



Town of Vauxhall

Financial Statements

DECEMBER 31, 2012

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McNiven Newman LLP
AUDITOR'S REPORT *Professional Accountants*

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Town of Vauxhall, which comprise the statement of financial position as at December 31, 2012 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

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Vauxhall as at December 31, 2012, 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.

Emphasis of Matter

As disclosed in Note 15 to the financial statements, the Town of Vauxhall and the Vauxhall Public Library are related parties and the Town has control over the Library. Control requires consolidation; however, the amounts are immaterial and no amounts have been consolidated into these financial statements as a result of this control.

McNiven Newman LLP

**Vauxhall, Alberta
April 15, 2013**

**McNiven Newman LLP
PROFESSIONAL ACCOUNTANTS**

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012

	2012	2011
FINANCIAL ASSETS		
Cash and temporary investments (note 2)	\$ 2,221,715	\$ 1,629,162
Receivables		
Taxes and grants in place of taxes (note 3)	61,591	58,631
Trade and other receivables (net)	116,838	76,320
Receivable from other governments	561,335	463,727
Land held for resale	57,353	57,353
Long term investments (note 4)	743,618	816,815
Other assets	8,739	8,714
	3,771,189	3,110,722
LIABILITIES		
Accounts payable and accrued liabilities	230,375	309,743
Deposit liabilities	2,810	2,869
Other liabilities	19,739	22,214
Employee benefit obligation (note 5)	578	-
Long term debt (note 6)	652,685	150,000
Deferred revenue (note 7)	406,868	313,703
	1,313,055	798,529
NET FINANCIAL ASSETS (DEBT)	2,458,134	2,312,193
NON FINANCIAL ASSETS		
Inventory for consumption	24,779	26,388
Tangible capital assets (Schedule 2)	5,598,651	5,624,563
Prepaid expenses	42,461	43,910
	5,665,891	5,694,861
ACCUMULATED SURPLUS (Schedule 1, note 9)	\$ 8,124,025	\$ 8,007,054

Contingencies - note 13

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2012

	Budget (Unaudited)	2012	2011
REVENUE			
Net municipal taxes (Schedule 3)	\$ 854,928	\$ 860,526	\$ 835,190
Sales and user charges	753,338	876,223	763,057
Penalties, fines and costs on taxes	34,000	30,176	35,298
Franchise and concession contracts	15,000	8,235	17,109
Investment income	15,050	32,893	21,934
Rentals	121,375	118,970	112,809
Government transfers (Schedule 4)	498,113	405,815	503,100
Licenses and permits	8,150	9,644	8,947
Sale of land held for resale	-	-	34,000
Other revenues	6,850	53,388	58,507
Gain on sale of assets	250,000	-	84,907
	2,556,804	2,395,870	2,474,858
EXPENDITURES (Schedule 5)			
Legislative	70,235	64,267	58,181
Administration	361,520	316,906	307,424
Fire, disaster services and ambulance	340,799	377,924	314,473
By-law enforcement	21,350	19,980	19,831
Roads, streets, walks, lighting	234,245	193,685	221,951
Airport and public transit	-	(2,024)	3,543
Water and storm water	283,103	344,067	262,650
Wastewater	108,500	81,953	154,437
Waste management	282,338	272,150	248,886
Cemetery	24,652	19,668	10,321
Municipal Planning, zoning, economic development	25,712	17,932	24,259
Subdivision land development	3,250	555	36,008
Recreation and culture	503,146	440,388	465,803
Health and FCSS	-	7,141	7,066
Provision for doubtful accounts	5,500	11,739	12,537
Amortization of tangible capital assets	391,454	398,933	391,967
Loss on disposal of asset	-	-	-
	2,655,804	2,565,264	2,539,317
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES - BEFORE OTHER	(99,000)	(169,394)	(64,460)
OTHER			
Government transfers for capital (Schedule 4)	-	286,365	197,500
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES	(99,000)	116,971	133,040
ACCUMULATED SURPLUS, BEGINNING OF YEAR	8,007,054	8,007,054	7,874,014
ACCUMULATED SURPLUS, END OF YEAR	\$ 7,908,054	\$ 8,124,025	\$ 8,007,054

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)

YEAR ENDED DECEMBER 31, 2012

	Budget (Unaudited)	2012	2011
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	(99,000)	116,971	133,040
Acquisition of tangible capital assets	(372,400)	(368,771)	(563,851)
Change in construction in progress	-	(4,250)	(1,376)
Contributed tangible capital assets	-	-	-
Proceeds on disposal of tangible capital assets	250,000	-	99,248
Amortization of tangible capital assets	391,454	398,933	391,967
(Gain) loss on sale of tangible capital assets	-	-	(84,907)
	269,054	25,912	(158,919)
Net (acquisition) use of supplies inventory	-	1,609	(5,969)
Net (acquisition) use of prepaid assets	-	1,449	2,111
	-	3,058	(3,858)
(INCREASE) DECREASE IN NET DEBT	170,054	145,941	(29,737)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	2,312,193	2,312,193	2,341,930
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ 2,482,247	\$ 2,458,134	\$ 2,312,193

TOWN OF VAUXHALL

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2012

	2012	2011
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	116,971	133,040
Non-cash items included in excess (shortfall) of revenues over expenses		
Amortization of tangible capital assets	398,933	391,967
(Gain) Loss on disposal of tangible assets	-	(84,907)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	(2,960)	8,314
Decrease (increase) in trade and other receivables	(40,518)	(1,896)
Decrease (increase) in receivable from other governments	(97,608)	149,512
Decrease (increase) in inventory for consumption	1,609	(5,969)
Decrease (increase) in prepaid expenses	1,449	2,111
Decrease (increase) in land held for resale	-	32,912
Decrease (increase) in other assets	(25)	(1,459)
Increase (decrease) in accounts payable and accrued liabilities	(79,368)	(229,000)
Increase (decrease) in deposit liabilities	(59)	(1,475)
Increase (decrease) in other liabilities	(2,475)	5,959
Increase (decrease) in deferred revenue	93,165	188,532
Increase (decrease) in employee benefit obligation	578	(3,060)
Cash provided by operating transactions	389,692	584,581
INVESTING ACTIVITIES		
Decrease (increase) in long term investments	73,197	(620,903)
Cash provided (applied to) investing transactions	73,197	(620,903)
FINANCING ACTIVITIES		
Long term debt issued	525,000	150,000
Long term debt repaid	(22,315)	
Cash provided (applied to) financing transactions	502,685	150,000
CAPITAL		
Acquisition of tangible capital assets	(368,771)	(563,852)
Change in construction in progress	(4,250)	(1,376)
Sale of tangible capital assets	-	99,248
Cash applied to capital transactions	(373,021)	(465,980)
CHANGE IN CASH AND EQUIVALENTS DURING YEAR	592,553	(352,302)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 1,629,162	1,981,464
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,221,715	\$ 1,629,162
CASH AND CASH EQUIVALENTS ARE COMPRISED OF:		
Cash (note 2)	\$ 221,876	\$ 211,123
Temporary Investments	1,999,839	1,418,039
	\$ 2,221,715	\$ 1,629,162

TOWN OF VAUXHALL

SCHEDULE 1 - SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31, 2012

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2012	2011
BALANCE, BEGINNING OF YEAR	602,938	1,929,553	5,474,563	8,007,054	7,874,014
Excess (deficiency) of revenues over expenses	116,971	-	-	116,971	133,040
Unrestricted funds designated for future use	-	-	-	-	-
Restricted funds used for operations	-	-	-	-	-
Restricted funds used for tangible capital assets	-	(89,789)	89,789	-	-
Current year funds used for tangible capital assets	(283,234)	-	283,234	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-
Annual amortization expense	398,933	-	(398,933)	-	-
Proceeds long term debt	525,000	-	(525,000)	-	-
Long term debt repaid	(22,313)	-	22,313	-	-
Change in accumulated surplus	735,357	(89,789)	(528,597)	116,971	133,040
BALANCE, END OF YEAR (note 9)	1,338,295	1,839,764	4,945,966	8,124,025	8,007,054

TOWN OF VAUXHALL

SCHEDULE 2 - SCHEDULE OF TANGIBLE CAPITAL ASSETS

YEAR ENDED DECEMBER 31, 2012

	Construction		Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2012	2011
	in Progress	Land						
COST								
Balance, beginning of year	13,111	37,098	3,125,294	8,512,057	924,467	755,792	13,367,819	12,834,892
Acquisition of tangible capital assets		22,001		201,637	49,495	95,638	368,771	554,461
Construction in progress	4,250						4,250	10,766
Disposal of tangible capital assets								(32,300)
Writedown of tangible capital assets								-
Balance, end of year	17,361	59,099	3,125,294	8,713,694	973,962	851,430	13,740,840	13,367,819
ACCUMULATED AMORTIZATION								
Balance, beginning of year			1,756,591	5,196,054	341,216	449,395	7,743,256	7,369,247
Annual amortization			63,344	215,905	60,498	59,186	398,933	391,967
Accumulated amortization on disposal								(17,957)
Balance, end of year	-	-	1,819,935	5,411,959	401,714	508,581	8,142,189	7,743,257
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	17,361	59,099	1,305,359	3,301,735	572,248	342,849	5,598,651	5,624,563
2011 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	13,111	37,098	1,368,703	3,316,003	583,251	306,397		5,624,563

TOWN OF VAUXHALL

SCHEDULE 3 - SCHEDULE OF PROPERTY AND OTHER TAXES

YEAR ENDED DECEMBER 31, 2012

	Budget (Unaudited)	2012	2011
TAXATION			
Real property taxes	\$ 724,163	\$ 718,137	\$ 674,687
Linear property taxes	41,440	40,298	41,583
Government grants in lieu of property taxes	9,800	10,342	9,846
Local improvement taxes	261,550	266,633	266,722
Special assessments	18,012	25,153	24,604
	1,054,965	1,080,563	1,017,442
REQUISITIONS			
Alberta School Foundation Fund	193,847	193,847	177,337
Vauxhall Seniors Foundation	6,190	6,190	4,915
	200,037	200,037	182,252
NET MUNICIPAL TAXES	\$ 854,928	\$ 860,526	\$ 835,190

TOWN OF VAUXHALL

SCHEDULE 4 - SCHEDULE OF GOVERNMENT TRANSFERS

YEAR ENDED DECEMBER 31, 2012

	Budget (Unaudited)	2012	2011
TRANSFERS FOR OPERATING			
Federal government	\$ 4,500	\$ 1,429	\$ 2,218
Provincial government	205,103	114,208	240,739
Other local governments	288,510	290,178	260,143
	498,113	405,815	503,100
TRANSFERS FOR CAPITAL			
Federal government	-	-	-
Provincial government	-	286,365	197,500
Other local governments	-	-	-
	-	286,365	197,500
TOTAL GOVERNMENT TRANSFERS	\$ 498,113	\$ 692,180	\$ 700,600

TOWN OF VAUXHALL

SCHEDULE 5 - SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT

YEAR ENDED DECEMBER 31, 2012

	Budget (Unaudited)	2012	2011
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	\$ 838,098	\$ 799,640	\$ 780,750
Contracted and general services	846,448	781,582	800,737
Materials, goods, supplies and utilities	522,440	505,273	503,738
Provision for allowances	5,500	11,739	12,537
Bank charges and short term interest	1,350	1,510	983
Debenture debt charges	12,503	16,234	-
Grants to individuals and organizations	38,011	50,353	48,605
Transfer to other operating functions	-	-	-
Other expenditures	-	-	-
Amortization of tangible capital assets	391,454	398,933	391,967
Loss on disposal of tangible capital assets	-	-	-
CONSOLIDATED EXPENDITURES BY OBJECT	\$ 2,655,804	\$ 2,565,264	\$ 2,539,317

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2012

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 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.

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2012

- 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. 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, 2012

2. CASH AND TEMPORARY INVESTMENTS

	<u>2012</u>		<u>2011</u>
Cash	\$ 221,876	\$	211,123
Temporary Investments	1,999,839		1,418,039
	<u>\$ 2,221,715</u>	<u>\$</u>	<u>1,629,162</u>

Temporary investments are short-term deposits with original maturities of one year or less. Included in cash and temporary investments is a restricted amount of \$11,033 (2011-\$54,543) received from the Municipal Sustainability Initiative and held exclusively for approved projects.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2012</u>		<u>2011</u>
Current taxes and grants in lieu	\$ 41,793	\$	19,859
Tax arrears and grants in lieu	25,062		49,313
Taxes on property acquired	41,367		45,883
	<u>\$ 108,222</u>	<u>\$</u>	<u>115,055</u>
Less allowance for doubtful accounts	(46,631)		(56,424)
	<u>\$ 61,591</u>	<u>\$</u>	<u>58,631</u>

4. LONG TERM INVESTMENTS

	<u>2012</u>		<u>2011</u>
AMFC investment	\$ 10	\$	10
Vauxhall Coop equity	13,470		12,850
Vauxhall & District Regional Water Services Commission	710,771		488,623
Taber & District Regional Waste Authority	19,332		15,332
UFA Coop Equity	35		
Guaranteed Investment Certificates (2yr)			300,000
	<u>\$ 743,618</u>	<u>\$</u>	<u>816,815</u>

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2012

5. EMPLOYEE BENEFIT OBLIGATION

	<u>2012</u>	<u>2011</u>
Vacation and/or overtime	\$ 578	\$
	\$ 578	\$

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.

6. LONG TERM DEBT

	<u>2012</u>	<u>2011</u>
Tax supported debentures	\$ 652,685	\$ 150,000
Less: current portion	(37,418)	(8,044)
	\$ 615,267	\$ 141,956

Principal and interest repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 37,418	\$ 17,996	\$ 55,414
2014	38,473	16,941	55,414
2015	39,557	15,857	55,414
2016	40,671	14,743	55,414
2017	41,817	13,597	55,414
Thereafter	454,749	65,428	520,177
	\$ 652,685	\$ 144,562	\$ 797,247

Debenture debt is repayable to Alberta Capital Finance Authority, bears interest rates ranging from 2.634% to 3.013% and matures in periods 2026 and 2027. Debentures were issued to fund investment in Vauxhall and District Regional Water Services Commission and will be funded through utility (water) rates. Debenture debt is issued on the credit and security of the Town at large.

7. DEFERRED REVENUE

	<u>2012</u>	<u>2011</u>
Unearned licence and rental revenue	\$ 14,613	\$ 10,740
Unearned capital grants	392,255	302,963
	\$ 406,868	\$ 313,703

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2012

Unearned capital grants include \$128,280 allocated from the Basic Municipality Transportation funding grant, and \$263,975 from the capital component of the Municipal Sustainability Initiative funding grant. Use of these funds is restricted to eligible capital projects, as approved under the funding agreements.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2012</u>	<u>2011</u>
Tangible capital assets (Schedule 2)	13,740,840	13,367,819
Accumulated amortization (Schedule 2)	(8,142,189)	(7,743,256)
Long term debt (note 6)	(652,685)	(150,000)
	<u>\$ 4,945,966</u>	<u>\$ 5,474,563</u>

9. ACCUMULATED SURPLUS

	<u>2012</u>	<u>2011</u>
Unrestricted surplus (deficit)	\$ 1,338,295	\$ 602,938
Restricted Surplus		
Operating reserves	216,933	216,934
Fire	92,911	134,911
Ambulance	15,802	15,802
Roads	181,680	229,469
Storm sewer	115,371	115,371
Water	500,130	500,130
Sewer	95,665	95,665
Garbage	98,127	98,127
Cemetery	10,000	10,000
Subdivision	43,941	43,941
Recreation	369,204	369,203
Culture	100,000	100,000
Equity in tangible capital assets	<u>4,945,966</u>	<u>5,474,563</u>
	<u>\$ 8,124,025</u>	<u>\$ 8,007,054</u>

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2012

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)	2012 Total	2011 Total
Mayor				
Gordon Brown	11,950	200	12,150	10,810
Councillors:				
Martha Bueckert	5,555	222	5,777	5,417
Robert Dick	4,765	200	4,965	5,805
Anthony Dunphy	1,450	201	1,651	6,277
Brian Hagen	5,835	212	6,047	6,202
Dave Nielsen	5,020	213	5,233	4,676
Russell Norris	7,115	271	7,386	6,403
Christie Sorensen	1,770	200	1,970	
Municipal Administrator	88,840	17,380	106,220	98,284
Designated Officers (2 positions)	20,722		20,722	20,434

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration
- (2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition. Benefits and allowance figures also include the Employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

Town of Vauxhall
Notes to Financial Statements
For the Year Ended December 31, 2012

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 214,328 people and about 423 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 9.91% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.74% on pensionable earnings over this amount. Employees of the Town are required to make current service contributions of 8.91% of pensionable salary up to the year's maximum pensionable salary and 12.74% on pensionable salary above this amount.

Total current and past service contributions by the Town to the LAPP in 2012 were \$39,778 (2011 - \$42,287). Total current and past service contributions by the employees of the Town to the LAPP in 2012 were \$35,965 (2011 - \$38,034)

At December 31, 2011, the plan disclosed an actuarial deficiency of \$4.64 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:

	2012 Total	2011 Total
Total debt limit	\$ 3,593,805	\$ 3,712,289
Total debt	652,685	150,000
Amount of debt limit unused (exceeded)	\$ 2,941,120	\$ 3,562,289
Debt servicing limit	\$ 598,968	\$ 618,715
Debt servicing	55,414	12,503
Amount of debt servicing limit unused (exceeded)	\$ 543,554	\$ 606,612

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 April 2013.

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. SUBSEQUENT EVENTS

In April 2009, operation of emergency medical services (EMS) became the responsibility of Alberta Health Services (AHS). Since that time, the Town of Vauxhall has been under contract with AHS to provide delivery of ground ambulance service. This contract was due to expire on March 31, 2013. In November 2012, council resolved to divest of its interest in the provision of the delivery of EMS services. Effective March 15, 2013, AHS will provide direct delivery of this service to the residents of the Town and surrounding area.

The Town of Vauxhall has been under agreement with the MD of Taber to provide Fire Protection Service. On March 27th, 2013 the MD of Taber gave notice of intent of termination of the joint agreement with the Town.

17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.