



Town of Vauxhall

Financial Statements

DECEMBER 31, 2011

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*Roxzana K. McNiven **

Chartered Accountant

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, 2011 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, 2011, 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 29, 2012**


CHARTERED ACCOUNTANT

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2011

	2011	2010
FINANCIAL ASSETS		
Cash and temporary investments (note 2)	\$ 1,629,162	\$ 1,981,463
Receivables		
Taxes and grants in place of taxes (note 3)	58,631	66,945
Trade and other receivables (net)	76,320	74,425
Receivable from other governments	463,727	613,239
Land held for resale	57,353	90,265
Long term investments (note 4)	816,815	195,912
Other assets	8,714	7,255
	3,110,722	3,029,504
LIABILITIES		
Accounts payable and accrued liabilities	309,743	538,745
Deposit liabilities	2,869	4,344
Other liabilities	22,214	16,255
Employee benefit obligation (note 5)	-	3,060
Long term debt (note 6)	150,000	-
Deferred revenue (note 7)	313,703	125,171
	798,529	687,575
NET FINANCIAL ASSETS (DEBT)	2,312,193	2,341,929
NON FINANCIAL ASSETS		
Inventory for consumption	26,388	20,418
Tangible capital assets (Schedule 2)	5,624,563	5,465,645
Prepaid expenses	43,910	46,021
	5,694,861	5,532,084
ACCUMULATED SURPLUS (Schedule 1, note 9)	\$ 8,007,054	\$ 7,874,013

Contingencies - note 13

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2011

	Budget (Unaudited)	2011	2010
REVENUE			
Net municipal taxes (Schedule 3)	\$ 823,137	\$ 835,190	\$ 809,776
Sales and user charges	708,785	763,057	868,694
Penalties, fines and costs on taxes	40,100	35,298	40,992
Franchise and concession contracts	20,000	17,109	19,615
Investment income	14,600	21,934	14,403
Rentals	107,250	112,809	108,955
Government transfers (Schedule 4)	456,518	503,100	437,819
Licenses and permits	11,750	8,947	9,120
Sale of land held for resale	25,000	34,000	31,110
Other revenues	33,600	58,507	41,066
Gain on sale of assets	100,000	84,907	
	2,340,740	2,474,858	2,381,550
EXPENDITURES (Schedule 5)			
Legislative	57,080	58,161	57,143
Administration	357,715	307,424	283,210
Fire, disaster services and ambulance	306,926	314,473	262,629
By-law enforcement	12,150	19,831	4,124
Roads, streets, walks, lighting	197,675	221,951	170,156
Airport and public transit	4,130	3,543	6,551
Water and storm water	321,380	262,650	317,988
Wastewater	129,550	154,437	92,795
Waste management	266,752	248,886	247,909
Cemetery	23,515	10,321	15,311
Municipal Planning, zoning, economic development	22,050	24,259	67,955
Subdivision land development	34,650	36,008	29,431
Recreation and culture	486,792	465,803	417,269
Health and FCSS	-	7,066	6,863
Provision for doubtful accounts	5,500	12,537	2,699
Amortization of tangible capital assets		391,967	391,029
Loss on disposal of asset			436,565
	2,225,865	2,539,317	2,809,627
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES - BEFORE OTHER	114,875	(64,460)	(428,077)
OTHER			
Government transfers for capital (Schedule 4)	250,000	197,500	252,685
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES	364,875	133,040	(175,392)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	7,874,013	7,874,013	8,049,405
ACCUMULATED SURPLUS, END OF YEAR	\$ 8,238,888	\$ 8,007,053	\$ 7,874,013

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)

YEAR ENDED DECEMBER 31, 2011

	Budget (Unaudited)	2011	2010
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES		133,041	(175,392)
Acquisition of tangible capital assets	(688,000)	(563,851)	(1,185,159)
Change in construction in progress		(1,376)	312
Contributed tangible capital assets			
Proceeds on disposal of tangible capital assets	100,000	99,248	200,749
Amortization of tangible capital assets	-	391,967	391,029
(Gain) loss on sale of tangible capital assets	-	(84,907)	436,565
	(588,000)	(158,919)	(156,504)
Net (acquisition) use of supplies inventory		(5,969)	22,866
Net (acquisition) use of prepaid assets		2,111	(33,828)
		(3,858)	(10,962)
(INCREASE) DECREASE IN NET DEBT	(588,000)	(29,736)	(342,858)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	2,341,929	2,341,929	2,684,787
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ 1,753,929	\$ 2,312,193	\$ 2,341,929

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2011

	2011	2010
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	133,041	(175,392)
Non-cash items included in excess (shortfall) of revenues over expenses		
Amortization of tangible capital assets	391,967	391,029
(Gain) Loss on disposal of tangible assets	(84,907)	436,565
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	8,314	37,063
Decrease (increase) in trade and other receivables	(1,896)	9,495
Decrease (increase) in receivable from other governments	149,512	145,458
Decrease (increase) in inventory for consumption	(5,969)	22,866
Decrease (increase) in prepaid expenses	2,111	(33,827)
Decrease (increase) in land held for resale	32,912	27,877
Decrease (increase) in other assets	(1,459)	242
Increase (decrease) in accounts payable and accrued liabilities	(229,000)	414,022
Increase (decrease) in deposit liabilities	(1,475)	(150)
Increase (decrease) in other liabilities	5,959	8,757
Increase (decrease) in deferred revenue	188,532	123,701
Increase (decrease) in employee benefit obligation	(3,060)	(651)
Cash provided by operating transactions	584,582	1,407,055
INVESTING ACTIVITIES		
Decrease (increase) in long term investments	(620,903)	(183,028)
Cash provided (applied to) investing transactions	(620,903)	(183,028)
FINANCING ACTIVITIES		
Long term debt issued	150,000	
Long term debt repaid		(22,610)
Cash provided (applied to) financing transactions	150,000	(22,610)
CAPITAL		
Acquisition of tangible capital assets	(563,852)	(1,185,159)
Change in construction in progress	(1,376)	312
Sale of tangible capital assets	99,248	200,749
Cash applied to capital transactions	(465,980)	(984,098)
CHANGE IN CASH AND EQUIVALENTS DURING YEAR	(352,301)	217,319
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 1,981,463	1,764,144
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,629,162	\$ 1,981,463
CASH AND CASH EQUIVALENTS ARE COMPRISED OF:		
Cash (note 2)	\$ 211,123	\$ 423,721
Temporary Investments	1,418,039	1,557,742
	\$ 1,629,162	\$ 1,981,463

TOWN OF VAUXHALL

SCHEDULE 1 - SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31, 2011

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2011	2010
BALANCE, BEGINNING OF YEAR	302,677.00	2,105,691	5,465,645	7,874,013	8,049,405
Excess (deficiency) of revenues over expenses	133,041.00			133,041	(175,392)
Unrestricted funds designated for future use	(274,000)	274,000		-	-
Restricted funds used for operations	95,125	(95,125)		-	-
Restricted funds used for tangible capital assets		(355,014)	355,014	-	-
Current year funds used for tangible capital assets	(210,213)		210,213	-	-
Contributed tangible capital assets				-	-
Disposal of tangible capital assets	14,342		(14,342)	-	-
Annual amortization expense	391,967		(391,967)	-	-
Proceeds long term debt	150,000		(150,000)	-	-
Long term debt repaid				-	-
Change in accumulated surplus	300,262	(176,139)	8,918	133,041	(175,392)
BALANCE, END OF YEAR	602,939	1,929,552	5,474,563	8,007,054	7,874,013

TOWN OF VAUXHALL

SCHEDULE 2 - SCHEDULE OF TANGIBLE CAPITAL ASSETS

YEAR ENDED DECEMBER 31, 2011

	Construction in Progress	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2011	2010
COST								
Balance, beginning of year	11,735	39,898	3,135,757	8,214,519	692,525	740,458	12,834,892	15,123,928
Acquisition of tangible capital assets			14,537	294,178	225,912	19,834	554,461	1,185,159
Construction in progress	1,376			3,360	6,030		10,766	11,735
Disposal of tangible capital assets		(2,800)	(25,000)			(4,500)	(32,300)	(3,485,930)
Writedown of tangible capital assets								
Balance, end of year	13,111	37,098	3,125,294	8,512,057	924,467	755,792	13,367,819	12,834,892
ACCUMULATED AMORTIZATION								
Balance, beginning of year			1,706,642	4,969,873	289,430	403,302	7,369,247	4,129,602
Annual amortization			63,407	226,181	51,786	50,593	391,967	391,029
Accumulated amortization on disposal			(13,458)			(4,500)	(17,958)	2,848,616
Balance, end of year	-	-	1,756,591	5,196,054	341,216	449,395	7,743,256	7,369,247
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	13,111	37,098	1,368,703	3,316,003	583,251	306,397	5,624,563	5,465,645
2010 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
		39,898	1,429,115	3,244,646	414,830	337,156		5,465,645

TOWN OF VAUXHALL

SCHEDULE 3 - SCHEDULE OF PROPERTY AND OTHER TAXES

YEAR ENDED DECEMBER 31, 2011

	Budget (Unaudited)	2011	2010
TAXATION			
Real property taxes	\$ 682,157	\$ 674,687	\$ 653,253
Linear property taxes	41,000	41,583	41,684
Government grants in lieu of property taxes	9,950	9,846	10,016
Local improvement taxes	259,080	266,722	259,524
Special assessments	13,202	24,604	21,478
	1,005,389	1,017,442	985,955
REQUISITIONS			
Alberta School Foundation Fund	177,337	177,337	171,578
Vauxhall Seniors Foundation	4,915	4,915	4,601
	182,252	182,252	176,179
NET MUNICIPAL TAXES	\$ 823,137	\$ 835,191	\$ 809,776

TOWN OF VAUXHALL

SCHEDULE 4 - SCHEDULE OF GOVERNMENT TRANSFERS

YEAR ENDED DECEMBER 31, 2011

	Budget (Unaudited)	2011	2010
TRANSFERS FOR OPERATING			
Federal government	\$ 5,200	\$ 2,218	\$ 5,188
Provincial government	201,053	240,739	180,369
Other local governments	250,265	260,143	252,262
	456,518	503,100	437,819
TRANSFERS FOR CAPITAL			
Federal government	-	-	-
Provincial government	250,000	197,500	252,685
Other local governments	-	-	-
	250,000	197,500	252,685
TOTAL GOVERNMENT TRANSFERS	\$ 706,518	\$ 700,600	\$ 690,504

TOWN OF VAUXHALL

SCHEDULE 5 - SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT

YEAR ENDED DECEMBER 31, 2011

	Budget (Unaudited)	2011	2010
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	\$ 817,866	\$ 780,750	\$ 733,623
Contracted and general services	857,097	800,737	782,742
Materials, goods, supplies and utilities	476,675	503,738	417,241
Provision for allowances	5,500	12,537	2,699
Bank charges and short term interest	1,650	983	1,116
Debenture debt charges	14,500		1,134
Grants to individuals and organizations	33,202	48,605	43,478
Transfer to other operating functions			
Other expenditures	19,375		
Amortization of tangible capital assets		391,967	391,029
Loss on disposal of tangible capital assets			436,565
CONSOLIDATED EXPENDITURES BY OBJECT	\$ 2,225,865	\$ 2,539,317	\$ 2,809,627

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2011

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.

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.

b) **Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In additions, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c) **Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

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 recognize the loss.

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2011

- 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.

- 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.

i. **Tangible Capital Assets**

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

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

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

ii. **Contributions of Tangible Capital Assets**

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

iii. **Inventories**

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

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2011

2. CASH AND TEMPORARY INVESTMENTS

	<u>2011</u>		<u>2010</u>
Cash	\$ 211,123	\$	423,721
Temporary Investments	1,418,039		1,557,742
	<u>\$ 1,629,162</u>	<u>\$</u>	<u>1,981,463</u>

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

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2011</u>		<u>2010</u>
Current taxes and grants in lieu	\$ 19,859	\$	17,221
Tax arrears and grants in lieu	49,313		51,762
Taxes on property acquired	45,883		45,883
	<u>\$ 115,055</u>	<u>\$</u>	<u>114,866</u>
Less allowance for doubtful accounts	(56,424)		(47,921)
	<u>\$ 58,631</u>	<u>\$</u>	<u>66,945</u>

4. LONG TERM INVESTMENTS

	<u>2011</u>		<u>2010</u>
AMFC investment	\$ 10	\$	10
Vauxhall Coop equity	12,850		13,316
Vauxhall & District Regional Water Services Commission	488,623		182,586
Taber & District Regional Waste Authority	15,332		
Guaranteed Investment Certificates (2yr)	300,000		
	<u>\$ 816,815</u>	<u>\$</u>	<u>195,912</u>

5. EMPLOYEE BENEFIT OBLIGATION

	<u>2011</u>		<u>2010</u>
Vacation and/or overtime	\$ -	\$	3,060

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.

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2011

6. LONG TERM DEBT

	<u>2011</u>	<u>2010</u>
Tax supported debentures	\$ 150,000	\$ -
Less: current portion	(8,044)	
	\$ 141,956	\$ -

Principal and interest repayments are due as follows:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2012	\$ 8,044	\$	4,459	\$	12,503
2013	8,288		4,215		12,503
2014	8,540		3,963		12,503
2015	8,799		3,704		12,503
2016	9,066		3,437		12,503
Thereafter	107,263		17,770		125,033
	\$ 150,000	\$	37,548	\$	187,548

The Town issued a debenture to fund investment in the Vauxhall and District Regional Water Services Commission and will be funded through utility (water) rates. The debenture debt is repayable to Alberta Capital Finance Authority, bears an interest rate of 3.013% and matures in 2026. Debenture debt is issued on the credit and security of the Town at large.

7. DEFERRED REVENUE

	<u>2011</u>	<u>2010</u>
Unearned licence and rental revenue	\$ 10,740	\$ 1,456
Unearned capital grants	302,963	123,715
	\$ 313,703	\$ 125,171

Unearned capital grants includes \$119,150 allocated from the Federal Gas Tax funding grant, \$64,140 allocated from the Basic Municipality Transportation funding grant, \$64,140 allocated from the Street Improvements Program funding grant, \$54,533 remaining from the capital component of the Municipal Sustainability Initiative funding grant and \$1,000 in funding from the Vauxhall Stock Grazing Association. Use of these funds is restricted to eligible capital projects, as approved under the funding agreements. The Federal Gas Tax Funding must be expended by March 31, 2014.

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2011

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2011</u>	<u>2010</u>
Tangible capital assets (Schedule 2)	13,367,819	12,834,892
Accumulated amortization (Schedule 2)	(7,743,256)	(7,369,247)
Long term debt (note 6)	(150,000)	
	<u>\$ 5,474,563</u>	<u>\$ 5,465,645</u>

9. ACCUMULATED SURPLUS

	<u>2011</u>	<u>2010</u>
Unrestricted surplus (deficit)	\$ 602,938	\$ 302,677
Restricted Surplus		
Operating reserves	216,934	248,058
Fire	134,911	119,911
Ambulance	15,802	15,802
Roads	229,469	569,946
Storm sewer	115,371	115,371
Water	500,130	450,130
Sewer	95,665	95,665
Garbage	98,127	98,127
Cemetery	10,000	10,000
Subdivision	43,941	43,941
Recreation	369,203	338,740
Culture	100,000	
Equity in tangible capital assets	<u>5,474,563</u>	<u>5,465,645</u>
	<u>\$ 8,007,054</u>	<u>\$ 7,874,013</u>

10. SALARY & BENEFITS DISCLOSURE

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

	Salary (1)	Benefits & Allowances (2)	2011 Total	2010 Total
Mayor				
Gordon Brown	10,610		10,610	8,990
Lois Maloney				7,035
Councillors:				
Martha Bueckert	5,210	7	5,217	950
Robert Dick	5,605		5,605	1,048
Anthony Dunphy	6,045	32	6,077	1,028

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2011

Brian Hagen	5,965	37	6,002	5,874
Dave Nielsen	4,470	6	4,476	776
Russell Norris	6,165	38	6,203	1,133
Deanna Glass				4,536
Lee Green				1,275
Peter Van Uden				4,100
Clay Farnsworth				4,000
Municipal Administrator	82,200	16,084	98,284	96,561
Designated Officers (2 positions)			20,434	22,532

- (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.

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 206,249 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 9.49% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.13% on pensionable earnings over this amount. Employees of the Town are required to make current service contributions of 8.49% of pensionable salary up to the year's maximum pensionable salary and 12.13% on pensionable salary above this amount.

Total current and past service contributions by the Town to the LAPP in 2011 were \$42,287 (2010 - \$37,438). Total current and past service contributions by the employees of the Town to the LAPP in 2011 were \$38,034 (2010 - \$34,116)

At December 31, 2010, the plan disclosed an actuarial deficiency of \$4.6 billion.

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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:

	2011 Total	2010 Total
Total debt limit	\$ 3,712,289	\$ 3,572,325
Total debt	150,000	
Amount of debt limit unused (exceeded)	<u>\$ 3,562,289</u>	<u>\$ 3,572,325</u>
Debt servicing limit	\$ 618,715	\$ 595,388
Debt servicing	12,503	
Amount of debt servicing limit unused (exceeded)	<u>\$ 606,612</u>	<u>\$ 595,388</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 carrying value of the financial instrument approximates fair value.

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15. RELATED PARTIES

The town, along with the Municipal District of Taber, shares in the ownership of the Vauxhall and District Regional Water Services Commission which was created for the purpose of potable water treatment and distribution. The town does not hold significant influence in the commission and as such, is reported in the financial statements as investment in Vauxhall & District Regional Water Services Commission. The Board of Directors consist of five (5) members, three (3) of which are appointed from the council of the Municipal District of Taber and two (2) of which are appointed from the council of the Town of Vauxhall. The commission is currently undergoing a twenty (20) million dollar capital project which will result in the construction of a new water treatment facility and distribution network. It is expected that the water treatment plant will be commissioned in September 2012.

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

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

16. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.