<u>2020</u>
Land	\$ 50,642,879	\$ 50,642,879
Land Improvements	1,604,253	1,657,089
Buildings	10,785,751	10,945,204
Engineered Structures		
Roadway system	47,368,966	42,823,985
Construction-in-progress – roadway and spillway	927,732	3,309,336
Water distribution system	4,858,201	5,021,197
Wastewater treatment system	2,581,965	2,649,598
Communication System	245,654	271,916
Machinery, equipment and furnishings	8,453,436	8,290,128
Vehicles	<u>2,463,474</u>	<u>2,665,358</u>
	<u>\$ 129,932,311</u>	<u>\$ 128,276,690</u>

14. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2021</u>	<u>2020</u>
Tangible capital assets (Schedule 2)	\$ 210,520,927	\$ 205,062,679
Accumulated amortization (Schedule 2)	(80,588,616)	(76,785,989)
Long-term debt (Note 10)	<u>(1,356,427)</u>	<u>(1,680,214)</u>
	<u>\$ 128,575,884</u>	<u>\$ 126,596,476</u>

15. ACCUMULATED SURPLUS

	<u>2021</u>	<u>2020</u>
Unrestricted surplus	\$ 10,000,444	\$ 9,899,306
Internally restricted surplus		
Operating reserves		
General municipal	925,588	925,588
Road building/maintenance	1,875,809	1,875,809
Major projects	2,145,221	2,145,221
Taber airport	29,706	29,706
Recreation	502,063	502,063
Landfill	273,880	273,880
Bridges	722,782	752,688
Water	160,000	160,000
Capital reserves		
Computer	487,860	459,343
Fire	1,135,601	924,516
General equipment	6,056,827	5,679,666
General land/buildings	6,353,119	5,953,119
Water	365,378	365,378
A.S.B.	669,985	708,077
Recreation	275,740	190,172
Land development	1,976,061	131,389
Equity in tangible capital assets	<u>128,575,884</u>	<u>126,596,476</u>
	<u>\$ 162,531,948</u>	<u>\$ 157,572,397</u>

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2021**

16. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2021			2020
	Salary ¹	Benefits & allowances ²	Total	Total
Councillors:				
Division 1	\$ 21,467	\$ 9,665	\$ 31,132	\$ 36,227
Division 2	20,527	9,613	30,140	23,878
Division 3(9 months)	8,155	7,360	15,515	17,040
Division 3(3 months)	4,181	2,498	6,679	-
Division 4	18,592	7,790	26,382	23,732
Division 5(9 months)	16,034	7,790	23,824	34,003
Division 5(3 months)	4,658	2,524	7,182	-
Division 6	15,268	9,327	24,595	25,958
Division 7(9 months)	5,957	6,554	12,511	19,924
Division 7(3 months)	2,985	1,885	4,870	-
CAO ³	177,739	38,892	216,631	208,965
Designated officer ³				130,023
Designated officer(contract)	175,667	-	175,667	-

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.
3. Benefits and allowances figures also include the Employer's share of the costs of additional taxable benefits including moving allowances.

17. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipal District of Taber participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The Municipal District of Taber is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount.

Total current service contributions by the Municipal District of Taber to the LAPP in 2021 were \$397,045 (2020 - \$450,600). Total current service contributions by the employees of the Municipal District of Taber to the LAPP in 2021 were \$360,115 (2020 - \$382,169).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$4.96 billion (2019 - surplus of \$7.91 billion).

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2021**

18. APEX SUPPLEMENTARY PLAN

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

Contributions are made by the prescribed class of employees and the Municipal District of Taber. Employees and the Municipal District of Taber are required to make current service contributions to APEX of 2.61% (2020 – 2.61%) and 3.85% (2020 – 3.85%) respectively of pensionable earnings up to \$162,278 (2020 - \$154,611).

Total current service contributions by the Municipal District of Taber to APEX in 2021 were \$34,776 (2020 - \$38,776). Total current service contributions by the employees of the Municipal District of Taber to APEX in 2021 were \$23,307 (2020 – \$26,315).

19. SEGMENTED DISCLOSURE

The Municipal District of Taber provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

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

20. CONTINGENCIES

The Municipal District of Taber is a member of the Genesis Reciprocal Insurance Program. Under the terms of the membership, the Municipal District of Taber could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Municipal District is involved in various litigation and claims associated with normal operations and management believes that any resulting settlement would not materially affect the financial position of the Municipal District.

21. CONTRACTUAL RIGHTS

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

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2021**

22. RELATED PARTIES

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

	<u>2021</u>	<u>2020</u>
Accounts Receivable		
Highway 3 Regional Water Services Commission	\$ -	\$ 97,767
Accounts Payable		
Highway 3 Regional Water Services Commission	\$ 13,730	\$ 12,036
Vauxhall & District Regional Water Services Commission	<u>15,702</u>	<u>16,255</u>
	<u>\$ 29,432</u>	<u>\$ 28,291</u>
User fees and sales of goods		
Highway 3 Regional Water Services Commission	\$ 250,900	\$ 225,225
Vauxhall & District Regional Water Services Commission	<u>250,900</u>	<u>225,225</u>
	<u>\$ 501,800</u>	<u>\$ 450,450</u>

23. FINANCIAL INSTRUMENTS

The Municipal District's financial instruments consist of cash and temporary investments, receivables, land held for resale, investments, prepaid expenses, other financial assets, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Municipal District is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The Municipal District of Taber is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the municipal District provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

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

24. BUDGET INFORMATION

The disclosed budget information has been approved by the Reeve and Council of the Municipal District of Taber on December 8, 2020.

25. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Council and Management approved these consolidated financial statements.

26. COMPARATIVE INFORMATION

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