

**TOWN OF VAUXHALL**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

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*Roxzana K. McNiven \**

*Chartered Accountant*

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**AUDITOR'S REPORT**

**To the Mayor and Council of the  
Town of Vauxhall**

**Report on the Consolidated Financial Statements**

I have audited the accompanying consolidated financial statements of the Town of Vauxhall, which comprise the statement of financial position as at December 31, 2010 and the statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Managements Responsibility**

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

**Auditor's Responsibility**

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 the Town of Vauxhall as at December 31, 2010, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Vauxhall, Alberta  
March 7, 2011**

  
**CHARTERED ACCOUNTANT**

# TOWN OF VAUXHALL

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2010

	2010	2009
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 2)	\$ 1,981,463	\$ 1,764,144
Receivables:		
Taxes and grants in place of taxes (note 3)	66,945	104,008
Trade and other receivables (net)	74,425	83,920
Receivable from other governments	613,239	758,697
Land held for resale	90,265	118,142
Long term investments (note 4)	195,912	12,884
Other assets	7,255	7,497
	<b>3,029,504</b>	<b>2,849,292</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	538,745	124,723
Deposit liabilities	4,344	4,494
Other liabilities	16,255	7,498
Employee benefit obligation (note 5)	3,060	3,710
Long term debt (note 6)		22,610
Deferred revenue (note 7)	125,171	1,470
	<b>687,575</b>	<b>164,505</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>2,341,929</b>	<b>2,684,787</b>
<b>NON-FINANCIAL ASSETS</b>		
Inventory for consumption	20,418	43,284
Tangible capital assets (Schedule 2)	5,465,645	5,309,140
Prepaid expenses	46,021	12,194
	<b>5,532,084</b>	<b>5,364,618</b>
<b>ACCUMULATED SURPLUS (Schedule 1, note 9)</b>	<b>\$ 7,874,013</b>	<b>\$ 8,049,405</b>

Contingencies - see note 12

# TOWN OF VAUXHALL

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2010

	Budget (Unaudited)	2010	2009
<b>REVENUE</b>			
Net taxes (Schedule 3)	\$ 803,879	\$ 809,776	\$ 784,571
Sales and user charges	818,296	868,694	764,596
Penalties, fines and costs on taxes	33,900	40,992	37,173
Franchise and concession contracts	15,000	19,615	18,344
Return on investments	7,050	14,403	6,935
Rentals	103,100	108,955	119,039
Government transfers (Schedule 4)	402,697	437,819	389,770
Licenses and permits	7,700	9,120	7,306
Sale of land held for resale	20,000	31,110	(3,000)
Inventory adjustment			
Other revenues	18,900	41,066	80,336
	2,230,522	2,381,550	2,205,070
<b>EXPENDITURES (Schedule 5)</b>			
Legislative	56,620	57,143	50,401
Administration	334,842	283,210	230,841
Fire, disaster services and ambulance	265,549	262,629	197,375
By-law enforcement	6,050	4,124	6,172
Roads, streets, walks, lighting	212,755	170,156	211,482
Airport and public transit	14,475	6,551	2,065
Water and storm sewer	314,585	317,988	298,084
Wastewater	76,075	92,795	58,167
Waste management	243,407	247,909	246,465
Cemetary	23,255	15,311	15,771
Municipal Planning, zoning and economic development	74,474	67,955	19,006
Subdivision land development	6,245	29,431	4,870
Recreation and culture	426,171	417,269	418,063
Health and FCSS	6,863	6,863	10,213
Provision for doubtful accounts	5,000	2,699	9,241
Amortization of tangible capital assets	19,370	391,029	374,142
Loss on disposal of asset		436,565	
	2,085,736	2,809,627	2,152,358
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES - BEFORE OTHER</b>	144,786	(428,077)	52,712
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	127,100	252,685	559,249
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	\$ 271,886	\$ (175,392)	\$ 611,961
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	8,049,405	8,049,405	7,437,444
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ 8,321,291	\$ 7,874,013	\$ 8,049,405

# TOWN OF VAUXHALL

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

YEAR ENDED DECEMBER 31, 2010

	Budget (Unaudited)	2010	2009
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	\$ 271,886	\$ (175,392)	\$ 611,961
Acquisition of tangible capital assets	(1,621,450)	(1,185,159)	(39,550)
Change in construction in progress		312	
Contributed tangible capital assets			
Proceeds on disposal of tangible capital assets		200,749	
Amortization of tangible capital assets	19,370	391,029	374,142
(Gain) loss on sale of tangible capital assets		436,565	
	(1,602,080)	(156,504)	334,592
Net (acquisition) use of supplies inventory		22,866	
Net (acquisition) use of prepaid assets		(33,828)	
		(10,962)	
<b>(INCREASE) DECREASE IN NET DEBT</b>	(1,330,194)	(342,858)	946,553
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	2,684,787	2,684,787	1,738,234
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	\$ 1,354,593	\$ 2,341,929	\$ 2,684,787

# TOWN OF VAUXHALL

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2010

	2010	2009
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditure (expenditure over revenue)	\$ (175,392)	\$ 611,961
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	391,029	374,142
Loss on disposal of tangible capital assets	436,565	
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	37,063	(25,425)
Decrease (increase) in trade and other receivables	9,495	22,767
Decrease (increase) in receivable from other governments	145,458	(293,621)
Decrease (increase) in inventory for consumption	22,866	17,711
Decrease (increase) in prepaid expenses	(33,827)	(11,407)
Decrease (increase) in land held for resale	27,877	
Decrease (increase) in long term investments	(183,028)	(429)
Decrease (increase) in other assets	242	
Increase (decrease) in accounts payable and accrued liabilities	414,022	(144,684)
Increase (decrease) in deposit liabilities	(150)	(1,481)
Increase (decrease) in other liabilities	8,757	
Increase (decrease) in deferred revenue	123,701	1,230
Increase (decrease) in employee benefit obligation	(651)	(1,737)
	1,224,027	549,027
<b>FINANCING ACTIVITIES</b>		
Long term debt repaid	(22,610)	(74,371)
	(22,610)	(74,371)
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,185,159)	(51,597)
Change in construction in progress	312	
Sale of tangible capital assets	200,749	
	(984,098)	(51,597)
<b>INCREASE IN CASH AND EQUIVALENTS</b>	217,319	423,059
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	1,764,144	1,341,085
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 1,981,463	\$ 1,764,144
<b>CASH AND CASH EQUIVALENTS ARE COMPRISED OF:</b>		
Cash	\$ 423,721	\$ 763,720
Temporary Investments	1,557,742	1,000,424
	\$ 1,981,463	\$ 1,764,144

# TOWN OF VAUXHALL

## SCHEDULE 1 - SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31, 2010

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2010	2009
<b>BALANCE, BEGINNING OF YEAR</b>	766,869	1,996,006	5,286,530	8,049,405	7,437,444
Excess (deficiency) of revenues over expenses	(175,392)			(175,392)	611,961
Unrestricted funds designated for future use	(109,685)	109,685			
Restricted funds used for operations					
Restricted funds used for tangible capital assets	(547,534)		547,534		
Current year funds used for tangible capital assets	391,029		(391,029)		
Contributed tangible capital assets	(22,610)		22,610		
Annual amortization expense					
Long term debt repaid					
Change in accumulated surplus	(464,192)	109,685	179,115	(175,392)	611,961
<b>BALANCE, END OF YEAR</b>	<b>302,677</b>	<b>2,105,691</b>	<b>5,465,645</b>	<b>7,874,013</b>	<b>8,049,405</b>

# TOWN OF VAUXHALL

## SCHEDULE 2 - SCHEDULE OF TANGIBLE CAPITAL ASSETS

YEAR ENDED DECEMBER 31, 2010

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2010	2009
<b>COST</b>							
Balance, beginning of year	119,898	2,997,557	10,516,697	770,532	719,244	15,123,928	15,084,378
Acquisition of tangible capital assets		138,200	875,047	150,698	21,214	1,185,159	39,550
Construction in progress				11,735		11,735	12,047
Disposal of tangible capital assets	(80,000)		(3,177,225)	(228,705)		(3,485,930)	
Writedown of tangible capital assets							
Balance, end of year	39,898	3,135,757	8,214,519	704,260	740,458	12,834,892	15,135,975
<b>ACCUMULATED AMORTIZATION</b>							
Balance, beginning of year		1,644,470	2,030,193	99,250	355,689	4,129,602	9,452,693
Annual amortization		62,172	227,122	54,122	47,613	391,029	374,142
Accumulated amortization on disposal			2,712,558	136,058		2,848,616	
Balance, end of year		1,706,642	4,969,873	289,430	403,302	7,369,247	9,826,835
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>							
	39,898	1,429,115	3,244,646	414,830	337,156	5,465,645	5,309,140
<b>2009 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	119,898	1,365,133	3,061,389	399,165	363,555		5,309,140



# TOWN OF VAUXHALL

## SCHEDULE 3 - SCHEDULE OF PROPERTY AND OTHER TAXES YEAR ENDED DECEMBER 31, 2010

	Budget (Unaudited)	2010	2009
<b>TAXATION</b>			
Real property taxes	\$ 655,922	\$ 653,253	\$ 632,156
Linear property taxes	37,259	41,684	41,422
Government grants in lieu of property taxes	7,499	10,016	9,861
Local improvement taxes	257,900	259,524	259,525
Special assessments	21,478	21,478	19,902
	980,058	985,955	962,866
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	171,578	171,578	173,955
Vauxhall Seniors Foundation	4,601	4,601	4,340
	176,179	176,179	178,295
<b>NET MUNICIPAL TAXES</b>	<b>\$ 803,879</b>	<b>\$ 809,776</b>	<b>\$ 784,571</b>

## SCHEDULE 4 - SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2010

	Budget (Unaudited)	2010	2009
<b>TRANSFERS FOR OPERATING</b>			
Federal government	\$ 4,500	\$ 5,188	\$ 3,713
Provincial government	169,697	180,369	134,681
Other local governments	228,500	252,262	251,376
	402,697	437,819	389,770
<b>TRANSFERS FOR CAPITAL</b>			
Federal government			47,134
Provincial government	127,100	252,685	362,115
Other local governments			150,000
	127,100	252,685	559,249
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 529,797</b>	<b>\$ 690,504</b>	<b>\$ 949,019</b>

# TOWN OF VAUXHALL

## SCHEDULE 5 - SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT

YEAR ENDED DECEMBER 31, 2010

	Budget (Unaudited)	2010	2009
<b>CONSOLIDATED EXPENDITURES BY OBJECT</b>			
Salaries, wages, and benefits	\$ 761,359	\$ 733,623	\$ 679,213
Contracted and general services	794,284	782,742	594,508
Materials, goods, supplies, and utilities	459,700	417,241	417,401
Provision for allowances	5,000	2,699	9,241
Bank charges and short term interest	1,300	1,116	1,022
Debenture debt charges	1,245	1,134	2,614
Grants to individuals and organizations	43,478	43,478	42,161
Transfer to other operating functions			31,967
Other expenditures			89
Amortization of tangible capital assets	19,370	391,029	374,142
Loss on disposal of tangible capital assets		436,565	
<b>CONSOLIDATED EXPENDITURES BY OBJECT</b>	<b>\$ 2,085,736</b>	<b>\$ 2,809,627</b>	<b>\$ 2,152,358</b>

# TOWN OF VAUXHALL

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

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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 Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the town are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, and changes in fund balances and in financial position 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.

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.

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) 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.

**TOWN OF VAUXHALL**  
**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

**1. SIGNIFICANT ACCOUNTING POLICIES (cont.)**

g) 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.

h) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

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

One-half the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

i) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

j) Inventories

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

**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2010</u>	<u>2009</u>
Cash	\$ 423,721	\$ 763,720
Temporary investments	<u>1,557,742</u>	<u>1,000,424</u>
	<u>\$ 1,981,463</u>	<u>\$ 1,764,144</u>

Temporary investments are short-term deposits with original maturities of one year or less.

Included in temporary investments is a restricted amount of \$ 123,715 (2009 - \$ NIL ) received from the Federal Gas Tax Funding and Street Improvement Program grants. These funds are held exclusively for capital projects (see note 7).

**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	<u>2010</u>	<u>2009</u>
Current taxes and grants in lieu	\$ 17,221	\$ 35,654
Tax arrears and grants in lieu	51,762	70,392
Taxes on property acquired	<u>45,883</u>	<u>45,883</u>
	114,866	151,929
Less: allowances for doubtful accounts	<u>(47,921)</u>	<u>(47,921)</u>
	<u>\$ 66,945</u>	<u>\$ 104,008</u>

**4. LONG TERM INVESTMENTS**

	<u>2010</u>	<u>2009</u>
AMFC investment	\$ 10	\$ 10
Vauxhall Co-op equity	13,316	12,874
Investment in Vauxhall & District Regional Water Services Commission	<u>182,586</u>	<u>182,586</u>
	<u>\$ 195,912</u>	<u>\$ 12,884</u>

# TOWN OF VAUXHALL

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

### 5. EMPLOYEE BENEFIT OBLIGATION

	<u>2010</u>	<u>2009</u>
Vacation and/or overtime	\$ <u>3,060</u>	\$ <u>3,710</u>

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

### 6. LONG TERM DEBT

	<u>2010</u>	<u>2009</u>
Tax supported debentures	\$ <u>          </u>	\$ <u>22,610</u>

Interest on long term debt amounted to \$1,134 (2009 - \$2,614)

### 7. DEFERRED REVENUE

Unearned liscence and rental revenue	\$ 1,456	\$ 1,470
Unearned capital grants	<u>123,715</u>	<u>          </u>
	<u>\$ 125,171</u>	<u>\$ 1,470</u>

In the current year, funding in the amount of \$59,575 was received from the Federal Gas Tax Funding grant and \$64,140 was received from the Street Improvement Program. The use of these funds is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2012. Unexpended funds related to the advance are supported by temporary investments of \$123,715 held exclusively for these projects (see note 2).

### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2010</u>	<u>2009</u>
Tangible capital assets (Schedule 2)	\$ 12,834,892	\$ 15,135,975
Accumulated amortization (Schedule 2)	(7,369,247)	(9,826,835)
Long term debt (note 6)	<u>          </u>	<u>(22,610)</u>
	<u>\$ 5,465,645</u>	<u>\$ 5,286,530</u>

### 9. ACCUMULATED SURPLUS

	<u>2010</u>	<u>2009</u>
Unrestricted surplus (deficit)	\$ 302,677	766,869
Restricted surplus		
Operating reserves	248,058	13,058
Fire	119,911	104,911
Ambulance	15,802	15,802
Roads	569,946	1,016,926
Storm sewer	115,371	90,371
Water	450,130	340,130
Sewer	95,665	51,000
Garbage	98,127	98,127
Cemetary	10,000	10,000
Subdivision	43,941	43,941
Recreation	338,740	211,740
Equity in tangible capital assets	<u>5,465,645</u>	<u>5,286,530</u>
	<u>\$ 7,874,013</u>	<u>\$ 8,049,405</u>

# TOWN OF VAUXHALL

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

### 10. SALARY & BENEFITS

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)	2010 Total	2009 Total
Mayor				
Lois Maloney	6,950	1,493	8,443	8,050
Gordon Brown	8,990	6,238	15,228	9,257
Councillors:				
Deanna Glas	4,525	94	4,619	4,800
Lee Green	1,275	177	1,452	7,137
Peter Van Uden	4,100		4,100	4,850
Clay Farnsworth	4,000		4,000	4,800
Brian Hagen	5,835	1,553	7,388	5,373
Martha Bueckert	950	269	1,219	
Robert Dick	1,030	218	1,248	
Anthony Dunphy	1,010	362	1,372	
Dave Nielsen	770	206	976	
Russell Norris	1,110	319	1,429	
Other unallocated		4,075	4,075	1,892
Municipal Administrator	80,175	16,386	96,561	93,578
Designated Officers (2 positions)	22,532		22,532	20,225

- (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, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

### 11. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan, (LAPP), which is covered by the Public Sector Pension Plans Act. The LAPP serves approximately 199,849 people and about 418 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 9.06% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.53% on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 8.06% of pensionable salary up to the year's maximum pensionable salary and 11.53% on pensionable salary above this amount.

Total current and past service contributions by the Town to the LAPP in 2010 were \$37,438 (2009 - \$29,045). Total current and past service contributions by the employees of the Town to the Local Authorities Pension Plan in 2010 were \$34,116 (2009 - \$25,764).

At December 31, 2009, the plan disclosed an actuarial deficiency of \$4.0 billion.

# TOWN OF VAUXHALL

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

### 12. DEBT LIMITS

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

	<u>2010</u>	<u>2009</u>
Total debt limit	\$ 3,572,325	\$ 3,532,605
Total debt		22,610
Amount of debt limit unused (exceeded)	<u>\$ 3,572,325</u>	<u>\$ 3,509,995</u>
Debt servicing limit	\$ 595,388	\$ 588,768
Debt servicing		
Amount of debt servicing limit unused (exceeded)	<u>\$ 595,388</u>	<u>\$ 588,768</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.

### 13. CONTINGENCIES

The town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the town could become liable for its proportionate shares of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

### 14. FINANCIAL INSTRUMENTS

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

The town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the fair value of these financial instruments approximates their carrying value.

### 15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.