



# Town of Vauxhall Consolidated Financial Statements

DECEMBER 31, 2016

---

Auditor's Report	Page 1
Consolidated Statement of Financial Position	Page 2
Consolidated Statement of Operations	Page 3
Consolidated Statement of Change in Net Financial Assets (Debt)	Page 4
Consolidated Statement of Cash Flows	Page 5
Schedule of Changes in Accumulated Surplus	Page 6
Schedule of Tangible Capital Assets	Page 7
Schedule of Property and Other Taxes	Page 8
Schedule of Government Transfers	Page 8
Schedule of Consolidated Expenditures by Object	Page 9
Notes to Consolidated Financial Statements	Page 10-17

---



---

# Newman Solutions \*

---

*Chartered Professional Accountant*

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Mayor and Council of Town of Vauxhall

I have audited the accompanying consolidated financial statements of Town of Vauxhall, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations, change in net financial assets (debt), changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 Town of Vauxhall as at December 31, 2016 and the results of its operations, change in its net assets (debt), and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Newman Solutions Professional Corporation*

Vauxhall, Alberta  
March 6, 2017

Newman Solutions Professional Corporation  
Chartered Professional Accountant

---

\* Denotes Professional Corporation

Box 21 . 413 - 3<sup>rd</sup> Avenue, Vauxhall, AB T0K 2K0  
Phone (403) 654-4231 . Fax (403) 654-4239  
Email: mn@beencounting.ca



# TOWN OF VAUXHALL

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 2)	\$ 1,712,992	\$ 1,637,402
Receivables		
Taxes and grants in place of taxes (note 3)	(4,914)	(5,077)
Trade and other receivables (net)	57,252	62,942
Receivable from other governments	687,270	479,698
GST recoverable	15,777	24,025
Land held for resale	129,686	77,286
Long term investments (note 4)	830,108	856,951
Other assets	6,191	8,841
	<b>3,434,362</b>	<b>3,142,068</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	193,713	158,307
Payroll remittance payable	1,743	256
Deposit liabilities	320	3,180
Other liabilities	13,691	14,841
Employee benefit obligation (note 5)	1,568	2,280
Long term debt (note 6)	662,132	707,596
Deferred revenue (note 7)	772,895	535,692
	<b>1,646,062</b>	<b>1,422,151</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>1,788,300</b>	<b>1,719,917</b>
<b>NON FINANCIAL ASSETS</b>		
Inventory for consumption	60,926	64,835
Tangible capital assets (Schedule 2)	7,249,677	6,982,937
Prepaid expenses	16,087	23,700
	<b>7,326,690</b>	<b>7,071,472</b>
<b>ACCUMULATED SURPLUS (Schedule 1, note 9)</b>	<b>\$ 9,114,990</b>	<b>\$ 8,791,389</b>

Contingencies - note 13

# TOWN OF VAUXHALL

## CONSOLIDATED STATEMENT OF OPERATIONS

AS AT DECEMBER 31, 2016

	Budget (Unaudited)	2016	2015
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 953,624	\$ 928,162	\$ 895,748
Sales and user charges	633,500	628,218	609,100
Penalties, fines and costs on taxes	23,750	25,917	24,247
Franchise and concession contracts	30,000	23,638	27,938
Investment income	20,275	11,703	24,613
Rentals	113,657	116,866	115,645
Government transfers (Schedule 4)	693,225	689,422	342,567
Licenses and permits	7,220	7,845	7,430
Sale of land held for resale	-	15,000	-
Other revenues	420,400	531,164	416,234
Gain on sale of assets	-	-	5,000
	2,895,651	2,977,935	2,468,522
<b>EXPENDITURES (Schedule 5)</b>			
Legislative	65,645	52,706	55,514
Administration	399,600	365,514	406,186
Fire, disaster services and ambulance	54,850	47,728	60,164
By-law enforcement	35,939	36,690	33,056
Roads, streets, walks, lighting	304,065	346,116	303,409
Water and storm water	504,513	558,092	491,539
Wastewater	110,060	103,716	131,276
Waste management	242,025	238,956	281,349
Cemetery	16,310	22,035	15,010
Municipal Planning, zoning, economic development	27,114	27,375	19,768
Recreation and culture	472,467	532,719	622,697
Health and FCSS	9,235	9,235	9,055
Provision for doubtful accounts	50	883	43
Amortization of tangible capital assets	440,000	342,639	427,590
Loss on disposal of asset	-	114,843	-
	2,681,873	2,799,247	2,856,656
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES - BEFORE OTHER</b>	213,778	178,688	(388,134)
<b>OTHER</b>			
Contributed assets	-	-	-
Government transfers for capital (Schedule 4)	(650,000)	144,914	35,092
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES</b>	(436,222)	323,602	(353,042)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		8,791,388	9,144,430
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ (436,222)	\$ 9,114,990	\$ 8,791,388



# TOWN OF VAUXHALL

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

AS AT DECEMBER 31, 2016

	Budget (Unaudited)	2016	2015
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	\$ (436,222)	\$ 323,602	\$ (353,042)
Acquisition of tangible capital assets		(1,006,969)	(842,556)
Change in construction in progress	-	281,871	89,053
Proceeds on disposal of tangible capital assets	-	876	5,000
Amortization of tangible capital assets	440,000	342,639	427,590
(Gain) loss on sale of tangible capital assets	-	114,843	(5,000)
	440,000	(266,740)	(325,913)
Net (acquisition) use of supplies inventory	-	3,909	5,250
Net (acquisition) use of prepaid assets	-	7,613	16,657
	-	11,522	21,907
<b>(INCREASE) DECREASE IN NET DEBT</b>	3,778	68,384	(657,048)
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	2,376,963	1,719,916	2,376,964
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	\$ 2,380,741	\$ 1,788,300	\$ 1,719,916

# TOWN OF VAUXHALL

## CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT DECEMBER 31, 2016

	2016	2015
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE</b>	\$ 323,602	\$ (353,042)
Non-cash items included in excess (shortfall) of revenues over expenses		
Amortization of tangible capital assets	342,639	427,590
(Gain) Loss on disposal of tangible assets	114,843	(5,000)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	(163)	10,373
Decrease (increase) in trade and other receivables	5,690	118,677
Decrease (increase) in receivable from other governments	(207,572)	(77,861)
Decrease (increase) in GST	8,248	(21,078)
Decrease (increase) in inventory for consumption	3,909	5,250
Decrease (increase) in prepaid expenses	7,613	16,657
Decrease (increase) in land held for resale	(52,400)	(14,681)
Decrease (increase) in other assets	2,650	(23)
Increase (decrease) in accounts payable and accrued liabilities	35,406	(91,089)
Increase (decrease) in payroll payable	1,487	-
Increase (decrease) in deposit liabilities	(2,860)	(130)
Increase (decrease) in other liabilities	(1,150)	2,523
Increase (decrease) in deferred revenue	237,203	305,900
Increase (decrease) in employee benefit obligation	(712)	2,280
<b>Cash provided by operating transactions</b>	<b>818,433</b>	<b>326,346</b>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in long term investments	26,843	(1,434)
<b>Cash provided (applied to) investing transactions</b>	<b>26,843</b>	<b>(1,434)</b>
<b>FINANCING ACTIVITIES</b>		
Long term debt issued	-	-
Long term debt repaid	(45,464)	(44,198)
<b>Cash provided (applied to) financing transactions</b>	<b>(45,464)</b>	<b>(44,198)</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,006,969)	(842,556)
Change in construction in progress	281,871	89,053
Sale of tangible capital assets	876	5,000
<b>Cash applied to capital transactions</b>	<b>(724,222)</b>	<b>(748,503)</b>
<b>CHANGE IN CASH AND EQUIVALENTS DURING YEAR</b>	<b>75,590</b>	<b>(467,789)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>\$ 1,637,402</b>	<b>\$ 2,105,191</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>1,712,992</b>	<b>\$ 1,637,402</b>
<b>CASH AND CASH EQUIVALENTS ARE COMPRISED OF:</b>		
Cash (note 2)	\$ 16,804	\$ 72,039
Temporary Investments	1,696,188	1,565,363
	<b>\$ 1,712,992</b>	<b>\$ 1,637,402</b>



TOWN OF VAUXHALL

SCHEDULE 1 - SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

AS AT DECEMBER 31, 2016

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2016	2015
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 1,498,874	\$ 1,017,173	\$ 6,275,341	\$ 8,791,388	\$ 9,144,430
<b>BALANCE, BEGINNING OF YEAR - LIBRARY</b>					
Excess (deficiency) of revenues over expenses	323,602	-	-	-	-
Unrestricted funds designated for future use				323,602	(353,042)
Operating funds transferred to restricted surplus	(440,460)	440,460	-	-	-
Restricted funds used for tangible capital assets		(263,572)	263,572	-	-
Current year funds used for tangible capital assets	(463,276)		463,276	-	-
Contributed tangible capital assets				-	-
Disposal of tangible capital assets	117,469		(117,469)	-	-
Annual amortization expense	342,639		(342,639)	-	-
Proceeds long term debt				-	-
Long term debt repaid	(45,464)		45,464	-	-
Change in accumulated surplus	(165,490)	176,888	312,204	323,602	(353,042)
<b>BALANCE, END OF YEAR (note 9)</b>	\$ 1,333,384	\$ 1,194,061	\$ 6,587,545	\$ 9,114,990	\$ 8,791,388

TOWN OF VAUXHALL

SCHEDULE 2 - SCHEDULE OF TANGIBLE CAPITAL ASSETS

AS AT DECEMBER 31, 2016

	Construction in Progress	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2016	2015
<b>COST</b>								
Balance, beginning of year	\$ 318,683	\$ 52,399	\$ 3,728,180	\$ 10,164,653	\$ 1,012,766	\$ 770,755	\$ 16,047,436	\$ 15,346,198
Acquisition of tangible capital assets	-	1	49,079	906,348	22,066	29,475	1,006,969	842,556
Construction in progress	(280,121)		(10,538)	(100,878)	(148,299)	(321,534)	(280,121)	(89,053)
Disposal of tangible capital assets							(581,249)	(52,265)
Writedown of tangible capital assets								
Transfer of land held for resale	(1,750)						(1,750)	-
Balance, end of year	36,812	52,400	3,766,721	10,970,123	886,533	478,696	16,191,285	16,047,436
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year								8,689,174
Annual amortization			1,981,650	6,055,050	551,681	476,118	9,064,499	427,590
Accumulated amortization on disposal			75,471	215,489	10,836	40,843	342,639	(52,265)
			(5,690)	(86,403)	(146,146)	(227,291)	(465,530)	
Balance, end of year	-	-	2,051,431	6,184,136	416,371	289,670	8,941,608	9,064,499
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	36,812	52,400	1,715,290	4,785,987	470,162	189,026	7,249,677	6,982,937
<b>2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	61,062	52,399	1,167,599	4,160,370	572,248	342,849		6,356,527



## TOWN OF VAUXHALL

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

AS AT DECEMBER 31, 2016

	Budget (Unaudited)	2016	2015
<b>TAXATION</b>			
Real property taxes	\$ 853,256	\$ 804,610	\$ 782,346
Linear property taxes	33,010	41,744	40,594
Government grants in lieu of property taxes	3,915	5,471	5,237
Local improvement taxes	268,383	267,933	268,241
Special assessments	31,705	31,724	31,524
	1,190,269	1,151,482	1,127,942
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	230,000	216,677	225,517
Vauxhall Seniors Foundation	6,645	6,643	6,677
	236,645	223,320	232,194
<b>NET MUNICIPAL TAXES</b>	\$ 953,624	\$ 928,162	\$ 895,748

## TOWN OF VAUXHALL

### SCHEDULE 4 - SCHEDULE OF GOVERNMENT TRANSFERS

AS AT DECEMBER 31, 2016

	Budget (Unaudited)	2016	2015
<b>TRANSFERS FOR OPERATING</b>			
Federal government	\$ 2,000	\$ 10,064	\$ 8,151
Provincial government	525,000	488,767	150,852
Other local governments	166,225	190,591	183,564
	693,225	689,422	342,567
<b>TRANSFERS FOR CAPITAL</b>			
Federal government	-	-	-
Provincial government	-	144,914	35,092
Other local governments	-	-	-
	-	144,914	35,092
<b>TOTAL GOVERNMENT TRANSFERS</b>	\$ 693,225	\$ 834,336	\$ 377,659

# TOWN OF VAUXHALL

## SCHEDULE 5 - SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT

AS AT DECEMBER 31, 2016

	Budget (Unaudited)	2016	2015
<b>CONSOLIDATED EXPENDITURES BY OBJECT</b>			
Salaries, wages and benefits	\$ 835,110	\$ 837,153	\$ 728,991
Contracted and general services	804,780	801,712	726,691
Materials, goods, supplies and utilities	537,556	645,050	907,340
Provision for allowances	50	883	43
Bank charges and short term interest	950	913	993
Debenture debt charges	20,203	20,280	22,385
Grants to individuals and organizations	43,224	35,774	37,985
Transfer to other operating functions		-	4,638
Amortization of tangible capital assets	440,000	342,639	427,590
Loss on disposal of tangible capital assets		114,843	-
<b>CONSOLIDATED EXPENDITURES BY OBJECT</b>	<b>\$ 2,681,873</b>	<b>\$ 2,799,247</b>	<b>\$ 2,856,656</b>



**Town of Vauxhall**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2016**

---

**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, 2016**

- 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) 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.
- g) 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.

- h) 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 Consolidated Financial Statements**  
**For the Year Ended December 31, 2016**

**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2016</u>	<u>2015</u>
Cash	\$ 16,804	\$ 72,039
Temporary Investments	1,696,188	1,565,363
	<u>\$ 1,712,992</u>	<u>\$ 1,637,402</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 \$192,295 (2015 - \$192,295) received from the Municipal Sustainability Initiative and held exclusively for approved projects.

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

	<u>2016</u>	<u>2015</u>
Current taxes and grants in lieu	\$ (13,910)	\$ (5,473)
Tax arrears and grants in lieu	16,509	7,138
	<u>\$ 2,599</u>	<u>\$ 1,665</u>
Less allowance for doubtful accounts	(7,513)	(6,742)
	<u>\$ (4,914)</u>	<u>\$ (5,077)</u>

**4. LONG TERM INVESTMENTS**

	<u>2016</u>	<u>2015</u>
AMFC investment	\$ 10	\$ 10
South Country Coop equity	18,416	17,674
Vauxhall & District Regional Water Services Commission	811,617	811,617
Taber & District Regional Waste Authority	-	27,585
UFA Coop Equity	65	65
	<u>\$ 830,108</u>	<u>\$ 856,951</u>

**Town of Vauxhall**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2016**

**5. EMPLOYEE BENEFIT OBLIGATION**

	2016	2015
Vacation and/or overtime	\$ 1,568	\$ 2,280
	\$ 1,568	\$ 2,280

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**

	2016	2015
Tax supported debentures	\$ 662,132	\$ 707,596
Less: current portion	(46,766)	(45,464)
	\$ 615,366	\$ 662,132

Principal and interest repayments are due as follows:

	Principal		Interest		Total
2017	\$ 46,766	\$	18,901	\$	65,667
2018	48,106		17,561		65,667
2019	49,483		16,184		65,667
2020	50,901		14,766		65,667
2021	52,360		13,307		65,667
Thereafter	414,516		42,882		457,398
	\$ 662,132	\$	123,601	\$	785,733

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.



**Town of Vauxhall**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2016**

**7. DEFERRED REVENUE**

	<u>2016</u>	<u>2015</u>
Unearned licence and rental revenue	\$ 1,355	\$ 955
Unearned capital grants	771,540	534,737
	<u>\$ 772,895</u>	<u>535,692</u>

Unearned capital grants include \$771,540 (2015 - \$534,737) from the capital component of the Municipal Sustainability Initiative and the Federal Gas Tax Fund grants. Use of these funds is restricted to eligible capital projects, as approved under the funding agreements.

**8. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2016</u>	<u>2015</u>
Tangible capital assets (Schedule 2)	16,191,285	16,047,436
Accumulated amortization (Schedule 2)	(8,941,608)	(9,064,499)
Long term debt (note 6)	(662,132)	(707,596)
	<u>\$ 6,587,545</u>	<u>\$ 6,275,341</u>

**9. ACCUMULATED SURPLUS**

	<u>2016</u>	<u>2015</u>
Unrestricted surplus (deficit)	\$ 1,333,384	\$ 1,498,874
Restricted Surplus		
Operating reserves	106,940	106,940
Fire	92,911	92,911
Roads	97,951	1,331
Storm sewer	115,371	115,371
Water	225,130	225,130
Sewer	39,065	14,065
Garbage	84,344	50,354
Subdivision	87,941	37,941
Cemetery	10,000	-
Recreation	334,408	373,130
Culture	-	-
Equity in tangible capital assets	<u>6,587,545</u>	<u>6,275,341</u>
	<u>\$ 9,114,990</u>	<u>\$ 8,791,388</u>

**Town of Vauxhall**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2016**

**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)	2016 Total	2015 Total
Mayor				
Margaret Plumtree	12,520	440	12,960	18,809
Councillors:				
Linda English	5,570	217	5,787	6,879
Marilyn Forchuk	4,700	202	4,902	4,945
Martin Kondor	3,720	200	3,920	4,593
Richard Phillips	4,910	205	5,115	5,271
Christie Sorensen	4,090	201	4,291	4,847
Kim Cawley	4,740	202	4,942	4,957
Municipal Administrator	87,814	21,408	109,222	104,069
Designated Officers (2 positions)	21,104		21,104	21,138

- (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 Consolidated Financial Statements**  
**For the Year Ended December 31, 2016**

**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 244,621 people and about 426 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings over this amount. Employees of the Town are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current and past service contributions by the Town to the LAPP in 2016 were \$59,273 (2015 - \$51,987). Total current and past service contributions by the employees of the Town to the LAPP in 2016 were \$54,330 (2015 - \$47,714)

At December 31, 2015, the plan disclosed an actuarial deficiency of \$923 million.

**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:

	2016 Total	2015 Total
Total debt limit	\$ 4,466,902	\$ 3,702,783
Total debt	662,132	707,596
Amount of debt limit unused (exceeded)	<u>\$ 3,804,770</u>	<u>2,995,187</u>
Debt servicing limit	\$ 744,484	\$ 617,131
Debt servicing	65,667	65,667
Amount of debt servicing limit unused (exceeded)	<u>\$ 678,817</u>	<u>\$ 551,464</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.



**Town of Vauxhall**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2016**

**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.

**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 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.

In December 2016, the previous Taber & District Regional Waste Authority was terminated resulting in the Town of Vauxhall owning and operating the landfill.

**16. 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**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2016**

**17. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.