

MUNICIPAL DISTRICT OF TABER

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Contents:

Management's Responsibility

Auditors' Report

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Financial Assets

Consolidated Statement of Cash Flows

Schedule of Changes in Accumulated Surplus

Schedule of Tangible Capital Assets

Schedule of Property and Other Taxes

Schedule of Government Transfers

Schedule of Consolidated Expenses by Object

Schedule of Segmented Disclosure

Notes to Financial Statements

Management's Responsibility for Financial Reporting


Municipal District of Taber's management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying consolidated financial statements and the notes thereto. Management believes that the consolidated financial statements present fairly the Municipal District's financial position as at December 31, 2015 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. Financial statements are not precise, since they 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 maintained a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Municipal District Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Municipal District's external auditors.

The consolidated financial statements have been audited by the independent firm of KPMG LLP, Chartered Professional Accountants. Their report to the Members of Council of the Municipal District of Taber, stating the scope of their examination and opinion on the consolidated financial statements, follows.



Reeve



Municipal Administrator



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

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

Independent Auditors' Report

To the Members of Council of the Municipal District of Taber

We have audited the accompanying financial statements of Municipal District of Taber (the "Municipal District") which comprise the statement of financial position as at December 31, 2015, the statements of operations and accumulated surplus, change in net financial assets 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Municipal District's preparation and fair presentation of the 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 Municipal District'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 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 financial statements present fairly, in all material respects, the financial position of Municipal District of Taber as at December 31, 2015, and results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

March 22, 2016
Lethbridge, Canada

**Municipal District of Taber
Consolidated Statement of Financial Position
As at December 31, 2015**

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	22,516,207	25,032,549
Receivables		
Taxes and grants in lieu receivables (Note 4)	191,369	269,735
Trade and other receivables	913,409	906,788
Land for resale inventory	2,072,462	786,795
Long-term-investments (Note 5)	35,377	26,641
Other financial assets (Note 6)	8,174	6,857
	<u>25,736,998</u>	<u>27,029,365</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,041,763	735,364
Deferred revenue (Note 7)	445,044	433,884
Employee benefit obligations (Note 8)	345,504	304,431
Municipal Trust funds (Note 9)	208,667	139,797
Long-term debt (Note 10)	3,052,739	3,361,249
	<u>5,093,717</u>	<u>4,974,725</u>
NET FINANCIAL ASSETS	<u>20,643,281</u>	<u>22,054,640</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	93,580,367	85,671,593
Inventory for consumption	5,526,445	2,528,974
Land for resale inventory	-	1,069,258
Prepaid expenses	236,481	222,582
	<u>99,343,293</u>	<u>89,492,407</u>
ACCUMULATED SURPLUS (Schedule 1, Note 14)	<u>119,986,574</u>	<u>111,547,047</u>

Contingencies - See Note 19

Municipal District of Taber
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2015

	Budget	2015	2014
	\$	\$	\$
REVENUE			
Net municipal property taxes (Schedule 3)	15,385,450	15,363,402	14,462,234
Sales and user charges	1,440,440	1,561,956	1,369,514
Government transfers for operating (Schedule 4)	1,459,778	1,520,351	1,825,472
Investment income	281,000	314,841	339,529
Penalties and costs of taxes	45,000	103,769	77,235
Rentals	1,176,917	1,245,690	1,373,094
Insurance proceeds	-	37,555	6,148
Frontage levies	25,091	25,091	25,091
Well drilling taxes	40,000	2,266	84,006
Donated assets	140,000	-	57,899
Total Revenue	19,993,676	20,174,921	19,620,222
EXPENSES			
Legislative	384,894	344,200	358,403
General administrative	2,236,815	2,186,943	1,724,720
Bylaws enforcement	158,500	149,158	183,663
GIS	406,454	325,488	395,531
Fire	855,257	806,371	726,269
Roads, streets, walks and lighting	9,529,679	10,113,077	8,784,333
Water and wastewater	1,663,043	1,718,155	1,983,191
Waste management	343,472	321,890	329,810
Family community support services	49,029	50,025	49,029
Agricultural services	1,580,743	1,410,744	1,433,773
Subdivision land development	14,000	41,269	2,455
Land/housing/buildings	536,166	519,253	512,783
Planning and development	193,645	154,968	174,845
Public housing	4,156	2,095	6,126
Recreation and parks	1,408,353	1,125,093	1,001,715
Library	135,480	140,077	136,499
Total Expenses	19,499,686	19,408,806	17,803,145
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER	493,990	766,115	1,817,077
OTHER			
Contributed assets	-	4,626,402	-
Government transfers for capital (Schedule 4)	3,401,813	3,047,010	3,036,272
EXCESS OF REVENUE OVER EXPENSES	3,895,803	8,439,527	4,853,349
ACCUMULATED SURPLUS, BEGINNING OF YEAR	111,547,047	111,547,047	106,693,698
ACCUMULATED SURPLUS, END OF YEAR	115,442,850	119,986,574	111,547,047

**Municipal District of Taber
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2015**

	Budget \$	2015 \$	2014 \$
EXCESS OF REVENUE OVER EXPENSES	<u>3,895,803</u>	<u>8,439,527</u>	<u>4,853,349</u>
Acquisition of tangible capital assets	(6,798,971)	(7,761,635)	(7,403,847)
Contributed tangible capital assets	-	(4,626,402)	-
Proceeds on disposal of tangible capital assets	359,000	334,300	383,970
Amortization of tangible capital assets	3,810,519	4,074,918	3,824,943
Loss on disposal of tangible capital assets	-	70,045	144,433
	<u>(2,629,452)</u>	<u>(7,908,774)</u>	<u>(3,050,501)</u>
Acquisition of inventory for consumption	(3,697,938)	(3,697,938)	(624,803)
Acquisition of prepaid assets	(236,481)	(236,481)	(222,582)
Use (Acquisition) of land held for resale	1,069,258	1,069,258	(1,069,258)
Use of inventory for consumption	700,467	700,467	625,956
Use of prepaid assets	222,582	222,582	194,314
	<u>(1,942,112)</u>	<u>(1,942,112)</u>	<u>(1,096,373)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(675,761)	(1,411,359)	706,475
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>22,054,640</u>	<u>22,054,640</u>	<u>21,348,165</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>21,378,879</u></u>	<u><u>20,643,281</u></u>	<u><u>22,054,640</u></u>

**Municipal District of Taber
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2015**

	2015	2014
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	8,439,527	4,853,349
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	4,074,918	3,824,943
Loss on disposal of tangible capital assets	70,045	144,433
Tangible capital assets received as contributions	(4,626,402)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	78,366	116,516
Decrease (increase) in trade and other receivables	(6,621)	408,523
Decrease (increase) in land held for resale	(216,409)	(994,905)
Decrease (increase) in prepaid expenses	(13,899)	(28,268)
Decrease (increase) in other financial assets	(1,317)	(1,319)
Decrease (increase) in inventory for consumption	(2,997,471)	1,153
Increase (decrease) in accounts payable & accrued liabilities	306,399	(34,484)
Increase (decrease) in trust funds	68,870	(7,694)
Increase (decrease) in deferred revenue	11,160	(935,999)
Increase (decrease) in employee benefit obligations	41,073	31,210
Cash provided by operating transactions	<u>5,228,239</u>	<u>7,377,458</u>
CAPITAL		
Acquisition of tangible capital assets	(7,761,635)	(7,403,847)
Sale of tangible capital assets	334,300	383,970
Cash applied to capital transactions	<u>(7,427,335)</u>	<u>(7,019,877)</u>
INVESTING		
Decrease (increase) in investments	(8,736)	(3,762)
Cash applied to investing transactions	<u>(8,736)</u>	<u>(3,762)</u>
FINANCING		
Long-term debt repaid	(308,510)	(292,099)
Cash applied to financing transactions	<u>(308,510)</u>	<u>(292,099)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	<u>(2,516,342)</u>	<u>61,720</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>25,032,549</u>	<u>24,970,829</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>22,516,207</u>	<u>25,032,549</u>
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 3)	<u>22,516,207</u>	<u>25,032,549</u>

Municipal District of Taber
 Schedule of Changes in Accumulated Surplus
 For the Year Ended December 31, 2015
 Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015 \$	2014 \$
BALANCE, BEGINNING OF YEAR	17,252,018	11,984,685	82,310,344	111,547,047	106,693,698
Excess of revenues over expenses	8,439,527	-	-	8,439,527	4,853,349
Unrestricted funds designated for future use	(8,185,208)	8,185,208	-	-	-
Restricted funds used for operations	-	-	-	-	-
Restricted funds used for tangible capital assets	-	(2,157,281)	2,157,281	-	-
Current year funds used for tangible capital assets	(5,604,354)	-	5,604,354	-	-
Donated and contributed tangible capital assets	(4,626,402)	-	4,626,402	-	-
Disposal of tangible capital assets	404,345	-	(404,345)	-	-
Annual amortization expense	4,074,918	-	(4,074,918)	-	-
Long term debt repaid	(308,510)	-	308,510	-	-
Change in accumulated surplus	(5,805,684)	6,027,927	8,217,284	8,439,527	4,853,349
BALANCE, END OF YEAR	11,446,334	18,012,612	90,527,628	119,986,574	111,547,047

**Municipal District of Taber
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2015
Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2015 \$	2014 \$
COST:								
BALANCE, BEGINNING OF YEAR	20,029,877	1,324,333	2,248,702	98,627,336	13,799,214	5,562,709	141,592,171	135,007,350
Acquisition of tangible capital assets	4,428,302	425,175	-	4,737,983	2,035,882	528,209	12,155,551	6,222,927
Construction-in-progress	-	-	232,486	-	-	-	232,486	1,180,920
Disposal of tangible capital assets	-	-	-	-	(727,876)	(30,000)	(757,876)	(819,026)
BALANCE, END OF YEAR	24,458,179	1,749,508	2,481,188	103,365,319	15,107,220	6,060,918	153,222,332	141,592,171
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	46,305	950,884	45,417,962	6,588,877	2,916,550	55,920,578	52,386,258
Annual amortization	-	42,315	45,161	2,746,282	819,306	421,854	4,074,918	3,824,943
Accumulated amortization on disposals	-	-	-	-	(329,898)	(23,633)	(353,531)	(290,623)
BALANCE, END OF YEAR	-	88,620	996,045	48,164,244	7,078,285	3,314,771	59,641,965	55,920,578
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	24,458,179	1,660,888	1,485,143	55,201,075	8,028,935	2,746,147	93,580,367	85,671,593
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	20,029,877	1,278,028	1,297,818	53,209,374	7,210,337	2,646,159	85,671,593	

**Municipal District of Taber
Schedule of Property and Other Taxes
For the Year Ended December 31, 2015
Schedule 3**

	Budget	2015 \$	2014 \$
TAXATION			
Property taxes levied	20,824,489	20,794,268	19,812,679
Government grants in place of property taxes	18,182	18,182	17,563
	<u>20,842,671</u>	<u>20,812,450</u>	<u>19,830,242</u>
REQUISITIONS			
Alberta School Foundation Fund	5,155,762	5,155,541	5,081,778
Holy Spirit School Division	134,682	126,882	131,672
Taber Seniors Foundation	166,777	166,625	154,558
	<u>5,457,221</u>	<u>5,449,048</u>	<u>5,368,008</u>
NET MUNICIPAL TAXES	<u>15,385,450</u>	<u>15,363,402</u>	<u>14,462,234</u>

Municipal District of Taber
 Schedule of Government Transfers
 For the Year Ended December 31, 2015
 Schedule 4

	Budget	2015 \$	2014 \$
TRANSFERS FOR OPERATING:			
Provincial Government	1,382,890	1,468,176	1,774,069
Federal Government	5,000	3,264	-
Other Local Governments	71,888	48,911	51,403
	<u>1,459,778</u>	<u>1,520,351</u>	<u>1,825,472</u>
 TRANSFERS FOR CAPITAL:			
Provincial Government	3,027,641	2,673,968	2,649,550
Federal Government	374,172	373,042	386,722
	<u>3,401,813</u>	<u>3,047,010</u>	<u>3,036,272</u>
 TOTAL GOVERNMENT TRANSFERS	 <u>4,861,591</u>	 <u>4,567,361</u>	 <u>4,861,744</u>

Municipal District of Taber
 Schedule of Consolidated Expenses by Object
 For the Year Ended December 31, 2015
 Schedule 5

	Budget	2015	2014
	\$	\$	\$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	7,176,686	6,393,470	5,571,625
Contracted and general services	2,197,434	2,022,839	2,410,459
Purchase from other governments	412,420	391,344	401,446
Materials, goods, supplies and utilities	3,498,873	4,579,355	3,881,100
Provision for allowances	482,000	457,124	238,062
Bank charges and short term interest	2,000	3,184	3,077
Grants to individuals and organizations	1,625,863	1,232,389	1,126,158
Interest on long term debt	293,891	184,138	201,842
Amortization of tangible capital assets	3,810,519	4,074,918	3,824,943
Loss on disposal of tangible capital assets	-	70,045	144,433
	<u>19,499,686</u>	<u>19,408,806</u>	<u>17,803,145</u>

**Municipal District of Taber
Schedule of Segmented Disclosure
For the Year Ended December 31, 2015
Schedule 6**

	General Government	Protective Services	Transportaion Services	Environmental Services	Public Health	Planning & Development	Recreation & Culture	Total \$
REVENUE								
Net municipal taxes	15,363,402	-	-	-	-	-	-	15,363,402
Government transfers	-	41,816	3,849,464	258,058	2,095	270,032	145,896	4,567,361
Sales and user charges	127,992	60,938	146,896	972,157	-	137,106	116,867	1,561,956
Investment income	314,239	-	-	602	-	-	-	314,841
Contributed assets	-	-	-	198,100	-	4,428,302	-	4,626,402
Other revenues	106,035	-	85,223	25,091	-	1,198,022	-	1,414,371
	<u>15,911,668</u>	<u>102,754</u>	<u>4,081,583</u>	<u>1,454,008</u>	<u>2,095</u>	<u>6,033,462</u>	<u>262,763</u>	<u>27,848,333</u>
EXPENSES								
Salaries, wages and benefits	1,318,942	82,197	3,234,585	592,382	-	1,100,953	64,411	6,393,470
Contracted and general services	587,818	59,925	449,288	474,918	-	311,756	139,134	2,022,839
Materials, goods, supplies and utilities	106,529	329,371	2,875,421	527,150	-	596,641	144,243	4,579,355
Transfers to other governments and boards	17,713	-	-	-	50,025	310,936	853,715	1,232,389
Interest on long term debt	-	-	-	182,043	2,095	-	-	184,138
Other Expenses	463,507	388,145	70,045	-	-	-	-	921,697
	<u>2,494,509</u>	<u>859,638</u>	<u>6,629,339</u>	<u>1,776,493</u>	<u>52,120</u>	<u>2,320,286</u>	<u>1,201,503</u>	<u>15,333,888</u>
NET REVENUE, BEFORE AMORTIZATION	<u>13,417,159</u>	<u>(756,884)</u>	<u>(2,547,756)</u>	<u>(322,485)</u>	<u>(50,025)</u>	<u>3,713,176</u>	<u>(938,740)</u>	<u>12,514,445</u>
Amortization	36,634	95,891	3,483,738	263,552	-	131,436	63,667	4,074,918
NET REVENUE	<u>13,380,525</u>	<u>(852,775)</u>	<u>(6,031,494)</u>	<u>(586,037)</u>	<u>(50,025)</u>	<u>3,581,740</u>	<u>(1,002,407)</u>	<u>8,439,527</u>

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2015**

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipal District of Taber are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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 Council for the administration of their financial affairs and resources. Included with the municipality are 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 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) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 financial statements, and the reported amounts of revenue and expense during the period. Where measurable uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Investments

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

e) Requisition Over-levy and Under-levy

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

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2015**

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.

D) Inventory 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 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 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) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) 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		25-50
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.

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2015**

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.

k) 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 Municipality.

2. FUTURE ACCOUNTING PRONOUNCEMENT

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). In 2016, the Municipality will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

1. PS 1201 - Financial Statement Presentation

The implementation of this standard requires a new statement of re-measurement gains and losses separate from the statement of operations. This new statement will include the unrealized gains and losses arising from the remeasurement of financial instruments and items denominated in foreign currency. This standard is effective for fiscal years beginning on or after April 1, 2019.

2. PS 3450 - Financial Instruments

This section establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the government. Unrealized gains and losses will be presented on the new statement of remeasurement gains and losses arising from the adoption of PS 1201. There will also be a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. As the Municipality does not invest in derivatives or equity instruments based on its investment policy, it is anticipated that the adoption of this standard will have a minimal impact on the Municipality. This standard is effective for fiscal years beginning on or after April 1, 2019.

3. PS 2601 - Foreign Currency Translation

This section establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The Section requires monetary assets and liabilities, denominated in a foreign currency and non-monetary items values at fair value denominated in a foreign currency to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealized gains and losses are to be presented in the new statement of remeasurement gains and losses. This standard is effective for fiscal years beginning on or after April 1, 2019.

4. PS 3041 - Portfolio Investments

This section removes the distinction between temporary and portfolio investments and provides additional guidance on recognition, measurement, presentation and disclosure of these types of investments. Upon adoption of this section and PS 3450, PS 3040 - Portfolio investments will no longer be application. This standard is effective for fiscal years beginning on or after April 1, 2019.

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2015**

5. PS 2200 - Related Party Disclosures

This section provides guidance on the definition of a related party and establishes the disclosure requirements for transactions between related parties. This standard is effective for fiscal years beginning on or after April 1, 2017.

6. PS 3420 - Inter- Entity Transactions

This section provides guidance on the recognition, measurement and presentation of transactions between entities controlled by a government within the government reporting entity from both the perspective of both parties. This standard is effective for fiscal years beginning on or after April 1, 2017.

7. PS 3210 - Assets

This section provides guidance on the various components related to the definition of an asset and establishes the related disclosure requirements. This standard is effective for fiscal years beginning on or after April 1, 2017.

8. PS 3320 - Contingent Assets

This section provides a general application standard providing guidance on the definition and disclosures standards related to contingent assets. It is noted that specific types of contingent assets are excluded from this standard. This standard is effective for fiscal years beginning on or after April 1, 2017.

9. PS 3430 - Restructure Transactions

This section provides guidance on the recognition, measurement and presentation on restructuring transactions by both the transferor and recipients of assets and/ or liabilities, together with related program or operating responsibilities. This section is effective for fiscal years beginning on or after April 1, 2018.

10. PS 3380 – Contractual Rights

This section provides guidance on the disclosure of rights, including their nature, extent, and timing. This section is effective for years beginning on or after April 1, 2017.

The requirements in PS 1201, PS 3450, PS 2601 and PS 3041 are required to be implemented at the same time.

3. CASH AND TEMPORARY INVESTMENTS

	<u>2015</u>	<u>2014</u>
Cash	\$ 2,487,599	\$ 1,032,549
Temporary Investments	<u>20,028,608</u>	<u>24,000,000</u>
	<u>\$ 22,516,207</u>	<u>\$ 25,032,549</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 1.4% to 1.5%.

Council has designated funds of \$12,109,579 (2014 - \$6,166,860) included in the above amounts for equipment replacement.

Included in temporary investments is a restricted amount of \$445,044 (2014 – \$433,884) received from senior levels of government and held exclusively for capital projects (Note 7).

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2015**

4. TAXES AND GRANTS IN LIEU RECEIVABLES

	<u>2015</u>	<u>2014</u>
Current taxes and grants in place of taxes	\$ 448,687	\$ 242,306
Arrears taxes	<u>410,250</u>	<u>280,660</u>
	858,937	522,966
Less allowance for doubtful accounts	<u>(667,568)</u>	<u>(253,231)</u>
	<u>\$ 191,369</u>	<u>\$ 269,735</u>

5. LONG-TERM INVESTMENTS

	<u>2015</u>	<u>2014</u>
A.M.F.C. Shares	\$ 120	\$ 120
CO-OP Equity	28,988	20,286
U.F.A. Equity	<u>6,269</u>	<u>6,235</u>
	<u>\$ 35,377</u>	<u>\$ 26,641</u>

6. OTHER FINANCIAL ASSETS/(LIABILITIES)

	<u>2015</u>	<u>2014</u>
Alberta School Requisition (Over)/Under-levy	\$ 8,022	\$ 6,609
Taber Seniors Foundation (Over)/Under-levy	<u>152</u>	<u>248</u>
	<u>\$ 8,174</u>	<u>\$ 6,857</u>

7. DEFERRED REVENUE

	<u>2015</u>	<u>2014</u>
Municipal Sustainability Initiative	\$ -	\$ 283,214
Regional Collaboration Program	<u>\$ 445,044</u>	<u>\$ 150,670</u>
	<u>\$ 445,044</u>	<u>\$ 433,884</u>

Funding in the amount of \$445,044 was received in the current year 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 2016. Unexpended funds related to the advance are supported by temporary investments of \$445,044 held exclusively for these projects (refer Note 3).

8. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2015</u>	<u>2014</u>
Vacation	\$ 329,133	\$ 254,441
Overtime	<u>16,371</u>	<u>49,990</u>
	<u>\$ 345,504</u>	<u>\$ 304,431</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.

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2015**

9. MUNICIPAL TRUST FUNDS

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

	<u>2015</u>	<u>2014</u>
Subdivisions		
Balance at beginning of year	\$ 139,797	\$ 147,491
Net revenue of land held for resale subdivided and sold	67,528	17,585
Investment income	1,342	1,321
Community enhancement expenditures	-	(26,600)
	<u>\$ 208,667</u>	<u>\$ 139,797</u>

10. LONG TERM DEBT

	<u>2015</u>	<u>2014</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.	\$ 3,052,739	\$ 3,349,201
Self-financing capital debt for a water treatment plant.	-	12,048
	<u>3,052,739</u>	<u>3,361,249</u>
Less principal portion due within one year	<u>244,607</u>	<u>308,510</u>
	<u>\$ 2,808,132</u>	<u>\$ 3,052,739</u>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	244,607	176,394	421,001
2017	258,719	162,283	421,002
2018	273,644	147,358	421,002
2019	289,429	131,572	421,001
2020	306,126	114,875	421,001
Thereafter	1,680,214	312,994	1,993,208
	<u>\$ 3,052,739</u>	<u>\$ 1,045,476</u>	<u>\$ 4,098,215</u>

Interest on long-term debt amounted to \$184,138 (2014 - \$201,842).

The Municipal District's total cash payments for interest in 2015 were \$194,494 (2014 - \$211,623).

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>2015</u>	<u>2014</u>
Total debt limit	\$ 30,262,381	\$ 29,430,333
Total debt	<u>3,052,739</u>	<u>\$ 3,361,249</u>
Amount total debt limit unused	<u>\$ 27,209,642</u>	<u>\$ 26,069,084</u>
Service on debt limit	\$ 5,043,730	\$ 4,905,055
Service on debt	<u>503,004</u>	<u>503,722</u>
Amount service on debt limit unused	<u>\$ 4,540,726</u>	<u>\$ 4,401,333</u>

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2015**

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 financial statements must be interpreted as a whole.

12. TANGIBLE CAPITAL ASSETS

Net Book Value	<u>2015</u>	<u>2014</u>
Land	\$ 24,458,179	\$ 20,029,877
Land Improvements	1,660,888	99,653
Land Improvements – construction-in-progress	-	1,178,375
Buildings	1,252,657	1,297,818
Buildings – construction-in-progress	232,486	-
Engineered Structures		
Roadway system	45,753,256	44,014,455
Roadway system – construction-in-progress	66,822	220,502
Water distribution system	5,312,053	5,463,246
Wastewater treatment system	3,006,031	2,866,934
Communication System	1,062,913	644,237
Machinery, equipment and furnishings	8,028,935	7,210,337
Vehicles	2,746,147	2,646,159
	<u>\$ 93,580,367</u>	<u>\$ 85,671,593</u>

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2015</u>	<u>2014</u>
Tangible capital assets (Schedule 2)	\$ 153,222,332	\$ 141,592,171
Accumulated amortization (Schedule 2)	(59,641,965)	(55,920,578)
Long-term debt (Note 11)	<u>(3,052,739)</u>	<u>(3,361,249)</u>
	<u>\$ 90,527,628</u>	<u>\$ 82,310,344</u>

14. ACCUMULATED SURPLUS

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ 11,446,334	\$ 17,252,018
Restricted surplus		
Operating reserve	5,903,033	5,867,825
Capital reserve	12,109,579	6,116,860
Equity in tangible capital assets	<u>90,527,628</u>	<u>82,310,344</u>
	<u>\$ 119,986,574</u>	<u>\$ 111,547,047</u>

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2015**

15. SALARY AND BENEFITS DISCLOSURE

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

	<u>2015</u>			<u>2014</u>
	<u>Salary¹</u>	<u>Benefits & allowances²</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Division 1	\$ 21,854	\$ 7,664	\$ 29,518	\$ 27,293
Division 2	29,583	7,919	37,502	38,331
Division 3	30,649	8,055	38,704	36,734
Division 4	39,976	8,262	48,238	45,246
Division 5	31,715	7,989	39,704	40,990
Division 6	23,853	7,730	31,583	28,896
Division 7	26,651	4,711	31,362	34,270
Municipal Administrator ³	173,125	35,715	208,840	205,500
Designated officers ³ (6 positions)	705,028	156,547	861,575	833,562

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 special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships. There were no such benefits of this nature during the year.

16. 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount.

Total current service contributions by the Municipal District of Taber to the LAPP in 2015 were \$489,624 (2014 - \$452,023). Total current service contributions by the employees of the Municipal District of Taber to the Local Authorities Pension Plan in 2015 were \$450,859 (2014 - \$408,177).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.4 billion.

17. 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.

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2015**

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 services contributions to APEX of 2.5% (2014 – 2.5%) and 3.0% (2014 – 3.0%) respectively of pensionable earnings up to \$140,945 (2014 – \$138,500).

Total current service contributions by the Municipal District of Taber to APEX in 2015 were \$31,819 (2014 – \$26,876). Total current service contributions by the employees of the Municipal District of Taber to APEX in 2015 were \$26,516 (2014 – \$22,396).

18. 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)

Certain lines of service that have been disclosed in the segmented financial information, along with the services they provide, are as follows:

- a) **General Government**
The mandate of the general government includes all taxation. Council and administrative functional activities.
- b) **Protective services**
The mandate of protective services is to provide for rescue and protection of people and property within the Municipal District, through effective and efficient management and coordination of emergency services systems and resources.
- c) **Transportation services**
The mandate of transportation services is the delivery of municipal public works services relating to the planning, development and maintenance of roadway systems, streets, walks, lighting and storm water flows.
- d) **Environmental services**
The mandate of environmental services is the delivery of utilities services including water supply and distribution services, wastewater treatment and disposal activities, and solid waste and recycling management.
- e) **Public health services**
The mandate of public health services is the contribution to Family and Community Support Services (FCSS) and the administration of maintenance and cemeteries.
- f) **Planning and development**
The mandate of planning and development is the administration of residential, commercial and industrial development services, and the operation and maintenance of certain Municipal assets.
- g) **Recreation and culture**
The mandate of recreation and culture includes the operation and maintenance of parks, sports fields, and recreation, community and cultural facilities within the Municipal District.

19. CONTINGENCIES

- a) 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.

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2015**

- b) The Municipality 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 Municipality.
- c) The Municipality 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.

20. RELATED PARTIES

During the year, the Municipal District of Taber carried out transaction with related parties. These related parties included the Highway 3 Regional Water Services Commission, the Vauxhall & District Regional Water Services Commission and the Taber and District Waste Management Authority, which are organizations that the Municipality has a significant influence.

During the year, the Municipality paid service fees to the Vauxhall & District Water Services Commission of \$198,379 (2014 - \$196,831) and incurred expenses on behalf of the Vauxhall & District Water Services Commission of \$212,256 (2014 - \$187,585).

During the year, the Municipality paid services fees to the Highway 3 Regional Water Services Commission of \$148,210 (2014 - \$128,732) and incurred expenses on behalf of the Highway 3 Regional Water Services Commission of \$212,256 (2014 - \$108,233).

During the year, the Municipality paid service fees to the Taber and District Regional Waste Management Authority of \$nil (2014 - \$49,603).

The accounts receivable and account payables included amounts from related parties as follows:

	<u>2015</u>	<u>2014</u>
Accounts Receivable		
Highway 3 Regional Water Services Commission	\$ 97,768	\$ 97,768
Vauxhall & District Regional Water Services Commission	-	15,981
	<u>\$ 97,768</u>	<u>\$ 113,749</u>
Accounts Payable		
Highway 3 Regional Water Services Commission	\$ 7,691	\$ 6,574
Taber & District Regional Waste Management Authority	-	1,879
Vauxhall & District Regional Water Services Commission	10,048	9,996
	<u>\$ 17,739</u>	<u>\$ 18,449</u>

21. FINANCIAL INSTRUMENTS

The Municipality'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 Municipality 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 municipality 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.

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

22. BUDGET INFORMATION

The disclosed budget information has been approved by the Reeve and Council of the Municipal District of Taber on December 9, 2014.

**Municipal District of Taber
Notes to Financial Statements
For the Year Ended December 31, 2015**

23. APPROVAL OF FINANCIAL STATEMENTS

Council and Management approved these financial statements.

24. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the current year's presentation.

