



Wilde and Company

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INDEPENDENT AUDITOR'S REPORT

RECEIVED
APR 25 2014

To the Mayor and Council of Town of Vegreville

TOWN OF VEGREVILLE

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Town of Vegreville, which comprise of the statement of financial position at December 31, 2013, 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.

Management's Responsibility for the Consolidated 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

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 controls 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 controls. 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 Town of Vegreville as at December 31, 2013, 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.

Vegreville, AB
April 14, 2014

Wilde + Company
Chartered Accountants

TOWN OF VEGREVILLE
Consolidated Statement of Financial Position
As at December 31, 2013

	2013	2012
Financial Assets		
Cash and temporary investments (Note 4)	\$ 5,780,975	\$ 6,749,643
Receivables		
Taxes and grants in place of taxes (Note 5)	373,737	306,376
Due from governments	133,786	116,993
Trade and other receivables	826,894	899,409
Land held for resale	886,616	891,213
Investments (Note 6)	3,500,000	3,800,000
Debt charges recoverable (Note 7)	220,725	289,890
	11,722,733	13,053,524
Liabilities		
Accounts payable and accrued liabilities	1,113,881	1,245,944
Accrued employee obligations (Note 8)	395,063	384,315
Deposit liabilities	-	10,000
Deferred revenue (Note 9)	2,012,769	3,027,759
Long term debt (Note 10)	6,468,863	7,047,141
	9,990,576	11,715,159
Net Financial Assets	1,732,157	1,338,365
Non-Financial Assets		
Tangible capital assets (Schedule 2)	57,883,037	56,324,805
Inventory for consumption	358,599	77,746
Prepaid expenses	97,063	181,013
	58,338,699	56,583,564
Accumulated Surplus (Note 13)	\$ 60,070,856	\$ 57,921,929

Contingencies (Note 17)

TOWN OF VEGREVILLE
Consolidated Statement of Operations
Year Ended December 31, 2013

	Budget (Unaudited)	2013	2012
Revenues			
Net municipal taxes (Schedule 3)	\$ 8,178,000	\$ 8,206,424	\$ 7,677,750
User fees and sales of goods and services	3,435,547	3,655,550	3,395,259
Government transfers for operating (Schedule 4)	3,486,749	3,463,503	3,410,778
Investment income	75,000	181,483	159,530
Franchise and concession contracts	800,000	872,149	790,403
Penalties and costs on taxes	50,000	107,270	91,399
Rentals	435,106	492,965	392,517
Fines, licenses and permits	110,000	111,769	113,193
Loss on disposal of assets	-	(24,541)	(5,489)
Other	159,916	233,188	282,232
	16,730,318	17,299,760	16,307,572
Expenses			
Legislative	328,180	315,700	307,670
Administration	1,310,570	1,152,953	1,258,258
Fire protection and safety services	1,657,675	1,454,776	1,586,840
Ambulance services	1,667,610	1,601,351	1,610,971
Bylaw enforcement	270,705	289,402	214,973
Roads, streets, walks, lighting	5,246,475	3,148,045	4,621,212
Airport	99,895	121,379	82,414
Water supply and distribution	1,754,870	1,868,860	1,430,177
Wastewater treatment and disposal	511,710	380,530	529,633
Waste management	902,785	960,544	990,353
Family and community support	1,250,905	1,166,522	1,169,116
Cemetery	82,935	87,387	96,993
Subdivision land and development	641,850	534,651	456,556
Community and tourism	381,336	354,019	490,320
Culture	583,197	315,571	210,958
Parks and recreation	2,523,155	2,297,657	2,064,732
Facilities	1,826,200	1,880,058	1,133,098
	21,040,053	17,929,405	18,254,274
Deficiency of revenue over expenses - before other	(4,309,735)	(629,645)	(1,946,702)
Other			
Contributed assets	-	240,773	162,750
Government transfers for capital (Schedule 4)	2,686,200	2,537,799	2,091,309
Excess (deficiency) of revenues over expenses	(1,623,535)	2,148,927	307,357
Accumulated surplus - beginning of the year	57,921,929	57,921,929	57,614,572
Accumulated surplus - end of the year	\$ 56,298,394	\$ 60,070,856	\$ 57,921,929

TOWN OF VEGREVILLE
Consolidated Statement of Change in Net Financial Assets (Debt)
Year Ended December 31, 2013

	Budget (Unaudited)	2013	2012
Excess (deficiency) of revenues over expenses	\$ (1,623,535)	\$ 2,148,927	\$ 307,357
Acquisition of tangible capital assets	(3,898,040)	(3,513,275)	(6,719,051)
Contributed tangible capital assets	-	(240,773)	(162,750)
Proceeds on disposal of tangible capital assets	40,000	-	29,014
Amortization of tangible capital assets	3,930,915	2,171,275	3,727,744
Loss on disposal of tangible capital assets	-	24,541	5,489
	(1,550,660)	590,695	(2,812,197)
Acquisition of supplies inventories	-	(280,853)	(3,804)
Use (acquisition) of prepaid assets	-	83,950	(33,798)
	-	(196,903)	(37,602)
Increase (decrease) in net financial assets	(1,550,660)	393,792	(2,849,799)
Net financial assets, beginning of year	1,338,365	1,338,365	4,188,164
Net financial assets (debt), end of year	\$ (212,295)	\$ 1,732,157	\$ 1,338,365

TOWN OF VEGREVILLE
Consolidated Statement of Cash Flows
Year Ended December 31, 2013

	2013	2012
Operating		
Excess (deficiency) of revenue over expenses	\$ 2,148,927	\$ 307,357
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	2,171,275	3,727,744
Loss on disposal of tangible capital assets	24,541	5,489
Tangible capital assets received as contributions	(240,773)	(162,750)
Net changes in non-cash charges to operation		
Decrease (increase) in taxes and grants in lieu receivable	(67,361)	133,624
Decrease (increase) in government receivables	(16,793)	234,485
Decrease (increase) in trade and other receivables	72,515	(110,829)
Decrease in note receivable	69,165	65,562
Decrease (increase) in land held for resale	4,597	(17,149)
Increase in inventories	(280,853)	(3,804)
Decrease (increase) in prepaid expenses	83,950	(33,798)
Decrease in accounts payable and accrued liabilities	(132,063)	(511,799)
Increase in accrued employee obligations	10,748	43,602
Decrease in deposit liabilities	(10,000)	-
Increase (decrease) in deferred revenues	(1,014,990)	1,051,761
	673,958	4,422,138
<i>Net cash provided by operating transactions</i>	2,822,885	4,729,495
Capital		
Acquisition of tangible capital assets	(3,513,275)	(6,719,051)
Proceeds on sale of tangible capital assets	-	29,014
<i>Net cash applied to capital transactions</i>	(3,513,275)	(6,690,037)
Investing		
Decrease (increase) in restricted cash or cash equivalents	1,014,990	(1,051,761)
Decrease (increase) in investments	300,000	(2,785,445)
<i>Net cash provided by (applied to) investing transactions</i>	1,314,990	(3,837,206)
Financing		
Long term debt issued - capital	-	4,375,000
Long term debt repaid - operating	(195,764)	(234,362)
Long term debt repaid - capital	(382,514)	(246,859)
<i>Net cash provided by (applied to) financing transactions</i>	(578,278)	3,893,779
Change in cash and cash equivalents during the year	46,322	(1,903,969)
Cash and cash equivalents, beginning of year	3,721,884	5,625,853
Cash and cash equivalents, end of year	\$ 3,768,206	\$ 3,721,884
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 4)	\$ 5,780,975	\$ 6,749,643
Less: restricted portion of cash and temporary investments (Note 4)	(2,012,769)	(3,027,759)
	\$ 3,768,206	\$ 3,721,884

See accompanying notes

TOWN OF VEGREVILLE
Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2013
Schedule 1

	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Capital Assets	2013 \$	2012 \$
Balance, beginning of year	2,790,756	4,050,660	1,386,362	49,694,151	57,921,929	57,614,572
Excess (deficiency) of revenues over expenses	2,148,927	-	-	-	2,148,927	307,357
Unrestricted funds designated for future use	(641,657)	582,253	59,404	-	-	-
Restricted funds used for operations	394,487	(361,487)	(33,000)	-	-	-
Restricted funds used for TCA	-	-	(42,599)	42,599	-	-
Current year funds used for TCA	(3,470,676)	-	-	3,470,676	-	-
Contributed assets	(240,773)	-	-	240,773	-	-
Disposals of TCA	1,533,129	-	-	(1,533,129)	-	-
Accumulated amortization of disposed assets	(1,508,588)	-	-	1,508,588	-	-
Annual amortization expense	2,171,275	-	-	(2,171,275)	-	-
TCA long term debt repaid	(382,514)	-	-	382,514	-	-
Change in accumulated surplus	3,610	220,766	(16,195)	1,940,746	2,148,927	307,357
Balance, end of year	2,794,366	4,271,426	1,370,167	51,634,897	60,070,856	57,921,929

TOWN OF VEGREVILLE
Schedule of Tangible Capital Assets
Year Ended December 31, 2013
Schedule 2

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2013 \$	2012 \$
Cost:							
Balance, beginning of year	2,869,470	16,515,086	106,812,327	6,517,240	3,869,356	136,583,479	129,895,758
Acquisition of tangible capital assets	-	389,183	2,443,915	362,911	558,039	3,754,048	6,881,801
Disposal of tangible capital assets	-	(28,040)	(1,505,089)	-	-	(1,533,129)	(194,080)
Balance, end of year	2,869,470	16,876,229	107,751,153	6,880,151	4,427,395	138,804,398	136,583,479
Accumulated amortization:							
Balance, beginning of year	-	6,710,311	66,957,704	4,678,189	1,912,470	80,258,674	76,690,507
Annual amortization	-	381,680	1,305,683	248,471	235,441	2,171,275	3,727,744
Accumulated amortization on disposals	-	(25,000)	(1,483,588)	-	-	(1,508,588)	(159,577)
Balance, end of year	-	7,066,991	66,779,799	4,926,660	2,147,911	80,921,361	80,258,674
Net book value of tangible capital assets	2,869,470	9,809,238	40,971,354	1,953,491	2,279,484	57,883,037	56,324,805
2012 Net Book Value of tangible capital assets	2,869,470	9,804,775	39,854,623	1,839,051	1,956,886	56,324,805	56,324,805

TOWN OF VEGREVILLE
Schedule of Property and Other Taxes
Year Ended December 31, 2013
Schedule 3

	Budget (Unaudited)	2013	2012
Taxation			
Real property taxes	\$ 8,773,869	\$ 8,802,294	\$ 8,146,816
Linear property	505,041	505,041	469,266
Government grants in place of property taxes	1,197,377	1,197,377	1,111,233
	10,476,287	10,504,712	9,727,315
Requisitions			
Alberta School Foundation Fund	2,185,547	2,185,548	1,937,088
Minburn Senior's Foundation	112,740	112,740	112,477
	2,298,287	2,298,288	2,049,565
Net Municipal Taxes	\$ 8,178,000	\$ 8,206,424	\$ 7,677,750

TOWN OF VEGREVILLE
Schedule of Government Transfers
Year Ended December 31, 2013
Schedule 4

	Budget	2013	2012
	(Unaudited)		
Transfers for Operating			
Provincial Government	\$ 2,949,805	\$ 3,045,595	\$ 3,071,659
Federal Government	255,000	3,246	6,505
Local Government	281,944	414,662	332,614
	3,486,749	3,463,503	3,410,778
Transfers for Capital			
Provincial Government	2,229,384	2,236,668	1,015,254
Federal Government	456,816	208,859	988,322
Local Government	-	92,272	87,733
	2,686,200	2,537,799	2,091,309
Total Government Transfers	\$ 6,172,949	\$ 6,001,302	\$ 5,502,087

TOWN OF VEGREVILLE
Schedule of Consolidated Expenses by Object
Year Ended December 31, 2013
Schedule 5

	Budget (Unaudited)	2013	2012
Consolidated Expenses by Object			
Salaries, wages and benefits	\$ 8,394,735	\$ 8,182,448	\$ 7,508,803
Contracted and general services	4,287,656	3,404,991	3,272,370
Purchases from other governments	958,700	988,716	908,788
Materials, goods, supplies and utilities	2,931,219	2,716,439	2,380,887
Other transactions, allowances and adjustments	40,500	43,664	47,540
Transfers to local boards and agencies	215,402	141,012	107,212
Bank charges and short term interest	35,000	37,379	33,210
Interest on long term debt	245,926	243,479	267,720
Amortization of tangible capital assets	3,930,915	2,171,277	3,727,744
	\$ 21,040,053	\$ 17,929,405	\$ 18,254,274

TOWN OF VEGREVILLE
Schedule of Segmented Disclosure
Year Ended December 31, 2013
Schedule 6

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health	Planning & Development	Recreation & Culture	Other	Total \$
Revenue									
Net municipal taxes	-	-	-	-	-	-	-	8,206,424	8,206,424
Government transfers	-	1,924,669	290,499	95,354	709,989	89,426	353,566	-	3,463,503
User fees and sales of goods	6,002	545,581	78,263	2,541,291	242,053	146,723	700,371	107,270	4,367,554
Investment income	-	-	-	-	14,951	-	-	166,532	181,483
Other revenues	20,318	84,673	4,349	14,347	37,889	4,718	44,097	870,405	1,080,796
	26,320	2,554,923	373,111	2,650,992	1,004,882	240,867	1,098,034	9,350,631	17,299,760
Expenses									
Salaries, wages and benefits	1,098,433	2,000,736	903,094	1,103,344	844,079	427,942	1,804,820	-	8,182,448
Contracted and general services	220,225	945,938	353,608	323,811	324,422	264,715	972,272	-	3,404,991
Materials, goods, supplies and utilities	102,080	234,256	871,508	1,290,256	65,574	28,755	1,112,726	-	3,705,155
Transfers to local boards and agencies	-	-	-	-	63,125	77,887	-	-	141,012
Interest on long term debt	-	-	67,764	31,961	14,951	1,887	126,916	-	243,479
Other expenses	46,608	14,648	379	685	12,095	4,596	2,032	-	81,043
	1,467,346	3,195,578	2,196,353	2,750,057	1,324,246	805,782	4,018,766	-	15,758,128
Net revenue before amortization	(1,441,026)	(640,655)	(1,823,242)	(99,065)	(319,364)	(564,915)	(2,920,732)	9,350,631	1,541,632
Amortization of tangible capital assets	1,307	149,951	1,073,071	459,877	9,651	2,900	474,520	-	2,171,277
Net revenue	(1,442,333)	(790,606)	(2,896,313)	(558,942)	(329,015)	(567,815)	(3,395,252)	9,350,631	(629,645)

TOWN OF VEGREVILLE

Notes to Consolidated Financial Statements

Year Ended December 31, 2013

1. Significant accounting policies

The consolidated financial statements of 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 Canadian Institute of Chartered Accountants. 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 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.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

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. Property tax revenue is recognized when the tax is levied.

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.

(continues)

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

1. Significant accounting policies (*continued*)

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in municipal funds, bonds and GIC's and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

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.

Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt, less actuarial requirements for the retirement of any sinking fund debentures.

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.

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.

Landfill closure and post-closure liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Town is required to fund the closure of its landfill site 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 inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

(*continues*)

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

1. Significant accounting policies (*continued*)

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 VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

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 (Debt) for the year.

a) 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:

	YEARS
Land improvements	15-45
Buildings	25-50
Engineered structures	
Roadway system	5-65
Water system	45-75
Wastewater system	45-75
Storm system	45-75
Other engineered structures	10-80
Machinery and equipment	5-40
Vehicles	10-40

Amortization will not be calculated in the year in which the asset is acquired, put into service, or constructed. Amortization will be calculated in the year in which the asset is disposed.

b) 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.

c) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of 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.

d) Inventories

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

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

2. Adoption of recent accounting pronouncements

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA). These sections are effective for fiscal periods beginning on or after April 1, 2012 and have been applied retrospectively.

Section PS 3410 – Government Transfers

This section establishes standards on how to account for and report government transfers to individuals, organizations and other governments from both a transferring government and a recipient government perspective. There was no significant effect of adopting this accounting policy on the current period financial results. This standard was adopted as it was issued by the Canadian Institute of Chartered Accountants (CICA).

Section PS 3510 – Tax Revenue

This new standard establishes recognition, measurement, presentation and disclosure standards relating to tax revenue reported in financial statements. There was no significant effect of adopting this accounting policy on the current period financial results. This standard was adopted as it was issued by the Canadian Institute of Chartered Accountants (CICA).

3. Recent accounting pronouncements published but not yet adopted

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA) but are not yet effective. The municipality is currently evaluating the effect of adopting these standards on their financial statements.

Section PS 3260 – Liability for Contaminated Sites

This new section establishes recognition, measurement, and disclosure standards for liabilities relating to contaminated sites of governments and those organizations applying the CICA Public Sector Accounting Handbook. This section is effective for fiscal periods beginning on or after April 1, 2014.

Section PS 3450 - Financial Instruments

The new section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. In conjunction with this new section, section PS1201, section PS 2601 and section 3041 have been amended as a consequence of the introduction of new financial instruments standards. These amendments were required to present the associated gains and losses with financial instruments recognized under the new section. The new section and the related amendments are effective for fiscal periods beginning on or after April 1, 2016.

For government organizations, as defined in section PS 1300, the new section and the related amendments are effective for fiscal periods beginning on or after April 1, 2012.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

4. Cash and temporary investments

	2013	2012
Cash	\$ 748,294	\$ 14,031
Cash held in trust	128,076	127,310
Temporary investments	4,904,605	6,608,302
	\$ 5,780,975	\$ 6,749,643

Temporary investments are short term deposits with original maturities of three months or less.

Council has designated funds of \$1,370,167 (2012 - \$1,386,362) included in the above amounts for capital projects.

Included in temporary investments is a restricted amount of \$2,012,769 (2012 - \$3,027,759) for deferred revenue. \$128,076 (2012 - \$127,310) of the restricted amount has been received from Alberta Housing and Urban Affairs and the balance from Municipal Sustainability Initiative, Alberta Transportation, Alberta Environment, New Deal for Communities & Cities, Street Improvement Program, Municipal Sponsorship Program, Federal Gas Tax Fund, Regional Collaboration Grants, FCSS funding and donations for various projects (Note 9).

5. Taxes and grants in place of taxes receivable

	2013	2012
Current taxes and grants in place of taxes	\$ 212,743	\$ 169,597
Arrears taxes	96,958	72,285
Property acquired	186,969	187,427
	496,670	429,309
Less: allowance for doubtful accounts	(122,933)	(122,933)
	\$ 373,737	\$ 306,376

6. Investments

	2013		2012	
	Cost	Market Value	Cost	Market Value
Term deposits	\$ 3,500,000	\$ 3,500,000	\$ 3,800,000	\$ 3,800,000

Term deposits have effective interest rates of 1.76% to 1.90% (2012 - 1.05% to 1.50%) with maturity dates from August 13, 2014 to January 5, 2015.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

7. Debt charges recoverable

	2013	2012
Current debt charges recoverable	\$ 72,965	\$ 69,165
Non-current debt charges recoverable	147,760	220,725
	\$ 220,725	\$ 289,890

Principal and interest repayment terms are as follows:

	Principal	Interest	Total
2014	\$ 72,965	\$ 11,151	\$ 84,116
2015	16,703	7,140	23,843
2016	17,543	6,300	23,843
2017	18,426	5,417	23,843
2018	19,354	4,489	23,843
Thereafter	75,734	7,714	83,448
	\$ 220,725	\$ 42,211	\$ 262,936

The Town of Vegreville has undertaken a joint project to assist the MD of Minburn Foundation with a senior citizen's lodge. The Town assumed long term financing totaling \$600,000 in 1999, however the full amount plus interest at 5.625% is recoverable from the MD of Minburn Foundation with respect to the financing.

The Town of Vegreville undertook an additional joint project to assist the MD of Minburn Foundation in 2007. The Town assumed additional long term financing totaling \$250,000. The full amount of the debenture plus interest at 4.971% is recoverable from the MD of Minburn Foundation.

8. Employee benefit obligations

	2013	2012
Vacation	\$ 395,063	\$ 384,315

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

9. Deferred revenue

	2013	2012
Municipal Sustainability Grant	\$ 1,390,328	\$ 2,331,409
Emergency Services Grants	67,853	54,305
Family Community Support Services - grant programs	23,952	33,665
Alberta Housing and Urban Affairs	128,076	127,310
Regional Collaboration Grants	-	54,871
Specified donations	13,555	8,436
Other items	92,715	39,288
Federal Gas Tax Fund	296,290	180,021
Basic Municipal Transportation Grant	-	198,454
	\$ 2,012,769	\$ 3,027,759

The use of these funds are restricted to eligible projects as approved under the agreements. Unexpended funds related to the advances are supported by accounts receivable, cash and temporary investments.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

10. Long term debt

	2013	2012
Tax supported debentures	\$ 6,248,138	\$ 6,757,251
Recoverable from MD of Minburn Foundation - See Note 7	220,725	289,890
	\$ 6,468,863	\$ 7,047,141

Principal and interest repayments are as follows:

	Principal	Interest	Total
2014	\$ 468,592	\$ 227,098	\$ 695,690
2015	425,929	209,488	635,417
2016	440,873	194,544	635,417
2017	456,383	180,034	636,417
2018	393,822	163,249	557,071
Thereafter	4,283,264	1,368,724	5,651,988
	\$ 6,468,863	\$ 2,343,137	\$ 8,812,000

The current portion of the long term debt amounts to \$468,592 (2012 - \$578,278).

Debenture debt is repayable to BMO and the Alberta Capital Finance Authority and bears interest at rates ranging from 1.603% to 5.625% per annum and matures in periods 2014 through 2037. The weighted average annual interest rate is 3.57% for 2013 (3.56% for 2012).

Debenture debt is issued on the credit and security of the Town at large.

Interest on long term debt amounted to \$243,479 (2012 - \$267,720).

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

11. 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:

	2013	2012
Total debt limit	\$ 25,949,640	\$ 24,461,358
Total debt	(6,468,863)	(7,047,141)
Amount of debt limit unused	\$ 19,480,777	\$ 17,414,217
Debt servicing limit	\$ 4,324,940	\$ 4,076,893
Debt servicing	(695,690)	(535,203)
Amount of debt servicing limit unused	\$ 3,629,250	\$ 3,541,690

The debt limit is calculated at 1.5 times revenue of the municipality (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 municipality. Rather, the financial statements must be interpreted as a whole.

12. Equity in tangible capital assets

	2013	2012
Tangible capital assets (Schedule 2)	\$138,804,397	\$136,583,479
Accumulated amortization (Schedule 2)	(80,921,362)	(80,258,674)
Long term debt (Note 10)	(6,468,863)	(7,047,141)
Operating portion of long term debt	220,725	416,487
	\$ 51,634,897	\$ 49,694,151

13. Accumulated surplus

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

	2013	2012
Unrestricted surplus	\$ 2,794,366	\$ 2,790,756
Restricted surplus		
Operating reserves	4,271,426	4,050,660
Capital reserves	1,370,167	1,386,362
Equity in tangible capital assets	51,634,897	49,694,151
	\$ 60,070,856	\$ 57,921,929

TOWN OF VEGREVILLE

Notes to Consolidated Financial Statements

Year Ended December 31, 2013

14. 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).

15. Salary and benefits disclosure

Disclosure of salaries and benefits for 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
R. Coleman, Mayor (Jan-Oct)	\$ 45,300	\$	6,089	\$ 51,389	\$ 59,107
M. Hayduk, Mayor (Oct-Dec)	24,100		5,723	29,823	24,253
J. Cooper	18,200		2,200	20,400	23,086
A. Kozakiewicz	25,100		5,834	30,934	27,140
G. Kurulok	19,400		3,327	22,727	27,466
T. Rudyk	29,700		6,342	36,042	34,358
N. Toroshenko	22,900		5,081	27,981	35,135
M. Brodziak	5,400		1,107	6,507	-
M. Simpson	5,100		1,074	6,174	-
D. Berry	4,700		891	5,591	-
T. MacPhee	3,900		941	4,841	-
Town Manager	148,832		24,973	173,805	155,663
	\$ 352,632	\$	63,582	\$ 416,214	\$ 386,208

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.
3. 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.

TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

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 Alberta Public Sector Pension Plans Act. The LAPP serves about 224,000 people and 428 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 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2013 were \$523,273 (2012 - \$460,230). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2013 were \$476,320 (2012 - \$416,859).

At December 31, 2012, the LAPP disclosed an actuarial deficiency of \$4.635 billion.

17. Commitments and 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.


During 2006, the Town paid out a \$200,000 loan previously guaranteed by the Town for the Vegreville Golf Association. Since 2006, the Town has lent an additional \$60,000 to the Golf Association for operating costs. The total due from the Golf Association at December 31, 2013 is \$221,000 (2012 - \$221,000).

18. Financial instruments

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, 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 receivable 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.



TOWN OF VEGREVILLE
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

19. Subsequent events

Subsequent to the fiscal year end, under motion and approval of council, Plan 7620322 Lot B, formerly known as the TransCanada Building, was put up for sale.

20. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

21. Approval of financial statements

Council and Management have approved these financial statements.

22. Budget amounts

Budget amounts are included for information purposes only and are not audited.