



Town of Vauxhall

Financial Statements

DECEMBER 31, 2015

| | |
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Maynes Newman LLP

Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of Town of Vauxhall

We have audited the accompanying consolidated financial statements of Town of Vauxhall, which comprise the statement of financial position as at December 31, 2015 and the statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Town of Vauxhall as at December 31, 2015 and the results of its operations and change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards

Vauxhall, Alberta
March 7, 2016

Maynes Newman LLP
Chartered Professional Accountants

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

| | 2015 | 2014 |
|---|---------------------|---------------------|
| FINANCIAL ASSETS | | |
| Cash and temporary investments (note 2) | \$ 1,637,402 | \$ 2,105,191 |
| Receivables | | |
| Taxes and grants in place of taxes (note 3) | (5,077) | 5,296 |
| Trade and other receivables (net) | 62,942 | 181,619 |
| Receivable from other governments | 503,723 | 404,784 |
| Land held for resale | 77,286 | 62,605 |
| Long term investments (note 4) | 856,951 | 855,517 |
| Other assets | 8,841 | 8,818 |
| | 3,142,068 | 3,623,830 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 158,563 | 249,652 |
| Payroll remittance payable | | - |
| Deposit liabilities | 3,180 | 3,310 |
| Other liabilities | 14,841 | 12,318 |
| Employee benefit obligation (note 5) | 2,280 | - |
| Long term debt (note 6) | 707,596 | 751,794 |
| Deferred revenue (note 7) | 535,692 | 229,792 |
| | 1,422,152 | 1,246,866 |
| NET FINANCIAL ASSETS (DEBT) | 1,719,916 | 2,376,964 |
| NON FINANCIAL ASSETS | | |
| Inventory for consumption | 64,835 | 70,085 |
| Tangible capital assets (Schedule 2) | 6,982,937 | 6,657,024 |
| Prepaid expenses | 23,700 | 40,357 |
| | 7,071,472 | 6,767,466 |
| ACCUMULATED SURPLUS (Schedule 1, note 9) | \$ 8,791,388 | \$ 9,144,430 |

Contingencies - note 13

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF OPERATIONS

AS AT DECEMBER 31, 2015

| | Budget (Unaudited) | 2015 | 2014 |
|---|-----------------------|--------------|--------------|
| REVENUE | | | |
| Net municipal taxes (Schedule 3) | \$ 902,572 | \$ 895,748 | \$ 868,662 |
| Sales and user charges | 589,887 | 609,100 | 687,042 |
| Penalties, fines and costs on taxes | 28,200 | 24,247 | 24,704 |
| Franchise and concession contracts | 27,000 | 27,938 | 18,539 |
| Investment income | 30,100 | 24,613 | 32,061 |
| Rentals | 113,750 | 115,645 | 108,656 |
| Government transfers (Schedule 4) | 383,238 | 342,567 | 354,295 |
| Licenses and permits | 7,570 | 7,430 | 7,485 |
| Sale of land held for resale | - | - | - |
| Other revenues | 41,252 | 416,234 | 274,863 |
| Gain on sale of assets | 5,000 | 5,000 | 1,714 |
| | 2,128,569 | 2,468,522 | 2,378,021 |
| EXPENDITURES (Schedule 5) | | | |
| Legislative | 72,230 | 55,514 | 63,986 |
| Administration | 417,494 | 406,186 | 365,504 |
| Fire, disaster services and ambulance | 60,800 | 60,164 | 53,866 |
| By-law enforcement | 32,020 | 33,056 | 31,390 |
| Roads, streets, walks, lighting | 249,248 | 303,409 | 222,131 |
| Airport and public transit | - | - | - |
| Water and storm water | 508,710 | 491,539 | 489,334 |
| Wastewater | 97,771 | 131,276 | 88,254 |
| Waste management | 253,693 | 281,349 | 264,541 |
| Cemetery | 19,278 | 15,010 | 14,945 |
| Municipal Planning, zoning, economic development | 21,758 | 19,768 | 16,670 |
| Subdivision land development | - | - | - |
| Recreation and culture | 369,002 | 622,697 | 519,863 |
| Health and FCSS | 9,055 | 9,055 | 8,874 |
| Provision for doubtful accounts | 525 | 43 | 516 |
| Amortization of tangible capital assets | 397,000 | 427,590 | 393,396 |
| Loss on disposal of asset | - | - | 0 |
| Tax penalty rebate | - | - | - |
| | 2,508,584 | 2,856,656 | 2,533,270 |
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES - BEFORE OTHER | (380,015) | (388,134) | (155,249) |
| OTHER | | | |
| Contributed assets | - | - | 48,000 |
| Government transfers for capital (Schedule 4) | - | 35,092 | 368,797 |
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES | (380,015) | (353,042) | 261,548 |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | 9,144,430 | 9,144,430 | 8,882,882 |
| ACCUM SURPLUS, BEGINNING OF YEAR - LIBRARY | - | - | - |
| ACCUMULATED SURPLUS, END OF YEAR | \$ 8,764,415 | \$ 8,791,388 | \$ 9,144,430 |

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)

AS AT DECEMBER 31, 2015

| | Budget (Unaudited) | 2015 | 2014 |
|---|-------------------------------|--------------|--------------|
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES | \$ (380,015) | \$ (353,042) | \$ 261,548 |
| Acquisition of tangible capital assets | (323,500) | (842,556) | (506,756) |
| Change in construction in progress | - | 89,053 | (346,674) |
| Contributed tangible capital assets | - | - | - |
| Proceeds on disposal of tangible capital assets | - | 5,000 | 1,714 |
| Amortization of tangible capital assets | 397,000 | 427,590 | 393,396 |
| (Gain) loss on sale of tangible capital assets | - | (5,000) | (1,714) |
| | 73,500 | (325,913) | (460,034) |
| Net (acquisition) use of supplies inventory | - | 5,250 | (474) |
| Net (acquisition) use of prepaid assets | - | 16,657 | 6,032 |
| | - | 21,907 | 5,558 |
| (INCREASE) DECREASE IN NET DEBT | (306,515) | (657,048) | (192,928) |
| NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR | 2,376,963 | 2,376,964 | 2,569,892 |
| NET FINANCIAL ASSETS (DEBT), BEG OF YEAR - LIBRARY | | | - |
| NET FINANCIAL ASSETS (DEBT), END OF YEAR | \$ 2,070,448 | \$ 1,719,916 | \$ 2,376,964 |

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT DECEMBER 31, 2015

| | 2015 | 2014 |
|---|---------------------|---------------------|
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE | \$ (353,042) | \$ 261,548 |
| Non-cash items included in excess (shortfall) of revenues over expenses | | |
| Amortization of tangible capital assets | 427,590 | 393,396 |
| (Gain) Loss on disposal of tangible assets | (5,000) | (1,714) |
| Non-cash charges to operations (net change): | | |
| Decrease (increase) in taxes and grants in lieu receivables | 10,373 | 15,483 |
| Decrease (increase) in trade and other receivables | 118,677 | (137,138) |
| Decrease (increase) in receivable from other governments | (98,939) | (90,119) |
| Decrease (increase) in inventory for consumption | 5,250 | (474) |
| Decrease (increase) in prepaid expenses | 16,657 | 6,032 |
| Decrease (increase) in land held for resale | (14,681) | (464) |
| Decrease (increase) in other assets | (23) | (41) |
| Increase (decrease) in accounts payable and accrued liabilities | (91,089) | (97,090) |
| Increase (decrease) in payroll payable | - | (10,887) |
| Increase (decrease) in deposit liabilities | (130) | 200 |
| Increase (decrease) in other liabilities | 2,523 | 41 |
| Increase (decrease) in deferred revenue | 305,900 | 226,737 |
| Increase (decrease) in employee benefit obligation | 2,280 | (1,629) |
| Cash provided by operating transactions | 326,346 | 563,881 |
| INVESTING ACTIVITIES | | |
| Decrease (increase) in long term investments | (1,434) | (4,775) |
| Cash provided (applied to) investing transactions | (1,434) | (4,775) |
| FINANCING ACTIVITIES | | |
| Long term debt issued | - | 175,000 |
| Long term debt repaid | (44,198) | (38,472) |
| Cash provided (applied to) financing transactions | (44,198) | 136,528 |
| CAPITAL | | |
| Acquisition of tangible capital assets | (842,556) | (506,756) |
| Change in construction in progress | 89,053 | (346,674) |
| Sale of tangible capital assets | 5,000 | 1,714 |
| Cash applied to capital transactions | (748,503) | (851,716) |
| CHANGE IN CASH AND EQUIVALENTS DURING YEAR | (467,789) | (156,082) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 2,105,191 | \$ 2,261,273 |
| CASH AND CASH EQUIVALENTS, BEG OF YEAR - LIBRARY | | \$ - |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 1,637,402 | \$ 2,105,191 |
| CASH AND CASH EQUIVALENTS ARE COMPRISED OF: | | |
| Cash (note 2) | \$ 72,039 | \$ 312,687 |
| Temporary Investments | 1,565,363 | 1,792,504 |
| | \$ 1,637,402 | \$ 2,105,191 |

TOWN OF VAUXHALL

SCHEDULE 1 - SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

AS AT DECEMBER 31, 2015

| | Unrestricted Surplus | Restricted Surplus | Equity in Tangible Capital Assets | 2015 | 2014 |
|---|----------------------|--------------------|-----------------------------------|--------------|--------------|
| BALANCE, BEGINNING OF YEAR | \$ 2,174,590 | \$ 1,064,610 | \$ 5,905,230 | \$ 9,144,430 | \$ 8,882,882 |
| BALANCE, BEGINNING OF YEAR - LIBRARY | - | - | - | - | - |
| Excess (deficiency) of revenues over expenses | (353,042) | - | - | (353,042) | 261,548 |
| Unrestricted funds designated for future use | - | - | - | - | - |
| Restricted funds used for operations | (42,413) | 42,413 | - | - | - |
| Restricted funds used for tangible capital assets | - | (89,850) | 89,850 | - | - |
| Current year funds used for tangible capital assets | (663,653) | - | 663,653 | - | - |
| Contributed tangible capital assets | - | - | - | - | - |
| Disposal of tangible capital assets | - | - | - | - | - |
| Annual amortization expense | 427,590 | - | (427,590) | - | - |
| Proceeds long term debt | - | - | - | - | - |
| Long term debt repaid | (44,198) | - | 44,198 | - | - |
| Change in accumulated surplus | (675,716) | (47,437) | 370,111 | (353,042) | 261,548 |
| BALANCE, END OF YEAR (note 9) | \$ 1,498,874 | \$ 1,017,173 | \$ 6,275,341 | \$ 8,791,388 | \$ 9,144,430 |

TOWN OF VAUXHALL

SCHEDULE 2 - SCHEDULE OF TANGIBLE CAPITAL ASSETS

AS AT DECEMBER 31, 2015

| | Construction in Progress | Land | Buildings | Engineered Structures | Machinery & Equipment | Vehicles | 2015 | 2014 |
|---|-----------------------------|-----------|--------------|--------------------------|--------------------------|------------|---------------|---------------|
| COST | | | | | | | | |
| Balance, beginning of year | \$ 407,736 | \$ 52,399 | \$ 3,133,479 | \$ 10,164,653 | \$ 959,684 | \$ 628,247 | \$ 15,346,198 | \$ 14,513,852 |
| Acquisition of tangible capital assets | | | 594,701 | | 53,082 | 194,773 | 842,556 | 506,756 |
| Construction in progress | (89,053) | | | | | | (89,053) | 346,674 |
| Disposal of tangible capital assets | | | | | | (52,265) | (52,265) | (21,084) |
| Writedown of tangible capital assets | | | | | | | - | - |
| Balance, end of year | 318,683 | 52,399 | 3,728,180 | 10,164,653 | 1,012,766 | 770,755 | 16,047,436 | 15,346,198 |
| ACCUMULATED AMORTIZATION | | | | | | | | |
| Balance, beginning of year | | | 1,912,195 | 5,829,420 | 486,161 | 461,398 | 8,689,174 | 8,316,862 |
| Annual amortization | | | 69,455 | 225,630 | 65,520 | 66,985 | 427,590 | 393,396 |
| Accumulated amortization on disposal | | | - | - | - | (52,265) | (52,265) | (21,084) |
| Balance, end of year | | | 1,981,650 | 6,055,050 | 551,681 | 476,118 | 9,064,499 | 8,689,174 |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | \$ 318,683 | \$ 52,399 | \$ 1,746,530 | \$ 4,109,603 | \$ 461,085 | \$ 294,637 | \$ 6,982,937 | \$ 6,657,024 |
| 2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | \$ 407,736 | \$ 52,399 | \$ 1,221,284 | \$ 4,335,233 | \$ 473,523 | \$ 166,849 | | |

TOWN OF VAUXHALL

SCHEDULE 3 - SCHEDULE OF PROPERTY AND OTHER TAXES

AS AT DECEMBER 31, 2015

| | Budget (Unaudited) | 2015 | 2014 |
|---|-----------------------|-------------------|-------------------|
| TAXATION | | | |
| Real property taxes | \$ 792,566 | \$ 782,346 | \$ 749,386 |
| Linear property taxes | 39,981 | 40,594 | 37,739 |
| Government grants in lieu of property taxes | 4,825 | 5,237 | 10,975 |
| Local improvement taxes | 269,700 | 268,241 | 268,280 |
| Special assessments | 24,824 | 31,524 | 31,105 |
| | 1,131,896 | 1,127,942 | 1,097,485 |
| REQUISITIONS | | | |
| Alberta School Foundation Fund | 222,647 | 225,517 | 222,647 |
| Vauxhall Seniors Foundation | 6,677 | 6,677 | 6,176 |
| | 229,324 | 232,194 | 228,823 |
| NET MUNICIPAL TAXES | \$ 902,572 | \$ 895,748 | \$ 868,662 |

TOWN OF VAUXHALL

SCHEDULE 4 - SCHEDULE OF GOVERNMENT TRANSFERS

YEAR ENDED DECEMBER 31, 2015

| | Budget (Unaudited) | 2015 | 2014 |
|-----------------------------------|-----------------------|-------------------|-------------------|
| TRANSFERS FOR OPERATING | | | |
| Federal government | \$ 6,528 | \$ 8,151 | \$ 8,245 |
| Provincial government | 199,310 | 150,852 | 143,207 |
| Other local governments | 177,400 | 183,564 | 202,843 |
| | 383,238 | 342,567 | 354,295 |
| TRANSFERS FOR CAPITAL | | | |
| Federal government | - | - | - |
| Provincial government | - | 35,092 | 368,797 |
| Other local governments | - | - | - |
| | - | 35,092 | 368,797 |
| TOTAL GOVERNMENT TRANSFERS | \$ 383,238 | \$ 377,659 | \$ 723,092 |

TOWN OF VAUXHALL

SCHEDULE 5 - SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT

AS AT DECEMBER 31, 2015

| | Budget (Unaudited) | 2015 | 2014 |
|---|-----------------------|---------------------|---------------------|
| CONSOLIDATED EXPENDITURES BY OBJECT | | | |
| Salaries, wages and benefits | \$ 736,689 | \$ 728,991 | \$ 661,794 |
| Contracted and general services | 689,591 | 726,691 | 702,850 |
| Materials, goods, supplies and utilities | 623,242 | 907,340 | 717,360 |
| Provision for allowances | 525 | 43 | 516 |
| Bank charges and short term interest | 11,212 | 993 | 1,181 |
| Debenture debt charges | 17,000 | 22,385 | 16,669 |
| Grants to individuals and organizations | 38,325 | 37,985 | 39,504 |
| Transfer to other operating functions | - | 4638 | |
| Other expenditures | - | | |
| Amortization of tangible capital assets | 397,000 | 427,590 | 393,396 |
| Loss on disposal of tangible capital assets | (5,000) | - | 0 |
| CONSOLIDATED EXPENDITURES BY OBJECT | \$ 2,508,584 | \$ 2,856,656 | \$ 2,533,270 |

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Vauxhall 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 Town are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, and change in net financial assets of the reporting entity. This entity is comprised of the municipal operations plus all the organizations that are owned or controlled by the Town and are, therefore, accountable to the council for the administration of their financial affairs and resources. Included with the Town are the following:

Vauxhall Public Library

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. Interdependent and organization transactions and balances have been 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 the legal obligation to pay.

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In additions, 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 expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2015

- 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) **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 levelling 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 the respective function.
- f) **Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.**
Requisitions operate as flow through and are excluded from municipal reserve.
- g) **Government Transfers**
Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

- h) **Non-Financial Assets**
Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. 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 attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

| | |
|-------------------------|----------------|
| Buildings | 25 to 50 years |
| Engineered structures | 25 to 50 years |
| Machinery and equipment | 5 to 25 years |
| Vehicles | 5 to 25 years |

One half the annual amortization is charged in the year of acquisition. 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 recorded as revenue.

iii. **Inventories**

Inventories of material and supplies for consumption are valued at the lower of cost and replacement cost.

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2015

2. CASH AND TEMPORARY INVESTMENTS

| | <u>2015</u> | | <u>2014</u> |
|-----------------------|---------------------|-----------|------------------|
| Cash | \$ 72,039 | \$ | 312,687 |
| Temporary Investments | 1,565,363 | | 1,792,504 |
| | <u>\$ 1,637,402</u> | <u>\$</u> | <u>2,105,191</u> |

Temporary investments are short-term deposits with original maturities of one year or less. Included in cash and temporary investments is a restricted amount of \$192,295 (2014 - \$142,295) received from the Municipal Sustainability Initiative and held exclusively for approved projects.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

| | <u>2015</u> | | <u>2014</u> |
|--------------------------------------|-------------------|-----------|---------------|
| Current taxes and grants in lieu | \$ (5,473) | \$ | 2,626 |
| Tax arrears and grants in lieu | 7,138 | | 9,412 |
| | <u>\$ 1,665</u> | <u>\$</u> | <u>12,038</u> |
| Less allowance for doubtful accounts | (6,742) | | (6,742) |
| | <u>\$ (5,077)</u> | <u>\$</u> | <u>5,296</u> |

4. LONG TERM INVESTMENTS

| | <u>2015</u> | | <u>2014</u> |
|--|-------------------|-----------|----------------|
| AMFC investment | \$ 10 | \$ | 10 |
| South Country Coop equity | 17,674 | | 16,240 |
| Vauxhall & District Regional Water Services Commission | 811,617 | | 811,617 |
| Taber & District Regional Waste Authority | 27,585 | | 27,585 |
| UFA Coop Equity | 65 | | 65 |
| | <u>\$ 856,951</u> | <u>\$</u> | <u>855,517</u> |

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2015

5. EMPLOYEE BENEFIT OBLIGATION

| | 2015 | 2014 |
|--------------------------|----------|------|
| Vacation and/or overtime | \$ 2,280 | \$ - |
| | \$ 2,280 | \$ - |

Employee benefit obligation is comprised of vacation and/or overtime that employees deferred to future years. Employees have either earned the benefits or are entitled to these benefits within the next fiscal year.

6. LONG TERM DEBT

| | 2015 | 2014 |
|--------------------------|------------|------------|
| Tax supported debentures | \$ 707,596 | \$ 751,794 |
| Less: current portion | (45,464) | (44,198) |
| | \$ 662,132 | \$ 707,596 |

Principal and interest repayments are due as follows:

| | <u>Principal</u> | | <u>Interest</u> | | <u>Total</u> |
|------------|------------------|----|-----------------|----|--------------|
| 2016 | \$ 45,464 | \$ | 20,203 | \$ | 65,667 |
| 2017 | 46,766 | | 18,901 | | 65,667 |
| 2018 | 48,106 | | 17,561 | | 65,667 |
| 2019 | 49,483 | | 16,184 | | 65,667 |
| 2020 | 50,901 | | 14,766 | | 65,667 |
| Thereafter | 466,876 | | 81,882 | | 548,758 |
| | \$ 707,596 | \$ | 169,497 | \$ | 877,093 |

Debenture debt is repayable to Alberta Capital Finance Authority, bears interest rates ranging from 2.634% to 3.228% and matures in periods 2026, 2027, and 2039. Debentures were issued to fund investment in Vauxhall and District Regional Water Services Commission and the Vauxhall Public Library. This will be funded through utility (water) rates and tax collection respectively. Debenture debt is issued on the credit and security of the Town at large.

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2015

7. DEFERRED REVENUE

| | <u>2015</u> | <u>2014</u> |
|-------------------------------------|-------------------|----------------|
| Unearned licence and rental revenue | \$ 955 | \$ 2,405 |
| Unearned capital grants | 534,737 | 227,387 |
| | <u>\$ 535,692</u> | <u>229,792</u> |

Unearned capital grants include \$534,737 (2014 - \$227,387) from the capital component of the Municipal Sustainability Initiative funding grant. Use of these funds is restricted to eligible capital projects, as approved under the funding agreements.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Tangible capital assets (Schedule 2) | 16,047,436 | 15,346,198 |
| Accumulated amortization (Schedule 2) | (9,064,499) | (8,689,174) |
| Long term debt (note 6) | (707,596) | (751,794) |
| | <u>\$ 6,275,341</u> | <u>\$ 5,905,230</u> |

9. ACCUMULATED SURPLUS

| | <u>2015</u> | <u>2014</u> |
|-----------------------------------|---------------------|---------------------|
| Unrestricted surplus (deficit) | \$ 1,498,874 | \$ 2,174,590 |
| Restricted Surplus | | |
| Operating reserves | 106,940 | 106,940 |
| Fire | 92,911 | 92,911 |
| Roads | 1,331 | 27,606 |
| Storm sewer | 115,371 | 115,371 |
| Water | 225,130 | 225,130 |
| Sewer | 14,065 | 14,065 |
| Garbage | 50,354 | 113,929 |
| Subdivision | 37,941 | 37,941 |
| Recreation | 373,130 | 330,717 |
| Culture | | |
| Equity in tangible capital assets | 6,275,341 | 5,905,230 |
| | <u>\$ 8,791,388</u> | <u>\$ 9,144,430</u> |

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2015

10. SALARY & BENEFITS DISCLOSURE

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

| | Salary (1) | Benefits & Allowances (2) | 2015 Total | 2014 Total |
|------------------------------------|------------|---------------------------|------------|------------|
| Mayor | | | | |
| Margaret Plumtree | 13,150 | 5,659 | 18,809 | 20,826 |
| Councillors: | | | | |
| Linda English | 5,975 | 904 | 6,879 | 8,104 |
| Marilyn Forchuk | 4,740 | 205 | 4,945 | 5,171 |
| Martin Kondor | 4,350 | 243 | 4,593 | 4,858 |
| Russell Norris | | | | 5,841 |
| Richard Phillips | 5,060 | 211 | 5,271 | 5,734 |
| Christie Sorensen | 4,640 | 207 | 4,847 | 5,081 |
| Kim Cawley | 4,750 | 207 | 4,957 | 1,066 |
| Municipal Administrator | 85,712 | 18,357 | 104,069 | 27,173 |
| Municipal Administrator (previous) | | | | 97,122 |
| Designated Officers (2 positions) | | | 21,138 | 28,266 |

- (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. Benefits and allowance figures also include the Employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.
- (3) The amounts for the Designated Officers positions have been adjusted by eliminating the position of the auditors and adding in the wage for the Development Officer for 2015.

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2015

11. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan, (LAPP), which is covered by the Public Sector Pension Plans Act. The LAPP serves approximately 230,534 people and about 423 employers. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings over this amount. Employees of the Town are required to make current service contributions of 11.39% of pensionable salary up to the year's maximum pensionable salary and 15.84% on pensionable salary above this amount.

Total current and past service contributions by the Town to the LAPP in 2015 were \$51,987 (2014 - \$36,742). Total current and past service contributions by the employees of the Town to the LAPP in 2015 were \$47,714 (2014 - \$33,629)

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

12. DEBT LIMITS

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

| | 2015 Total | 2014 Total |
|---|---------------------|-------------------|
| Total debt limit | \$ 3,702,783 | \$ 3,567,032 |
| Total debt | 707,596 | 751,794 |
| Amount of debt limit unused (exceeded) | <u>\$ 2,995,187</u> | <u>2,815,238</u> |
| Debt servicing limit | \$ 617,131 | \$ 594,505 |
| Debt servicing Amount of debt servicing limit unused (exceeded) | <u>65,667</u> | <u>65,667</u> |
| | <u>\$ 551,464</u> | <u>\$ 528,838</u> |

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.

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2015

13. CONTINGENCIES

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

14. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The Town 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 Town 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.

15. RELATED PARTIES

The Town, along with the Municipal District of Taber, shares in the ownership of the Vauxhall and District Regional Water Services Commission which was created for the purpose of potable water treatment and distribution. The Town does not hold significant influence in the commission and as such, is reported in the financial statements as investment in Vauxhall & District Regional Water Services Commission. The Board of Directors consist of five (5) members, three (3) of which are appointed from the council of the Municipal District of Taber and two (2) of which are appointed from the council of the Town of Vauxhall.

The Town, along with the Municipal District of Taber, Town of Taber and Village of Barnwell forms the Taber and District Regional Waste Authority which owns and maintains the waste transfer station capital assets within the municipality. The Town does not hold significant influence in the authority and as such, is reported in the financial statements as investment in Taber and District Regional Waste Authority. The Board of Directors consists of two (2) members appointed from the councils of the Municipal District of Taber and Town of Taber, one (1) member appointed from the councils of the Town of Vauxhall and Village of Barnwell.

The Vauxhall Public Library which is owned by the Town of Vauxhall is leased and managed by the Vauxhall Public Library Board. The board is comprised of 10 members including one (1) elected official. All board members are appointed through resolution of Council. The Vauxhall Public Library funds its operation through provincial, municipal, regional operating grants and other incidentals such as membership and book sales and fines.

16. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.