



# Town of Vauxhall **Consolidated Financial Statements**

DECEMBER 31, 2018

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# Newman Solutions \*

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*Chartered Professional Accountant*

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## INDEPENDENT AUDITOR'S REPORT

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To the Mayor and Council of Town of Vauxhall

*Opinion*

I have audited the financial statements of Town of Vauxhall (the Organization), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, changes in net financial assets (debt), changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and the results of its operations and its cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Basis for Opinion*

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with those requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of the 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.

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

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

(continues)

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

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

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

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

Vauxhall, Alberta  
March 19, 2019

*Newman Solutions Professional Corporation*

Newman Solutions Professional Corporation  
Chartered Professional Accountant

# TOWN OF VAUXHALL

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31 2018

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (note 2)	\$ 102,271	\$ 158,217
Temporary Investments (note 3)	\$ 976,356	\$ 875,675
Receivables		
Taxes and grants in place of taxes (note 4)	(1,320)	(6,361)
Trade and other receivables (net)	130,184	150,874
Receivable from other governments	1,188,742	722,533
GST recoverable	6,682	20,379
Land held for resale	201,430	133,381
Long term investments (note 5)	26,047	19,099
Other assets	-	6,171
	<b>2,630,392</b>	<b>2,079,968</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	109,859	102,770
Payroll remittance payable	474	19
Deposit liabilities	320	320
Other liabilities	-	6,171
Employee benefit obligation (note 6)	-	680
Long term debt (note 7)	567,259	615,366
Deferred revenue (note 8)	1,707,454	1,220,274
	<b>2,385,366</b>	<b>1,945,600</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>245,026</b>	<b>134,368</b>
<b>NON FINANCIAL ASSETS</b>		
Inventory for consumption	53,824	57,302
Tangible capital assets (Schedule 2)	7,277,868	7,759,264
Prepaid expenses	21,273	15,927
	<b>7,352,965</b>	<b>7,832,493</b>
<b>ACCUMULATED SURPLUS (Schedule 1, note 10)</b>	<b>\$ 7,597,991</b>	<b>\$ 7,966,861</b>

Contingencies - note 13

# TOWN OF VAUXHALL

## CONSOLIDATED STATEMENT OF OPERATIONS

AS AT DECEMBER 31 2018

	Budget (Unaudited)	2018	2017
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 985,374	\$ 1,005,723	\$ 945,604
Sales and user charges	666,065	667,885	670,874
Penalties, fines and costs on taxes	24,500	25,966	26,389
Franchise and concession contracts	28,000	29,058	30,278
Investment income	9,300	15,608	12,062
Rentals	102,740	107,206	89,761
Government transfers (Schedule 4)	312,695	370,383	333,278
Licenses and permits	7,700	8,560	7,650
Sale of land held for resale	30,000	10,000	30,000
Other revenues	152,500	90,408	279,282
Gain on sale of assets	-	-	21,060
	<b>2,318,874</b>	<b>2,330,797</b>	<b>2,446,238</b>
<b>EXPENDITURES (Schedule 5)</b>			
Legislative	64,620	59,952	56,561
Administration	334,965	339,774	329,301
Fire, disaster services and ambulance	69,776	52,076	44,175
By-law enforcement	33,110	15,345	31,952
Roads, streets, walks, lighting	362,275	328,796	382,456
Water and storm water	545,733	462,607	505,516
Wastewater	94,225	97,980	99,483
Waste management	241,580	270,345	243,207
Cemetery	9,363	23,223	12,427
Municipal Planning, zoning, economic development	34,725	32,755	36,507
Recreation and culture	437,276	522,964	587,141
Health and FCSS	8,933	9,116	8,933
Provision for doubtful accounts	200	3,339	943
Amortization of tangible capital assets	477,000	476,317	444,148
Loss on disposal of asset	-	5,078	-
	<b>2,713,781</b>	<b>2,699,667</b>	<b>2,782,750</b>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES - BEFORE OTHER</b>	<b>(394,907)</b>	<b>(368,870)</b>	<b>(336,512)</b>
<b>OTHER</b>			
Contributed assets	81,876	-	-
Government transfers for capital (Schedule 4)	-	-	-
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES</b>	<b>(476,783)</b>	<b>(368,870)</b>	<b>(336,512)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<b>7,966,861</b>	<b>8,303,373</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ (476,783)</b>	<b>\$ 7,597,991</b>	<b>\$ 7,966,861</b>

# TOWN OF VAUXHALL

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)

AS AT DECEMBER 31 2018

	Budget (Unaudited)	2018	2017
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	\$ (476,783)	\$ (368,870)	\$ (336,512)
Acquisition of tangible capital assets		-	(974,997)
Change in construction in progress	-	-	21,262
Proceeds on disposal of tangible capital assets	-	-	21,060
Amortization of tangible capital assets	477,000	476,317	444,148
(Gain) loss on sale of tangible capital assets	-	5,078	(21,060)
	477,000	481,395	(509,587)
Net (acquisition) use of supplies inventory	-	3,478	3,624
Net (acquisition) use of prepaid assets	-	(5,345)	160
	-	(1,867)	3,784
<b>(INCREASE) DECREASE IN NET DEBT</b>	217	110,658	(842,315)
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	2,376,963	134,368	976,683
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	\$ 2,377,180	\$ 245,026	\$ 134,368

# TOWN OF VAUXHALL

## CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT DECEMBER 31 2018

	2018	2017
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE</b>	\$ (368,870)	\$ (336,512)
Non-cash items included in excess (shortfall) of revenues over expenses		
Amortization of tangible capital assets	476,317	444,148
(Gain) Loss on disposal of tangible assets	5,078	(21,060)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	(5,041)	1,447
Decrease (increase) in trade and other receivables	20,690	(93,622)
Decrease (increase) in receivable from other governments	(466,209)	(35,263)
Decrease (increase) in GST	13,697	(4,602)
Decrease (increase) in inventory for consumption	3,478	3,624
Decrease (increase) in prepaid expenses	(5,346)	160
Decrease (increase) in land held for resale	(68,049)	(3,695)
Decrease (increase) in other assets	6,171	20
Increase (decrease) in accounts payable and accrued liabilities	7,090	(90,943)
Increase (decrease) in payroll payable	455	(1,724)
Increase (decrease) in deposit liabilities	-	-
Increase (decrease) in other liabilities	(6,171)	(7,520)
Increase (decrease) in deferred revenue	487,180	447,379
Increase (decrease) in employee benefit obligation	(680)	(888)
Cash provided by operating transactions	99,790	300,949
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in long term investments	(6,948)	(608)
Cash provided (applied to) investing transactions	(6,948)	(608)
<b>FINANCING ACTIVITIES</b>		
Long term debt issued	-	-
Long term debt repaid	(48,107)	(46,766)
Cash provided (applied to) financing transactions	(48,107)	(46,766)
<b>CAPITAL</b>		
Acquisition of tangible capital assets	-	(974,997)
Change in construction in progress	5,078	21,262
Sale of tangible capital assets	(5,078)	21,060
Cash applied to capital transactions	-	(932,675)
<b>CHANGE IN CASH AND EQUIVALENTS DURING YEAR</b>	44,735	(679,100)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	\$ 1,033,892	\$ 1,712,992
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	1,078,627	\$ 1,033,892
<b>CASH AND CASH EQUIVALENTS ARE COMPRISED OF:</b>		
Cash (note 2)	\$ 102,271	\$ 158,217
Temporary Investments	976,356	875,675
	\$ 1,078,627	\$ 1,033,892

TOWN OF VAUXHALL

SCHEDULE 1 - SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

AS AT DECEMBER 31 2018

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018	2017
<b>BALANCE, BEGINNING OF YEAR</b>	\$ (178,432)	\$ 1,001,395	\$ 7,143,898	\$ 7,966,861	\$ 8,303,373
Excess (deficiency) of revenues over expenses		-		-	-
Unrestricted funds designated for future use	(368,870)			(368,870)	(336,512)
Operating funds transferred to restricted surplus	(107,670)	107,670		-	-
Restricted funds used for tangible capital assets	7,096	(7,096)	-	-	-
Current year funds used for tangible capital assets	-	-	-	-	-
Contributed tangible capital assets	-			-	-
Disposal of tangible capital assets	5,078		(5,078)	-	-
Annual amortization expense	476,317	-	(476,317)	-	-
Proceeds long term debt				-	-
Long term debt repaid	(48,106)		48,106	-	-
Change in accumulated surplus	(36,155)	100,574	(433,289)	(368,870)	(336,512)
<b>BALANCE, END OF YEAR (note 10)</b>	\$ (214,587)	\$ 1,101,969	\$ 6,710,609	\$ 7,597,991	\$ 7,966,861



**TOWN OF VAUXHALL**

**SCHEDULE 2 - SCHEDULE OF TANGIBLE CAPITAL ASSETS**

**AS AT DECEMBER 31 2018**

	Construction in Progress	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2018	2017
<b>COST</b>								
Balance, beginning of year	\$ 15,550	\$ 52,400	\$ 3,852,304	\$ 11,436,351	\$ 1,259,368	\$ 486,798	\$ 17,102,771	\$ 16,191,285
Acquisition of tangible capital assets							-	974,997
Construction in progress	(5,078)						(5,078)	(21,262)
Disposal of tangible capital assets							-	(42,249)
Writedown of tangible capital assets							-	-
Transfer of land held for resale							-	-
Balance, end of year	10,472	52,400	3,852,304	11,436,351	1,259,368	486,798	17,097,693	17,102,771
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year								8,941,608
Annual amortization			2,129,291	6,442,048	446,321	325,847	9,343,507	444,148
Accumulated amortization on disposal			79,757	248,941	107,342	40,278	476,318	(42,249)
Balance, end of year	-	-	2,209,048	6,690,989	553,663	366,125	9,819,825	9,343,507
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	10,472	52,400	1,643,256	4,745,362	705,705	120,673	7,277,868	7,759,264
<b>2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	15,550	52,400	1,723,013	4,994,303	813,047	160,951		7,759,264

## TOWN OF VAUXHALL

### SCHEDULE 3 - SCHEDULE OF PROPERTY AND OTHER TAXES

AS AT DECEMBER 31 2018

	Budget (Unaudited)	2018	2017
<b>TAXATION</b>			
Real property taxes	\$ 967,750	\$ 960,558	\$ 811,340
Linear property taxes	-	34,825	39,221
Government grants in lieu of property taxes	5,000	6,122	5,567
Local improvement taxes	208,049	208,051	269,132
Special assessments	16,130	25,905	31,246
	1,196,929	1,235,461	1,156,506
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	203,000	221,925	202,908
Designated Industrial Property Tax	-	59	-
Vauxhall Seniors Foundation	8,555	7,754	7,994
	211,555	229,738	210,902
<b>NET MUNICIPAL TAXES</b>	<b>\$ 985,374</b>	<b>\$ 1,005,723</b>	<b>\$ 945,604</b>

## TOWN OF VAUXHALL

### SCHEDULE 4 - SCHEDULE OF GOVERNMENT TRANSFERS

AS AT DECEMBER 31 2018

	Budget (Unaudited)	2018	2017
<b>TRANSFERS FOR OPERATING</b>			
Federal government	\$ 8,500	\$ 10,643	\$ 8,783
Provincial government	117,000	164,506	134,229
Other local governments	187,195	195,234	190,266
	312,695	370,383	333,278
<b>TRANSFERS FOR CAPITAL</b>			
Federal government	-	-	-
Provincial government	-	-	-
Other local governments	-	-	-
	-	-	-
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 312,695</b>	<b>\$ 370,383</b>	<b>\$ 333,278</b>

# TOWN OF VAUXHALL

## SCHEDULE 5 - SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT

AS AT DECEMBER 31 2018

	Budget (Unaudited)	2018	2017
<b>CONSOLIDATED EXPENDITURES BY OBJECT</b>			
Salaries, wages and benefits	\$ 866,505	\$ 895,230	\$ 892,547
Contracted and general services	609,566	639,702	722,576
Materials, goods, supplies and utilities	632,910	630,985	666,285
Provision for allowances	200	3,339	943
Bank charges and short term interest	910	835	1,046
Debenture debt charges	65,667	17,091	18,559
Grants to individuals and organizations	61,023	31,090	36,646
Transfer to other operating functions		-	
Amortization of tangible capital assets	477,000	476,317	444,148
Loss on disposal of tangible capital assets	-	5,078	-
<b>CONSOLIDATED EXPENDITURES BY OBJECT</b>	<b>\$ 2,713,781</b>	<b>\$ 2,699,667</b>	<b>\$ 2,782,750</b>

**Town of Vauxhall**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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**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, 2018**

- 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, 2018**

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>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 102,271	\$ 40,520
GIC's with original maturity of 90 days or less	-	117,697
	<u>\$ 102,271</u>	<u>\$ 158,217</u>

GIC interest rates were approximately 0.9% in 2017.

**3. TEMPORARY INVESTMENTS**

	<u>2018</u>	<u>2017</u>
GIC's with maturity of more than 90 days	<u>\$ 976,356</u>	<u>\$ 875,675</u>

The average yield earned from investments during the year ended December 31, 2018 was 2.35% (2017-1.090%). Maturity dates on the investments are in 2019. 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>2018</u>	<u>2017</u>
Current taxes and grants in lieu	\$ (2,363)	\$ (10,909)
Tax arrears and grants in lieu	8,321	11,826
	<u>\$ 5,958</u>	<u>\$ 917</u>
Less allowance for doubtful accounts	<u>(7,278)</u>	<u>(7,278)</u>
	<u>\$ (1,320)</u>	<u>\$ (6,361)</u>

**Town of Vauxhall**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

**5. LONG TERM INVESTMENTS**

		<u>2018</u>		<u>2017</u>
AMFC investment	\$	10	\$	10
South Country Coop Equity		19,801		19,024
UFA Coop Equity		65		65
GIC, interest @ 2.2%, matures 2020		6,171		
	<u>\$</u>	<u>26,047</u>	<u>\$</u>	<u>19,099</u>

**6. EMPLOYEE BENEFIT OBLIGATION**

		<u>2018</u>		<u>2017</u>
Vacation and/or overtime	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>680</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>2018</u>		<u>2017</u>
Tax supported debentures	\$	567,259	\$	615,366
Less: current portion		(49,483)		(48,106)
	<u>\$</u>	<u>517,776</u>	<u>\$</u>	<u>567,260</u>

Principal and interest repayments are due as follows:

		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
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
2023		55,404		10,263		65,667
Thereafter		305,251		46,504		351,755
	<u>\$</u>	<u>567,259</u>	<u>\$</u>	<u>112,831</u>	<u>\$</u>	<u>680,090</u>

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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>2018</u>	<u>2017</u>
Unearned licence and rental revenue	\$ 22,726	\$ 1,755
Unearned capital grants	1,684,728	1,218,519
	<u>\$ 1,707,454</u>	<u>1,220,274</u>

Unearned capital grants include \$1,467,531(2017 - \$1,218,519) 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>2018</u>	<u>2017</u>
Tangible capital assets (Schedule 2)	17,097,693	17,102,771
Accumulated amortization (Schedule 2)	(9,819,825)	(9,343,507)
Long term debt (note 7)	(567,259)	(615,366)
	<u>\$ 6,710,609</u>	<u>\$ 7,143,898</u>

**10. ACCUMULATED SURPLUS**

	<u>2018</u>	<u>2017</u>
Unrestricted surplus (deficit)	\$ (214,587)	\$ (178,432)
Restricted Surplus		
Operating reserves	113,938	106,940
Fire	92,911	92,911
Roads	188,352	114,409
Storm sewer	115,371	115,371
Water	238,530	231,830
Sewer	39,065	39,065
Garbage	84,343	84,343
Subdivision	87,941	87,941
Cemetery	12,700	12,700
Recreation	128,818	115,885
Culture	-	-
Equity in tangible capital assets	<u>6,710,609</u>	<u>7,143,898</u>
	<u>\$ 7,597,991</u>	<u>\$ 7,966,861</u>



**Town of Vauxhall**  
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**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)	2018 Total	2017 Total
<b>Mayor</b>				
Margaret Plumtree	11,630	3,379	15,009	15,986
<b>Councillors:</b>				
Kim Cawley	5,673	600	6,273	5,832
Raymond Coad	5,161	1,124	6,285	-
Linda English	5,560	1,721	7,281	7,343
Marilyn Forchuk	5,560	219	5,779	5,737
Martin Kondor	-	-	-	3,291
Richard Phillips	5,110	249	5,359	5,823
Christie Sorensen	-	-	-	3,601
Jake Wiebe	3,788	215	4,003	-
Municipal Administrator	88,390	23,917	112,307	114,981
<b>Assessor and Development Officer</b>				
	21,783		21,783	21,538

- (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.

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**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 259,714 people and about 420 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 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current and past service contributions by the Town to the LAPP in 2018 were \$58,014 (2017 - \$60,691). Total current and past service contributions by the employees of the Town to the LAPP in 2018 were \$52,778 (2017 - \$55,668)

At December 31, 2017, the plan disclosed an actuarial surplus of \$4.8 billion.

**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:

	2018		2017	
	Total		Total	
Total debt limit	\$	3,496,197	\$	3,669,357
Total debt		567,260		615,366
Amount of debt limit unused (exceeded)	\$	2,928,937		3,053,991
Debt servicing limit	\$	582,700	\$	611,560
Debt servicing		65,667		65,667
Amount of debt servicing limit unused (exceeded)	\$	517,033	\$	545,893

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.

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**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. BUDGET AMOUNTS**

The 2018 budget for the Town was approved by Council and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

**17. 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.

**18. 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

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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.

**19. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.