



Town of Vauxhall Consolidated Financial Statements

DECEMBER 31, 2017

Auditor's Report	Page 1
Consolidated Statement of Financial Position	Page 2
Consolidated Statement of Operations	Page 3
Consolidated Statement of Change in Net Financial Assets (Debt)	Page 4
Consolidated Statement of Cash Flows	Page 5
Schedule of Changes in Accumulated Surplus	Page 6
Schedule of Tangible Capital Assets	Page 7
Schedule of Property and Other Taxes	Page 8
Schedule of Government Transfers	Page 8
Schedule of Consolidated Expenditures by Object	Page 9
Notes to Consolidated Financial Statements	Page 10-18

Newman Solutions *

Chartered Professional Accountant

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of Town of Vauxhall

I have audited the accompanying consolidated financial statements of Town of Vauxhall, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations, change in net financial assets (debt), changes in net assets, and cash flow for the year then ended, and accompanying notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Town of Vauxhall as at December 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Newman Solutions Professional Corporation

Vauxhall, Alberta
March 20, 2018

Newman Solutions Professional Corporation
Chartered Professional Accountant

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TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

	2017	2016
FINANCIAL ASSETS		
		Restated
Cash and cash equivalents (note 2)	\$ 158,217	\$ 134,298
Temporary Investments (note 3)	\$ 875,675	\$ 1,578,694
Receivables		
Taxes and grants in place of taxes (note 4)	(6,361)	(4,914)
Trade and other receivables (net)	150,874	57,252
Receivable from other governments	722,533	687,270
GST recoverable	20,379	15,777
Land held for resale	133,381	129,686
Long term investments (note 5)	19,099	18,491
Other assets	6,171	6,191
	2,079,968	2,622,745
LIABILITIES		
Accounts payable and accrued liabilities	102,770	193,713
Payroll remittance payable	19	1,743
Deposit liabilities	320	320
Other liabilities	6,171	13,691
Employee benefit obligation (note 6)	680	1,568
Long term debt (note 7)	615,366	662,132
Deferred revenue (note 8)	1,220,274	772,895
	1,945,600	1,646,062
NET FINANCIAL ASSETS (DEBT)	134,368	976,683
NON FINANCIAL ASSETS		
Inventory for consumption	57,302	60,926
Tangible capital assets (Schedule 2)	7,759,264	7,249,677
Prepaid expenses	15,927	16,087
	7,832,493	7,326,690
ACCUMULATED SURPLUS (Schedule 1, note 10, note 18)	\$ 7,966,861	\$ 8,303,373

Contingencies - note 14

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF OPERATIONS

AS AT DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016 Restated
REVENUE			
Net municipal taxes (Schedule 3)	\$ 998,866	\$ 945,604	\$ 928,162
Sales and user charges	622,715	670,874	628,218
Penalties, fines and costs on taxes	26,000	26,389	25,917
Franchise and concession contracts	23,600	30,278	23,638
Investment income	15,400	12,062	11,703
Rentals	96,580	89,761	116,866
Government transfers (Schedule 4)	301,586	333,278	689,422
Licenses and permits	7,800	7,650	7,845
Sale of land held for resale	-	30,000	15,000
Other revenues	119,550	279,282	531,164
Gain on sale of assets	2,000	21,060	-
	2,214,097	2,446,238	2,977,935
EXPENDITURES (Schedule 5)			
Legislative	73,605	56,561	52,706
Administration	321,520	329,301	365,514
Fire, disaster services and ambulance	45,388	44,175	47,728
By-law enforcement	37,995	31,952	36,690
Roads, streets, walks, lighting	350,025	382,456	346,116
Water and storm water	488,806	505,516	558,092
Wastewater	95,606	99,483	103,716
Waste management	231,433	243,207	238,956
Cemetery	19,446	12,427	22,035
Municipal Planning, zoning, economic development	40,067	36,507	27,375
Recreation and culture	408,126	587,141	532,719
Health and FCSS	9,235	8,933	9,235
Provision for doubtful accounts	850	943	883
Amortization of tangible capital assets	343,500	444,148	342,639
Loss on disposal of asset		-	114,843
	2,465,602	2,782,750	2,799,247
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES - BEFORE OTHER	(251,505)	(336,512)	178,688
OTHER			
Contributed assets		-	-
Government transfers for capital (Schedule 4)	(53,466)	-	144,914
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES	(304,971)	(336,512)	323,602
ACCUMULATED SURPLUS, BEGINNING OF YEAR		8,303,373	7,979,771
ACCUMULATED SURPLUS, END OF YEAR	\$ (304,971)	\$ 7,966,861	\$ 8,303,373

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)

AS AT DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (304,971)	\$ (336,512)	Restated \$ 323,602
Acquisition of tangible capital assets		(974,997)	(1,006,969)
Change in construction in progress	-	21,262	281,871
Proceeds on disposal of tangible capital assets	-	21,060	876
Amortization of tangible capital assets	343,500	444,148	342,639
(Gain) loss on sale of tangible capital assets	-	(21,060)	114,843
	343,500	(509,587)	(266,740)
Net (acquisition) use of supplies inventory	-	3,624	3,909
Net (acquisition) use of prepaid assets	-	160	7,613
	-	3,784	11,522
(INCREASE) DECREASE IN NET DEBT	38,529	(842,315)	68,384
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	2,376,963	976,683	908,299
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ 2,415,492	\$ 134,368	\$ 976,683

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT DECEMBER 31, 2017

	2017	2016
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	\$ (336,512)	\$ Restated 323,602
Non-cash items included in excess (shortfall) of revenues over expenses		
Amortization of tangible capital assets	444,148	342,639
(Gain) Loss on disposal of tangible assets	(21,060)	114,843
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	1,447	(163)
Decrease (increase) in trade and other receivables	(93,622)	5,690
Decrease (increase) in receivable from other governments	(35,263)	(207,572)
Decrease (increase) in GST	(4,602)	8,248
Decrease (increase) in inventory for consumption	3,624	3,909
Decrease (increase) in prepaid expenses	160	7,613
Decrease (increase) in land held for resale	(3,695)	(52,400)
Decrease (increase) in other assets	20	2,650
Increase (decrease) in accounts payable and accrued liabilities	(90,943)	35,406
Increase (decrease) in payroll payable	(1,724)	1,487
Increase (decrease) in deposit liabilities	-	(2,860)
Increase (decrease) in other liabilities	(7,520)	(1,150)
Increase (decrease) in deferred revenue	447,379	237,203
Increase (decrease) in employee benefit obligation	(888)	(712)
Cash provided by operating transactions	300,949	818,433
INVESTING ACTIVITIES		
Decrease (increase) in long term investments	(608)	26,843
Cash provided (applied to) investing transactions	(608)	26,843
FINANCING ACTIVITIES		
Long term debt issued	-	-
Long term debt repaid	(46,766)	(45,464)
Cash provided (applied to) financing transactions	(46,766)	(45,464)
CAPITAL		
Acquisition of tangible capital assets	(974,997)	(1,006,969)
Change in construction in progress	21,262	281,871
Sale of tangible capital assets	21,060	876
Cash applied to capital transactions	(932,675)	(724,222)
CHANGE IN CASH AND EQUIVALENTS DURING YEAR	(679,100)	75,590
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 1,712,992	\$ 1,637,402
CASH AND CASH EQUIVALENTS, END OF YEAR	1,033,892	\$ 1,712,992
CASH AND CASH EQUIVALENTS ARE COMPRISED OF:		
Cash and cash equivalents (note 2)	\$ 158,217	\$ 134,298
Temporary Investments (note 3)	875,675	1,578,694
	\$ 1,033,892	\$ 1,712,992

TOWN OF VAUXHALL

SCHEDULE 1 - SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

AS AT DECEMBER 31, 2017

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017	2016
BALANCE, BEGINNING OF YEAR	\$ 1,333,384	\$ 1,194,061	\$ 6,587,545	\$ 9,114,990	\$ 8,791,388
RESTATEMENT (note 18)	(811,617)			(811,617)	(811,617)
BALANCE, BEGINNING OF YEAR - RESTATED	521,767	1,194,061	6,587,545	8,303,373	7,979,771
Excess (deficiency) of revenues over expenses	\$ (336,512)			(336,512)	323,602
Unrestricted funds designated for future use					
Operating funds transferred to restricted surplus, net	(30,649)	30,649			
Restricted funds used for tangible capital assets		(223,315)	223,315		
Current year funds used for tangible capital assets	(730,420)		730,420		
Contributed tangible capital assets					
Disposal of tangible capital assets					
Annual amortization expense	444,148		(444,148)		
Proceeds long term debt					
Long term debt repaid	(46,766)		46,766		
Change in accumulated surplus	(700,199)	(192,666)	556,353	(336,512)	323,602
BALANCE, END OF YEAR (note 10)	\$ (178,432)	1,001,395	7,143,898	7,966,861	\$ 8,303,373

TOWN OF VAUXHALL

SCHEDULE 2 - SCHEDULE OF TANGIBLE CAPITAL ASSETS

AS AT DECEMBER 31, 2017

	Construction in Progress	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2017	2016
COST								
Balance, beginning of year	\$ 36,812	\$ 52,400	\$ 3,766,721	\$ 10,970,123	\$ 886,533	\$ 478,696	\$ 16,191,285	\$ 16,047,436
Acquisition of tangible capital assets			85,583	466,228	408,334	14,852	974,997	1,006,969
Construction in progress	(21,262)						(21,262)	(280,121)
Disposal of tangible capital assets					(35,499)	(6,750)	(42,249)	(581,249)
Writedown of tangible capital assets							-	-
Transfer of land held for resale							-	(1,750)
Balance, end of year	15,550	52,400	3,852,304	11,436,351	1,259,368	486,798	17,102,771	16,191,285
ACCUMULATED AMORTIZATION								
Balance, beginning of year			2,051,431	6,184,136	416,371	289,670	8,941,608	9,064,499
Annual amortization			77,860	257,912	65,449	42,927	444,148	342,639
Accumulated amortization on disposal					(35,499)	(6,750)	(42,249)	(465,530)
Balance, end of year	-	-	2,129,291	6,442,048	446,321	325,847	9,343,507	8,941,608
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	15,550	52,400	1,723,013	4,994,303	813,047	160,951	7,759,264	7,249,677
2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	36,812	52,400	1,715,290	4,785,987	470,162	189,026		7,249,677

TOWN OF VAUXHALL

SCHEDULE 3 - SCHEDULE OF PROPERTY AND OTHER TAXES

AS AT DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016 Restated
TAXATION			
Real property taxes	\$ 881,908	\$ 811,340	\$ 804,610
Linear property taxes	38,962	39,221	41,744
Government grants in lieu of property taxes	5,000	5,567	5,471
Local improvement taxes	267,922	269,132	267,933
Special assessments	31,724	31,246	31,724
	1,225,516	1,156,506	1,151,482
REQUISITIONS			
Alberta School Foundation Fund	220,000	202,908	216,677
Vauxhall Seniors Foundation	6,650	7,994	6,643
	226,650	210,902	223,320
NET MUNICIPAL TAXES	\$ 998,866	\$ 945,604	\$ 928,162

TOWN OF VAUXHALL

SCHEDULE 4 - SCHEDULE OF GOVERNMENT TRANSFERS

AS AT DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016 Restated
TRANSFERS FOR OPERATING			
Federal government	\$ 10,086	\$ 8,783	\$ 10,064
Provincial government	120,000	134,229	488,767
Other local governments	171,500	190,266	190,591
	301,586	333,278	689,422
TRANSFERS FOR CAPITAL			
Federal government	-	-	-
Provincial government	(53,466)	-	144,914
Other local governments	-	-	-
	(53,466)	-	144,914
TOTAL GOVERNMENT TRANSFERS	\$ 248,120	\$ 333,278	\$ 834,336

TOWN OF VAUXHALL

SCHEDULE 5 - SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT

AS AT DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016 Restated
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	\$ 836,518	\$ 892,547	\$ 837,153
Contracted and general services	619,549	722,576	801,712
Materials, goods, supplies and utilities	600,085	666,285	645,050
Provision for allowances	850	943	883
Bank charges and short term interest	850	1,046	913
Debenture debt charges	18,901	18,559	20,280
Grants to individuals and organizations	45,349	36,646	35,774
Transfer to other operating functions		-	
Amortization of tangible capital assets	343,500	444,148	342,639
Loss on disposal of tangible capital assets	-	-	114,843
CONSOLIDATED EXPENDITURES BY OBJECT	\$ 2,465,602	\$ 2,782,750	\$ 2,799,247

Town of Vauxhall
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2017

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 Chartered Professional Accountants of Canada. 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 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 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 Consolidated Financial Statements
For the Year Ended December 31, 2017

- 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) **Land held for resale**
Land held for resale is recorded at the lower of cost or net realizable value. Cost includes cost 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 and street lighting are recorded as tangible capital assets under their respective function. Land held for resale is classified as a financial asset when the land is in a condition to be sold, is marketed for sale and is reasonably anticipated that the land will be sold within one year.
- g) **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.
- h) **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.

- i) **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 |

Town of Vauxhall
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2017

i) Tangible Capital Assets, continued

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.

2. CASH AND CASH EQUIVALENTS

	<u>2017</u>		<u>2016</u>
Cash and cash equivalents	\$ 40,520	\$	16,804
GIC's with original maturity of 90 days or less	117,697		117,494
	<u>\$ 158,217</u>	<u>\$</u>	<u>134,298</u>

GIC interest rates are approximately 0.9% in 2017 and 2016.

3. TEMPORARY INVESTMENTS

	<u>2017</u>		<u>2016</u>
GIC's with maturity of more than 90 days	<u>\$ 875,675</u>	<u>\$</u>	<u>1,578,694</u>

The average yield earned from investments during the year ended December 31, 2017 was 1.090% (2016-1.065%). Maturity dates on the investments are in 2018. A portion of the Town of Vauxhall investments are held for certain purposes including reserves and capital purchases.

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2017</u>		<u>2016</u>
Current taxes and grants in lieu	\$ (10,909)	\$	(13,910)
Tax arrears and grants in lieu	11,826		16,509
	<u>\$ 917</u>	<u>\$</u>	<u>2,599</u>
Less allowance for doubtful accounts	(7,278)		(7,513)
	<u>\$ (6,361)</u>	<u>\$</u>	<u>(4,914)</u>

Town of Vauxhall
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2017

5. LONG TERM INVESTMENTS

		<u>2017</u>		<u>2016</u>
AMFC investment	\$	10	\$	10
South Country Coop Equity		19,024		18,416
UFA Coop Equity		65		65
	\$	<u>19,099</u>	\$	<u>18,491</u>

6. EMPLOYEE BENEFIT OBLIGATION

		<u>2017</u>		<u>2016</u>
Vacation and/or overtime	\$	<u>680</u>	\$	<u>1,568</u>

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.

7. LONG TERM DEBT

		<u>2017</u>		<u>2016</u>
Tax supported debentures	\$	615,366	\$	662,132
Less: current portion		<u>(48,106)</u>		<u>(46,766)</u>
	\$	<u>567,260</u>	\$	<u>615,366</u>

Principal and interest repayments are due as follows:

		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2018	\$	48,106	\$	17,561	\$	65,667
2019		49,483		16,184		65,667
2020		50,901		14,766		65,667
2021		52,360		13,307		65,667
2022		53,860		11,807		65,667
Thereafter		<u>360,656</u>		<u>56,767</u>		<u>417,423</u>
	\$	<u>615,366</u>	\$	<u>130,392</u>	\$	<u>745,758</u>

Town of Vauxhall
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2017

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.

8. DEFERRED REVENUE

	<u>2017</u>	<u>2016</u>
Unearned licence and rental revenue	\$ 1,755	\$ 1,355
Unearned capital grants	1,218,519	771,540
	<u>\$ 1,220,274</u>	<u>772,895</u>

Unearned capital grants include \$1,218,519 (2016 - \$771,540) from the capital component of the Municipal Sustainability Initiative and the Federal Gas Tax Fund grants. Use of these funds is restricted to eligible capital projects, as approved under the funding agreements.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
Tangible capital assets (Schedule 2)	17,102,771	16,191,285
Accumulated amortization (Schedule 2)	(9,343,507)	(8,941,608)
Long term debt (note 7)	(615,366)	(662,132)
	<u>\$ 7,143,898</u>	<u>\$ 6,587,545</u>

10. ACCUMULATED SURPLUS

	<u>2017</u>	<u>2016</u> <u>Restated</u>
Unrestricted surplus (deficit)	\$ (178,432)	\$ 521,767
Restricted Surplus		
Operating reserves	106,940	106,940
Fire	92,911	92,911
Roads	114,409	97,951
Storm sewer	115,371	115,371
Water	231,830	225,130
Sewer	39,065	39,065
Garbage	84,343	84,344
Subdivision	87,941	87,941
Cemetery	12,700	10,000
Recreation	115,885	334,408
Culture	-	-
Equity in tangible capital assets	<u>7,143,898</u>	<u>6,587,545</u>
	<u>\$ 7,966,861</u>	<u>\$ 8,303,373</u>

Town of Vauxhall
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2017

11. 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)	2017 Total	2016 Total
Mayor				
Margaret Plumtree	11,688	4,298	15,986	12,690
Councillors:				
Linda English	5,880	1,463	7,343	5,787
Marilyn Forchuk	5,010	727	5,737	4,902
Martin Kondor	3,290	1	3,291	3,920
Richard Phillips	5,093	730	5,823	5,115
Christie Sorensen	3,600	1	3,601	4,291
Kim Cawley	5,007	825	5,832	4,942
Municipal Administrator	90,575	24,406	114,981	109,222
Assessor and Development Officer	21,538		21,538	21,104

- (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.

Town of Vauxhall
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2017

12. 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 253,862 people and about 417 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings over this amount. Employees of the Town are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current and past service contributions by the Town to the LAPP in 2017 were \$60,691 (2016 - \$59,273). Total current and past service contributions by the employees of the Town to the LAPP in 2017 were \$55,668 (2016 - \$54,330)

At December 31, 2016, the plan disclosed an actuarial deficiency of \$637 million.

13. 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:

	2017 Total	2016 Total
Total debt limit	\$ 3,669,357	\$ 4,466,902
Total debt	615,366	662,132
Amount of debt limit unused (exceeded)	<u>\$ 3,053,991</u>	<u>3,804,770</u>
Debt servicing limit	\$ 611,560	\$ 744,484
Debt servicing	65,667	65,667
Amount of debt servicing limit unused (exceeded)	<u>\$ 545,893</u>	<u>\$ 678,817</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 Consolidated Financial Statements
For the Year Ended December 31, 2017

14. 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.

15. 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.

16. 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 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.

In December 2016, the previous Taber & District Regional Waste Authority was terminated resulting in the Town of Vauxhall owning and operating the landfill.

17. 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 inspections. 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.

Town of Vauxhall
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2017

18. PRIOR PERIOD RESTATEMENT

The Town contributed to a Regional Water Commission for \$811,617 between 2010 and 2014. This contribution was recorded as a long term investment. The Town has determined that this should have been expensed in the years the expenses were incurred. To correct this error, the accumulated surplus and long term investments have been decreased by \$811,617 in the 2016 comparative column resulting in all columns marked as restated.

19. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.