

TOWN OF VAUXHALL
Financial Statements
Year Ended December 31, 2023

TOWN OF VAUXHALL
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Year Ended December 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements are the responsibility of the management of the Town of Vauxhall (The Town).

These consolidated financial statements have been prepared from information provided by management. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council meets periodically with management and the external auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Council approves the financial statements. The Council approves the appointment of the external auditors and reviews the monthly financial reports.

The consolidated financial statements have been audited by Shawn Cook Professional Corporation, Chartered Professional Accountants, the external auditor, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Town. Shawn Cook Professional Corporation has full and free access to the Council.



Mr. Cris Burns, CAO

Vauxhall, Alberta



INDEPENDENT AUDITOR'S REPORT

To the Members of Town of Vauxhall

Opinion

We have audited the financial statements of Town of Vauxhall (the Town), which comprise the consolidated statement of financial position as at December 31, 2023, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2023, and the results of its operations, changes in net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Independent Auditor's Report to the Members of Town of Vauxhall *(continued)*

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Shawn Cook
Professional Corporation

Lethbridge, Alberta
April 15, 2024

Chartered Professional Accountants


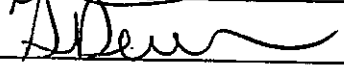


TOWN OF VAUXHALL
Consolidated Statement of Financial Position
December 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 1,529,259	\$ 401,868
Temporary investments <i>(Note 3)</i>	2,743,987	2,642,348
Taxes and grants in places of taxes receivable <i>(Note 4)</i>	49,793	35,473
Trade and other receivables <i>(Note 4)</i>	673,285	1,525,602
Land held for resale	22,241	22,241
Investments <i>(Note 5)</i>	30,537	29,279
	<u>5,049,102</u>	<u>4,656,811</u>
LIABILITIES		
Trade accounts payable	105,189	125,029
Employee deductions payable	13,716	193
Employee benefit obligation <i>(Note 6)</i>	8,255	-
Asset retirement obligation <i>(Note 10)</i>	50,177	-
Deferred income <i>(Note 7)</i>	1,721,041	1,875,793
Long term debt <i>(Note 8)</i>	305,251	360,655
	<u>2,203,629</u>	<u>2,361,670</u>
NET FINANCIAL ASSETS	<u>2,845,473</u>	<u>2,295,141</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Schedule 2)</i>	6,870,194	7,105,604
Inventory for consumption	42,357	41,569
Prepaid expenses	11,756	20,839
	<u>6,924,307</u>	<u>7,168,012</u>
ACCUMULATED SURPLUS <i>(Schedule 1 and Note 12)</i>	<u>\$ 9,769,780</u>	<u>\$ 9,463,153</u>

CONTINGENCIES *(Note 17)*

Approved on behalf of Council:

 Councillor
 Councillor

TOWN OF VAUXHALL
Consolidated Statement of Operations
Year Ended December 31, 2023

	Budget (Unaudited)	2023	2022
REVENUE			
Net municipal taxes <i>(Schedule 3)</i>	\$ 1,199,016	\$ 1,184,200	\$ 1,136,342
User fees and sales of goods	782,050	807,462	782,157
Government transfers for operating <i>(Schedule 4)</i>	311,705	557,142	375,267
Other revenue	47,775	136,028	95,381
Investment income	37,600	127,321	62,763
Franchise and concession contracts <i>(Note 14)</i>	100,000	111,576	111,045
Rentals	90,490	86,478	90,033
Penalties and costs of taxes	13,500	22,378	17,143
Licenses and permits	17,100	21,612	33,457
Gain on sale of tangible capital assets	-	4,143	31,588
Sale of land held for resale	74,000	-	507,635
	<u>2,673,236</u>	<u>3,058,340</u>	<u>3,242,811</u>
EXPENDITURES			
Legislative	96,000	74,023	95,333
Administration	446,108	495,787	421,067
Bylaw enforcement	84,335	67,731	40,167
Fire services	75,000	46,427	100,935
Public Works	543,675	568,736	499,097
Wastewater treatment and disposal	130,475	98,542	145,239
Water supply and distribution	659,592	551,139	545,359
Waste management	291,260	279,019	280,218
Family and community support services	10,059	10,288	9,580
Cemeteries and crematoriums	16,625	22,149	16,554
Economic and agricultural development	30,293	40,213	230,769
Parks and recreation and culture	589,432	738,544	750,825
	<u>2,972,854</u>	<u>2,992,598</u>	<u>3,135,143</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER	<u>(299,618)</u>	<u>65,742</u>	<u>107,668</u>
OTHER			
Government transfers for capital <i>(Schedule 4)</i>	-	240,885	132,908
Contributed assets	-	-	446,000
	<u>-</u>	<u>240,885</u>	<u>578,908</u>
EXCESS OF REVENUE OVER EXPENSES	<u>(299,618)</u>	<u>306,627</u>	<u>686,576</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>9,463,153</u>	<u>9,463,153</u>	<u>8,776,577</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 9,163,535</u>	<u>\$ 9,769,780</u>	<u>\$ 9,463,153</u>

TOWN OF VAUXHALL**Consolidated Statement of Changes in Net Financial Assets****Year Ended December 31, 2023**

	Budget (Unaudited)	2023	2022
EXCESS OF REVENUE OVER EXPENSES	\$ (299,618)	\$ 306,627	\$ 686,576
Net change in additions of tangible capital assets	(155,000)	(269,828)	(619,215)
Proceeds on disposal of tangible capital assets	-	14,000	43,085
Amortization of tangible capital assets	459,000	495,381	464,588
(Gain) loss on sale of tangible capital assets	-	(4,143)	(31,588)
	304,000	235,410	(143,130)
Use of prepaid expenses	-	9,083	1,558
Use of inventory for consumption	-	(788)	(6,947)
	-	8,295	(5,389)
	304,000	243,705	(148,519)
INCREASE IN NET FINANCIAL ASSETS	4,382	550,332	538,057
NET FINANCIAL ASSETS, BEGINNING OF YEAR	2,295,141	2,295,141	1,757,084
NET FINANCIAL ASSETS, END OF YEAR	\$ 2,299,523	\$ 2,845,473	\$ 2,295,141

TOWN OF VAUXHALL**Consolidated Statement of Cash Flows****Year Ended December 31, 2023**

	2023	2022
OPERATING		
Excess of revenues over expenses	\$ 306,627	\$ 686,576
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	495,381	464,588
Gain on sale of tangible capital assets	(4,143)	(31,588)
	<u>797,865</u>	<u>1,119,576</u>
Changes in non-cash working capital:		
Taxes and grants in places of taxes receivable	(14,320)	(1,167)
Trade and other receivables	852,317	(138,454)
Land held for resale	-	179,189
Inventory for consumption	(788)	(6,947)
Prepaid expenses	9,083	1,558
Trade accounts payable	(19,840)	(42,920)
Deferred income	(154,752)	43,699
Asset retirement obligation	50,177	-
Employee benefit obligation	8,255	(716)
Employee deductions payable	13,523	(293)
	<u>743,655</u>	<u>33,949</u>
	<u>1,541,520</u>	<u>1,153,525</u>
CAPITAL		
Purchase of tangible capital assets	(269,828)	(619,215)
Proceeds on disposal of tangible capital assets	14,000	43,085
	<u>(255,828)</u>	<u>(576,130)</u>
INVESTING		
Net change in the investments	<u>(1,258)</u>	<u>(881)</u>
FINANCING		
Repayment of long-term debt	<u>(55,404)</u>	<u>(53,860)</u>
	<u>(55,404)</u>	<u>(53,860)</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	<u>1,229,030</u>	<u>522,654</u>
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>3,044,216</u>	<u>2,521,562</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 4,273,246</u>	<u>\$ 3,044,216</u>
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 1,529,259	\$ 401,868
Temporary investments	<u>2,743,987</u>	<u>2,642,348</u>
	<u>\$ 4,273,246</u>	<u>\$ 3,044,216</u>

TOWN OF VAUXHALL

Schedule of Changes in Accumulated Surplus

(Schedule 1)

Year Ended December 31, 2023

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022
BALANCE, BEGINNING OF THE YEAR	\$ 973,108	\$ 1,745,096	\$ 6,744,949	\$ 9,463,153	\$ 8,776,577
Excess of revenues over expenses	306,627	-	-	306,627	686,576
Net change in current year funds used for tangible capital assets	(269,828)	-	269,828	-	-
Annual amortization expense	495,381	-	(495,381)	-	-
Net change in asset retirement obligation	50,177	-	(50,177)	-	-
Long-term debt repaid	(55,404)	-	55,404	-	-
Disposal of tangible capital assets	9,857	-	(9,857)	-	-
Change in accumulated surplus	536,810	-	(230,183)	306,627	686,576
BALANCE, END OF THE YEAR	\$ 1,509,918	\$ 1,745,096	\$ 6,514,766	\$ 9,769,780	\$ 9,463,153

TOWN OF VAUXHALL

Schedule of Tangible Capital Assets

(Schedule 2)

Year Ended December 31, 2023

	Construction in Progress	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2023	2022
COST								
BALANCE, BEGINNING OF YEAR	\$ 29,363	\$ 52,400	\$ 4,441,727	\$ 11,960,092	\$ 1,363,419	\$ 450,397	\$ 18,297,398	\$ 17,744,738
Acquisition of tangible capital assets	-	-	-	104,030	83,231	57,571	244,832	600,799
Construction in-progress	(23,251)	-	-	-	-	-	(23,251)	18,416
Asset retirement obligation	-	-	22,211	26,036	-	-	48,247	-
Disposal of tangible capital assets	-	-	-	(23,200)	(32,361)	-	(55,561)	(66,555)
BALANCE, END OF YEAR	6,112	52,400	4,463,938	12,066,958	1,414,289	507,968	18,511,665	18,297,398
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	-	2,556,089	7,656,955	718,358	260,392	11,191,794	10,782,264
Annual amortization	-	-	100,259	249,549	85,700	59,873	495,381	464,588
Accumulated amortization on disposals	-	-	-	(18,947)	(26,757)	-	(45,704)	(55,058)
BALANCE, END OF YEAR	-	-	2,656,348	7,887,557	777,301	320,265	11,641,471	11,191,794
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 6,112	\$ 52,400	\$ 1,807,590	\$ 4,179,401	\$ 636,988	\$ 187,703	\$ 6,870,194	\$ 7,105,604
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 29,363	\$ 52,400	\$ 1,885,638	\$ 4,303,137	\$ 645,061	\$ 190,005	\$ 7,105,604	

TOWN OF VAUXHALL**Schedule of Property and Other Taxes****(Schedule 3)****Year Ended December 31, 2023**

	Budget (Unaudited)	2023	2022
TAXATION			
Real property taxes	\$ 1,142,860	\$ 1,138,792	\$ 1,100,450
Linear property taxes	49,473	41,897	41,028
Government grants in place of property taxes	6,600	6,886	6,561
Local improvement taxes	261,233	256,650	249,346
	<u>1,460,166</u>	<u>1,444,225</u>	<u>1,397,385</u>
REQUISITIONS			
Alberta School Foundation Fund	250,150	248,227	250,114
Seniors foundation	10,800	11,798	10,792
Designated industrial property	200	-	137
	<u>261,150</u>	<u>260,025</u>	<u>261,043</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 1,199,016</u>	<u>\$ 1,184,200</u>	<u>\$ 1,136,342</u>

TOWN OF VAUXHALL
Schedule of Government Transfers
Year Ended December 31, 2023

(Schedule 4)

	Budget (Unaudited)	2023	2022
TRANSFERS FOR OPERATING			
Provincial Government	\$ 139,000	\$ 338,050	\$ 139,184
Federal Government	4,200	6,465	5,040
Other Local Government	168,505	212,627	231,043
	<u>311,705</u>	<u>557,142</u>	<u>375,267</u>
TRANSFERS FOR CAPITAL			
Provincial Government	-	240,885	132,908
TOTAL GOVERNMENT TRANSFERS	<u>\$ 311,705</u>	<u>\$ 798,027</u>	<u>\$ 508,175</u>

TOWN OF VAUXHALL**Schedule of Consolidated Expenses by Object****(Schedule 5)****Year Ended December 31, 2023**

	Budget (Unaudited)	2023	2022
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 983,380	\$ 954,938	\$ 958,022
Contracted and general services	668,578	770,396	904,766
Materials, goods and utilities	758,329	723,791	744,802
Transfers to local boards and agencies	37,349	35,284	51,153
Interest on long-term debt	65,667	9,334	11,413
Bank charges and short-term interest	551	1,544	398
Accretion expense	-	1,930	-
Amortization of tangible capital assets	459,000	495,381	464,589
	<u>\$ 2,972,854</u>	<u>\$ 2,992,598</u>	<u>\$ 3,135,143</u>

TOWN OF VAUXHALL

Schedule of Segmented Disclosure

Year Ended December 31, 2023

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health Services	Planning and development	Recreation and culture	Total
REVENUE								
Net municipal taxes	\$ 1,184,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,184,200
User fees and sales of goods	7,050	-	-	760,589	13,171	69	26,583	807,462
Government transfers	278,369	-	115,118	164,601	-	-	239,939	798,027
Other revenues	59,919	-	8,869	9,948	-	-	57,292	136,028
Investment income	127,321	-	-	-	-	-	-	127,321
Franchise and concession contracts	111,576	-	-	-	-	-	-	111,576
Rentals	18,090	-	800	-	-	-	67,588	86,478
Penalties & Licenses	22,621	2,130	-	4,007	-	15,232	-	43,990
Gain on sale of tangible capital assets	4,143	-	-	-	-	-	-	4,143
	<u>1,813,289</u>	<u>2,130</u>	<u>124,787</u>	<u>939,145</u>	<u>13,171</u>	<u>15,301</u>	<u>391,402</u>	<u>3,299,225</u>
EXPENSES								
Salaries, wages and benefits	325,811	8,296	201,222	135,992	13,132	-	270,485	954,938
Contracted and general services	173,833	99,133	83,615	226,976	5,765	37,922	143,152	770,396
Materials, goods, and supplies	32,830	2,404	88,798	453,626	2,848	2,291	140,994	723,791
Transfers to local boards	11,614	-	-	-	10,288	-	13,382	35,284
Interest on long-term debt	-	-	-	9,334	-	-	-	9,334
Bank charges and short-term interest	1,306	-	-	-	-	-	238	1,544
Other expenses	-	-	-	1,042	-	-	888	1,930
	<u>545,394</u>	<u>109,833</u>	<u>373,635</u>	<u>826,970</u>	<u>32,033</u>	<u>40,213</u>	<u>569,139</u>	<u>2,497,217</u>
NET REVENUE BEFORE AMORTIZATION	<u>1,267,895</u>	<u>(107,703)</u>	<u>(248,848)</u>	<u>112,175</u>	<u>(18,862)</u>	<u>(24,912)</u>	<u>(177,737)</u>	<u>802,008</u>
Amortization expense	24,416	4,325	195,101	101,730	404	-	169,405	495,381
NET REVENUE	<u>\$ 1,243,479</u>	<u>\$ (112,028)</u>	<u>\$ (443,949)</u>	<u>\$ 10,445</u>	<u>\$ (19,266)</u>	<u>\$ (24,912)</u>	<u>\$ (347,142)</u>	<u>\$ 306,627</u>

TOWN OF VAUXHALL

Notes to Financial Statements

Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Vauxhall (the "Town") 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:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of 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.

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.

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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TOWN OF VAUXHALL
Notes to Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition.

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.

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

Land Held 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 tangible capital assets under the respective function. Land held for resale is classified as a financial asset when the land is in a condition to be sold, is marketed for sale, and is reasonably anticipated that the land will be sold within one year.

Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

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TOWN OF VAUXHALL
Notes to Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Asset Retirement Obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Town reviews the carrying amount of the liability. The Town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

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.

(continues)

TOWN OF VAUXHALL
Notes to Financial Statements
Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 for the year.

i. Tangible Capital Assets

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

	<u>Years</u>
Buildings	25 - 50
Engineered structures	25 - 50
Machinery and equipment	5 - 25
Vehicles	5 - 25

One half of the 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 are recorded as revenue.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

2. CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	<u>\$ 1,529,259</u>	<u>\$ 401,868</u>

Included in cash and cash equivalents and receivables from other is a restricted amount of \$1,559,267 (2022 - \$1,800,151) received from various grant programs which are held exclusively for approved projects (Note 7).

TOWN OF VAUXHALL
Notes to Financial Statements
Year Ended December 31, 2023

3. TEMPORARY INVESTMENTS

	<u>2023</u>	<u>2022</u>
GIC's with maturity of more than 90 days	\$ 2,743,987	\$ 2,642,348

The average yield earned from investments during the year ended December 31, 2023, ranged from 4.10% to 5.65% (2022 - 4.10% to 4.50%). Maturity dates on the investments are in 2024. A portion of the Town's investments are held for certain purposes including reserves and capital purchases.

4. RECEIVABLES

	<u>2023</u>	<u>2022</u>
Taxes and grants in place of taxes receivable		
Current taxes and grants in place of taxes	\$ 38,780	\$ 28,785
Tax arrears and grants in lieu	11,013	6,688
	<u>49,793</u>	<u>35,473</u>
Trade and other receivables		
Grants	508,228	1,396,596
Trade accounts	75,848	54,611
Utility accounts	49,369	51,687
Goods and services tax recoverable	28,926	10,943
Franchise fees	10,914	11,765
	<u>673,285</u>	<u>1,525,602</u>

5. INVESTMENTS

	<u>2023</u>	<u>2022</u>
South Country Coop Equity	\$ 23,911	\$ 22,719
GIC	6,551	6,485
UFA Coop Equity	65	65
AMFC investment	10	10
	<u>\$ 30,537</u>	<u>\$ 29,279</u>

GIC interest rate for the current year is 1.00% (2022 - 1.00%).

6. EMPLOYEE BENEFIT OBLIGATION

The employee benefit obligation is comprised of accrued 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

Year Ended December 31, 2023

7. DEFERRED REVENUE

	<u>2023</u>	<u>2022</u>
Municipal Sustainability Initiative	\$ 953,907	\$ 1,194,791
Canada Community-Building Fund	605,360	605,360
Alberta Community Partnership	107,802	-
Prepaid taxes	37,668	34,619
Prepaid utilities	15,334	13,160
Deposits and Sundry	970	27,863
	<u>\$ 1,721,041</u>	<u>\$ 1,875,793</u>

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

8. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Tax supported debentures	\$ 305,251	\$ 360,655

Principal and interest repayment terms are approximately:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 56,992	\$ 8,675	\$ 65,667
2025	58,625	7,042	65,667
2026	60,306	5,361	65,667
2027	27,982	3,726	31,708
2028	7,039	3,215	10,254
Thereafter	94,307	18,483	112,791
	<u>\$ 305,251</u>	<u>\$ 46,502</u>	<u>\$ 351,754</u>

Debenture debt is repayable to the Alberta Capital Finance Authority which bears interest at rates ranging from 2.634% to 3.228% per annum and matures in 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) rate and tax collection respectively. Debenture debt is issued on the credit and security of the Town at large.

TOWN OF VAUXHALL
Notes to Financial Statements
Year Ended December 31, 2023

9. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town be disclosed as follows:

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 4,587,510	\$ 4,864,217
Total debt	<u>(305,251)</u>	<u>(360,655)</u>
Amount of debt limit unused	<u>4,282,259</u>	<u>4,503,562</u>
Debt servicing limit	764,585	810,703
Debt servicing	<u>(65,667)</u>	<u>(65,667)</u>
Amount of debt servicing limit unused	<u>698,918</u>	<u>745,036</u>

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/2000) 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 Town. Rather, the financial statements must be interpreted as a whole.

10. ASSET RETIREMENT OBLIGATION

The Town has adopted PS3280 Asset Retirement Obligation in the year. The Town owns a building which contains asbestos and, therefore, the town is legally required to perform abatement activities upon renovation or demolition of this building. The Town operates a landfill site and is legally required to perform closure and post-closure activities upon retirement of this site. Undiscounted future cash flows for the landfill expected are a closure costs in the year 2063 of \$120,000. The estimated total liability of \$26,036 is based on the sum of discounted future cash flows for closure and post-closure activities using a discount rate of 6% and assuming annual inflation of 2%. Undiscounted future cash flows for the building expected are an abatement cost in the year 2038 of \$40,000. The estimated total liability of \$22,211 is based on the sum of discounted future cash flows for abatement activities using a discount rate of 6% and assuming annual inflation of 2%. The town has not designated assets for settling closure and post-closure liabilities.

	<u>2023</u>
Balance, beginning of year	-
Liabilities incurred	48,247
Liabilities settled	-
Change in estimated cash flows	-
Accretion expense	<u>1,930</u>
	<u>50,177</u>

TOWN OF VAUXHALL
Notes to Financial Statements
Year Ended December 31, 2023

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets (Schedule 2)	\$ 18,511,665	\$ 18,297,398
Accumulated amortization (Schedule 2)	(11,641,471)	(11,191,794)
Long-term debt (Note 7)	(305,251)	(360,655)
Asset retirement obligation (Note 10)	(50,177)	-
	<u>\$ 6,514,766</u>	<u>\$ 6,744,949</u>

12. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	\$ 1,509,918	\$ 973,108
Restricted surplus		
Operating reserves	154,440	154,440
Fire	92,911	92,911
Disaster	40,000	40,000
Bylaw	15,000	15,000
Roads	347,781	347,781
Storm sewer	115,371	115,371
Water	259,511	259,511
Sewer	39,065	39,065
Garbage	107,543	107,543
Cemetery	17,400	17,400
Subdivision	337,941	337,941
Economic Development	24,000	24,000
Recreation	194,133	194,133
Equity in tangible capital assets (Note 11)	<u>6,514,766</u>	<u>6,744,949</u>
	<u>\$ 9,769,780</u>	<u>\$ 9,463,153</u>

13. BUDGET AMOUNTS

The 2023 budget for the Town was approved by Council and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

TOWN OF VAUXHALL

Notes to Financial Statements

Year Ended December 31, 2023

14. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of franchise fees under each utility franchise agreement entered into by the Town as required by Alberta Regulation 313/2000 is as follows:

	Budget (Unaudited)	2023	2022
Fortis electricity	\$ 70,654	\$ 78,833	\$ 74,761
ATCO natural gas	29,346	32,743	36,284
	<u>\$ 100,000</u>	<u>\$ 111,576</u>	<u>\$ 111,045</u>

15. SALARY AND BENEFITS DISCLOSURE

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

	Salary (1)	Benefits & Allowances (2)	2023	2022
Mayor Coad	\$ 6,130	\$ -	\$ 6,130	\$ 14,791
Mayor Cawley	1,800	-	1,800	-
Councillor Cawley	4,945	193	5,138	7,197
Councillor Coad	4,235	-	4,235	-
Councillor Deleeuw	6,095	172	6,267	7,358
Councillor Dorin	5,330	109	5,439	6,477
Councillor Forchuk	7,145	217	7,362	7,197
Councillor Plumtree	-	-	-	10,775
Councillor Thomson	-	-	-	4,965
Councillor Zacharias	5,460	169	5,629	-
Chief Administrative Officer	101,544	21,965	123,509	121,117
Assessor (1) & Development Officer (1)	15,516	-	15,516	20,611

(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, if any.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships, if any.

TOWN OF VAUXHALL

Notes to Financial Statements

Year Ended December 31, 2023

16. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP serves approximately 291,259 people and about 437 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 8.45% (2022 - 8.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% (2022 - 12.84%) on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2023 were \$49,848 (2022 - \$49,197). Total current service contributions by the employees of the Town to the LAPP in 2023 were \$44,263 (2022 - \$43,729).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.7 billion; the 2023 LAPP actuarial balance was not available at the date of this report.

17. 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 share 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.

Employees of the Town are allowed to accrue sick leave up to a maximum of 119 days. As at December 31, 2023 the amount of accumulated sick leave was \$180,296 (2022 - \$209,536). The total amount was not recorded in the financial statements as there is no certainty the full amount will be used. The amount of accumulated sick leave is not paid out to employees of the Town when they leave their position.

18. CONTAMINATED SITES LIABILITY

The Town has adopted PS3260 Liability for Contaminated Sites. The Town did not identify any financial liabilities in 2023 (2022 - nil) as a result of this standard.

19. SEGMENTED DISCLOSURE

The Town provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

TOWN OF VAUXHALL
Notes to Financial Statements
Year Ended December 31, 2023

20. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, land for resale inventory, 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 or currency risks 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 instruments approximates fair value.

21. 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 consists 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, and regional operating grants and other incidentals such as membership and book sales and fines.

22. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year earnings.

23. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.