



Town of Vauxhall Consolidated Financial Statements

DECEMBER 31, 2019

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Newman Solutions *

Chartered Professional Accountant

INDEPENDENT AUDITOR'S REPORT

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, 2019, 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, 2019, 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.

Report on Other Legal and Regulatory Requirements

In accordance with Alberta Regulation 255/2000, I confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 13.

Newman Solutions Professional Corporation

Vauxhall, Alberta
March 16, 2020

Newman Solutions Professional Corporation
Chartered Professional Accountant

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31 2019

	2019	2018
FINANCIAL ASSETS		Restated
Cash and temporary investments (note 2)	\$ 537,385	\$ 102,271
Temporary Investments (note 3)	\$ 750,000	\$ 976,356
Receivables		
Taxes and grants in place of taxes (note 4)	12,786	(1,320)
Trade and other receivables (net)	145,136	130,184
Receivable from other governments	1,231,437	1,188,742
GST recoverable	16,218	6,682
Land held for resale	201,430	201,430
Long term investments (note 5)	20,653	26,047
Other assets	-	-
	2,915,045	2,630,392
LIABILITIES		
Accounts payable and accrued liabilities	112,007	109,859
Payroll remittance payable	818	474
Deposit liabilities	320	320
Other liabilities	-	-
Employee benefit obligation (note 6)	998	-
Long term debt (note 7)	517,776	567,259
Deferred revenue (note 8, note 19)	1,349,454	1,135,965
	1,981,373	1,813,877
NET FINANCIAL ASSETS (DEBT)	933,672	816,515
NON FINANCIAL ASSETS		
Inventory for consumption	50,844	53,824
Tangible capital assets (Schedule 2)	7,103,672	7,277,868
Prepaid expenses	19,893	21,273
	7,174,409	7,352,965
ACCUMULATED SURPLUS (Schedule 1, note 10, note 19)	\$ 8,108,081	\$ 8,169,480

Contingencies - note 13

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF OPERATIONS

AS AT DECEMBER 31 2019

	Budget (Unaudited)	2019	2018 Restated
REVENUE			
Net municipal taxes (Schedule 3)	\$ 1,039,132	\$ 1,069,770	\$ 1,005,723
Sales and user charges	681,816	689,720	667,885
Penalties, fines and costs on taxes	24,300	27,410	25,966
Franchise and concession contracts	46,195	45,114	29,058
Investment income	13,500	21,960	15,608
Rentals	111,650	115,019	107,206
Government transfers (Schedule 4)	205,675	385,472	370,383
Licenses and permits	7,350	7,705	8,560
Sale of land held for resale	58,000	40,000	10,000
Other revenues	121,650	50,148	90,408
Gain on sale of assets	-	400	-
	2,309,268	2,452,718	2,330,797
EXPENDITURES (Schedule 5)			
Legislative	64,826	72,384	59,952
Administration	389,475	343,401	339,774
Fire, disaster services and ambulance	67,990	59,792	52,076
By-law enforcement	27,540	27,974	15,345
Roads, streets, walks, lighting	346,755	310,622	328,796
Water and storm water	529,657	467,858	462,607
Wastewater	91,223	122,537	97,980
Waste management	266,960	282,500	270,345
Cemetery	14,835	16,530	23,223
Municipal Planning, zoning, economic development	44,345	30,925	32,755
Recreation and culture	453,225	554,509	522,964
Health and FCSS	9,200	9,299	9,116
Provision for doubtful accounts	900	(6,375)	3,339
Amortization of tangible capital assets	481,000	436,393	476,317
Loss on disposal of asset	-	-	5,078
	2,787,931	2,728,349	2,699,667
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES - BEFORE OTHER	(478,663)	(275,631)	(368,870)
OTHER			
Contributed assets	-	-	-
Government transfers for capital (Schedule 4)	-	214,232	-
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES	(478,663)	(61,399)	(368,870)
ACCUMULATED SURPLUS, BEGINNING OF YEAR, as previously stated		8,169,480	7,966,861
PRIOR PERIOD RESTATEMENT (Note 19)			571,489
ACCUMULATED SURPLUS, END OF YEAR, restated	\$ (478,663)	\$ 8,108,081	\$ 8,169,480

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)

AS AT DECEMBER 31 2019

	Budget (Unaudited)	2019	2018
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (478,663)	\$ (61,399)	Restated (368,870)
Acquisition of tangible capital assets		(262,197)	-
Change in construction in progress	-		-
Proceeds on disposal of tangible capital assets	-	400	-
Amortization of tangible capital assets	481,000	436,393	476,317
(Gain) loss on sale of tangible capital assets	-	(400)	5,078
	481,000	174,196	481,395
Net (acquisition) use of supplies inventory	-	2,980	3,478
Net (acquisition) use of prepaid assets	-	1,379	(5,345)
		4,359	(1,867)
(INCREASE) DECREASE IN NET DEBT	2,337	117,156	110,658
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR, as previously stated	-	816,515	134,368
PRIOR PERIOD RESTATEMENT (Note 19)			571,489
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR, restated			705,857
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ 2,337	\$ 933,671	\$ 816,515

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT DECEMBER 31 2019

	2019	2018
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	\$ (61,399)	\$ Restated (368,870)
Non-cash items included in excess (shortfall) of revenues over expenses		
Amortization of tangible capital assets	436,393	476,317
(Gain) Loss on disposal of tangible assets	-	5,078
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	(14,106)	(5,041)
Decrease (increase) in trade and other receivables	(14,952)	20,690
Decrease (increase) in receivable from other governments	(42,695)	(466,209)
Decrease (increase) in GST	(9,536)	13,697
Decrease (increase) in inventory for consumption	2,980	3,478
Decrease (increase) in prepaid expenses	1,380	(5,346)
Decrease (increase) in land held for resale	-	(68,049)
Decrease (increase) in other assets	-	6,171
Increase (decrease) in accounts payable and accrued liabilities	2,148	7,090
Increase (decrease) in payroll payable	344	455
Increase (decrease) in deposit liabilities	-	-
Increase (decrease) in other liabilities	-	(6,171)
Increase (decrease) in deferred revenue	213,489	487,180
Increase (decrease) in employee benefit obligation	998	(680)
Cash provided by operating transactions	515,044	99,790
INVESTING ACTIVITIES		
Decrease (increase) in long term investments	5,394	(6,948)
Cash provided (applied to) investing transactions	5,394	(6,948)
FINANCING ACTIVITIES		
Long term debt issued	-	-
Long term debt repaid	(49,483)	(48,107)
Cash provided (applied to) financing transactions	(49,483)	(48,107)
CAPITAL		
Acquisition of tangible capital assets	(253,478)	-
Change in construction in progress	(8,719)	5,078
Sale of tangible capital assets	-	(5,078)
Cash applied to capital transactions	(262,197)	-
CHANGE IN CASH AND EQUIVALENTS DURING YEAR	208,758	44,735
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 1,078,627	\$ 1,033,892
CASH AND CASH EQUIVALENTS, END OF YEAR	1,287,385	\$ 1,078,627
CASH AND CASH EQUIVALENTS ARE COMPRISED OF:		
Cash (note 2)	\$ 537,385	\$ 102,271
Temporary Investments	750,000	976,356
	\$ 1,287,385	\$ 1,078,627

TOWN OF VAUXHALL

SCHEDULE 1 - SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

AS AT DECEMBER 31 2019

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
BALANCE, BEGINNING OF YEAR, as previously stated	(214,587)	\$ 1,101,969	\$ 6,710,609	\$ 7,597,991	\$ 7,966,861
PRIOR PERIOD RESTATEMENT (note 19)	571,489			571,489	571,489
BALANCE, BEGINNING OF YEAR - RESTATED	356,902	1,101,969	6,710,609	8,169,480	8,538,350
Excess (deficiency) of revenues over expenses	(61,399)			(61,399)	(368,870)
Unrestricted funds designated for future use	(145,800)	145,800			
Operating funds transferred to restricted surplus, net		(25,845)	25,845		
Restricted funds used for tangible capital assets	(236,352)		236,352		
Current year funds used for tangible capital assets	-				
Contributed tangible capital assets	436,393		(436,393)		
Disposal of tangible capital assets					
Annual amortization expense					
Proceeds long term debt	(49,483)		49,483		
Long term debt repaid					
Change in accumulated surplus	(56,641)	119,955	(124,713)	(61,399)	(368,870)
BALANCE, END OF YEAR (note 9)	\$ 300,261	1,221,924	6,585,896	8,108,081	8,169,480

TOWN OF VAUXHALL

SCHEDULE 2 - SCHEDULE OF TANGIBLE CAPITAL ASSETS

AS AT DECEMBER 31 2019

	Construction in Progress	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2019	2018
COST								
Balance, beginning of year	\$ 10,472	\$ 52,400	\$ 3,852,304	\$ 11,436,351	\$ 1,259,368	\$ 486,798	\$ 17,097,693	\$ 17,102,771
Acquisition of tangible capital assets			36,850	97,485	57,995	61,148	253,478	
Construction in progress	8,719						8,719	
Disposal of tangible capital assets					(9,995)		(9,995)	(5,078)
Writedown of tangible capital assets								
Transfer of land held for resale								
Balance, end of year	19,191	52,400	3,889,154	11,533,836	1,307,368	547,946	17,349,895	17,097,693
ACCUMULATED AMORTIZATION								
Balance, beginning of year			2,209,048	6,690,989	553,663	366,125	9,819,825	9,343,507
Annual amortization			81,599	234,867	76,081	43,846	436,393	476,318
Accumulated amortization on disposal					(9,995)		(9,995)	
Balance, end of year	-	-	2,290,647	6,925,856	619,749	409,971	10,246,223	9,819,825
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	19,191	52,400	1,598,507	4,607,980	687,619	137,975	7,103,672	7,277,868
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	10,472	52,400	1,643,256	4,745,362	705,705	120,673		7,277,868

TOWN OF VAUXHALL

SCHEDULE 3 - SCHEDULE OF PROPERTY AND OTHER TAXES

AS AT DECEMBER 31 2019

	Budget (Unaudited)	2019	2018
TAXATION			
Real property taxes	\$ 1,004,600	\$ 1,028,975	\$ 960,558
Linear property taxes	35,175	37,307	34,825
Government grants in lieu of property taxes	6,100	6,138	6,122
Local improvement taxes	225,900	234,682	208,051
Special assessments	16,487	-	25,906
	1,288,262	1,307,102	1,235,461
REQUISITIONS			
Alberta School Foundation Fund	240,500	228,787	221,925
Designated Industrial Property Tax	130	139	59
Vauxhall Seniors Foundation	8,500	8,406	7,754
	249,130	237,332	229,738
NET MUNICIPAL TAXES	\$ 1,039,132	\$ 1,069,770	\$ 1,005,723

TOWN OF VAUXHALL

SCHEDULE 4 - SCHEDULE OF GOVERNMENT TRANSFERS

AS AT DECEMBER 31 2019

	Budget (Unaudited)	2019	2018
TRANSFERS FOR OPERATING			
Federal government	\$ 9,800	\$ 6,800	\$ 10,643
Provincial government	-	151,624	164,506
Other local governments	195,875	227,048	195,234
	205,675	385,472	370,383
TRANSFERS FOR CAPITAL			
Federal government	-	-	-
Provincial government	-	214,232	-
Other local governments	13,000	-	-
	13,000	214,232	-
TOTAL GOVERNMENT TRANSFERS	\$ 218,675	\$ 599,704	\$ 370,383

TOWN OF VAUXHALL

SCHEDULE 5 - SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT

AS AT DECEMBER 31 2019

	Budget (Unaudited)	2019	2018
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	\$ 899,796	\$ 936,216	\$ 895,230
Contracted and general services	560,621	647,681	639,702
Materials, goods, supplies and utilities	646,262	657,677	630,985
Provision for allowances	900	(6,375)	3,339
Bank charges and short term interest	760	555	835
Debenture debt charges	65,667	15,940	17,091
Grants to individuals and organizations	60,725	40,262	31,090
Transfer to other operating functions		-	-
Amortization of tangible capital assets	481,000	436,393	476,317
Loss on disposal of tangible capital assets	-	-	5,078
CONSOLIDATED EXPENDITURES BY OBJECT	\$ 2,715,731	\$ 2,728,349	\$ 2,699,667

Town of Vauxhall
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

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, 2019

- 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, 2019

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>2019</u>		<u>2018</u>
Cash and cash equivalents	\$ 531,214	\$	120,271
GIC's with original maturity of 90 days or less	6,171		-
	<u>\$ 537,385</u>	<u>\$</u>	<u>120,271</u>

GIC interest rate is 2.20% in 2019.

3. TEMPORARY INVESTMENTS

	<u>2019</u>		<u>2018</u>
GIC's with maturity of more than 90 days	<u>\$ 750,000</u>	<u>\$</u>	<u>976,356</u>

The average yield earned from investments during the year ended December 31, 2019 ranged from 2.0% to 2.60% (2018 2.35%). Maturity dates on the investments are in 2020. 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>2019</u>		<u>2018</u>
			<u>Restated</u>
Current taxes and grants in lieu	\$ 18,723	\$	14,279
Tax arrears and grants in lieu	(5,937)		(8,321)
	<u>\$ 12,786</u>	<u>\$</u>	<u>5,958</u>
Less allowance for doubtful accounts	-		(7,278)
	<u>\$ 12,786</u>	<u>\$</u>	<u>(1,320)</u>

Town of Vauxhall
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

5. LONG TERM INVESTMENTS

	<u>2019</u>		<u>2018</u>
AMFC investment	\$ 10	\$	10
South Country Coop Equity	20,578		19,801
UFA Coop Equity	65		65
GIC, interest @ 2.2%, matures 2020			6,171
	<u>\$ 20,653</u>	<u>\$</u>	<u>26,047</u>

6. EMPLOYEE BENEFIT OBLIGATION

	<u>2019</u>		<u>2018</u>
Vacation and/or overtime	\$ 998	\$	-

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>2019</u>		<u>2018</u>
Tax supported debentures	\$ 517,776	\$	567,259
Less: current portion	(50,901)		(49,483)
	<u>\$ 466,875</u>	<u>\$</u>	<u>517,776</u>

Principal and interest repayments are due as follows:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
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
2024	56,991		8,676		65,667
Thereafter	248,260		37,828		286,088
	<u>\$ 517,776</u>	<u>\$</u>	<u>96,647</u>	<u>\$</u>	<u>614,423</u>

Town of Vauxhall
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

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>2019</u>	<u>2018</u>
Unearned licence and rental revenue	\$ 62,958	\$ 22,726
Municipal Sustainability Initiative	876,428	834,658
Gas Tax Fund	410,068	278,581
	<u>\$ 1,349,454</u>	<u>1,135,965</u>

Under various grant agreements with the Government of Canada and the Province of Alberta, the Town is required to account for grants provided and to complete the projects or program in accordance with the standards detailed in the various agreements. If these requirements are not adhered to, grants provided will become repayable to the source Government. Unexpended funds are repayable to the source Government upon final accounting. Funds are deferred until related expenditures under the specific grant agreement have been incurred.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2019</u>	<u>2018</u>
Tangible capital assets (Schedule 2)	17,349,895	17,097,693
Accumulated amortization (Schedule 2)	(10,246,223)	(9,819,825)
Long term debt (note 7)	(517,776)	(567,259)
	<u>\$ 6,585,896</u>	<u>\$ 6,710,609</u>

Town of Vauxhall
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019

10. ACCUMULATED SURPLUS

	<u>2019</u>	<u>2018</u>
		Restated
Unrestricted surplus (deficit)	\$ 300,261	\$ (356,902)
Restricted Surplus		
Operating reserves	121,944	113,938
Fire	92,911	92,911
Roads	262,487	188,352
Storm sewer	115,371	115,371
Water	245,230	238,530
Sewer	39,065	39,065
Garbage	90,142	84,343
Subdivision	87,941	87,941
Cemetery	12,700	12,700
Recreation	144,133	128,818
Disaster	10,000	-
Equity in tangible capital assets	6,585,896	6,710,609
	<u>\$ 8,108,081</u>	<u>\$ 8,169,480</u>

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)	2019 Total	2018 Total
Mayor				
Margaret Plumtree	13,647	4,815	18,462	15,009
Councillors:				
Kim Cawley	5,705	314	6,019	6,273
Raymond Coad	6,675	1,032	7,707	6,285
Linda English	7,137	1,203	8,340	7,281
Marilyn Forchuk	5,590	14	5,604	5,779
Richard Phillips	4,973	30	5,003	5,359
Jake Wiebe	5,545	811	6,356	4,003
Municipal Administrator	89,753	23,898	113,651	112,307
Assessor and Development Officer	19,877		19,877	21,783

Town of Vauxhall
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- (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.

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 265,813 people and about 421 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 8.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.84% 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 2019 were \$49,614 (2018 - \$58,014). Total current and past service contributions by the employees of the Town to the LAPP in 2019 were \$47,826 (2018- \$52,778)

At December 31, 2018, the plan disclosed an actuarial surplus of \$3.5 billion.

Town of Vauxhall
Notes to Consolidated Financial Statements
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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:

	2019 Total	2018 Total
Total debt limit	\$ 3,679,077	\$ 3,496,197
Total debt	517,776	567,260
Amount of debt limit unused (exceeded)	<u>\$ 3,161,301</u>	<u>2,928,937</u>
Debt servicing limit	\$ 613,180	\$ 582,700
Debt servicing	65,667	65,667
Amount of debt servicing limit unused (exceeded)	<u>\$ 547,513</u>	<u>\$ 517,033</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.

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.

Town of Vauxhall
Notes to Consolidated Financial Statements
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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 2019 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 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
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19. PRIOR PERIOD RESTATEMENT

The Town reports use of provincial capital grants to the provincial government annually. The Town determined that capital grant funds were used and not removed from deferred revenue in the year the funds were used for their intended purpose. To correct this error, the accumulated surplus has been increased and the deferred revenue decreased in 2018 for \$571,489 resulting in 2018 columns marked as restated.

20. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.