

COUNTY OF ST PAUL NO. 19
Consolidated Financial Statements
Year Ended December 31, 2021

COUNTY OF ST. PAUL NO. 19
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Year Ended December 31, 2021

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the County of St. Paul No. 19 (the Municipality) is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Municipality's financial position as at December 31, 2021, and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

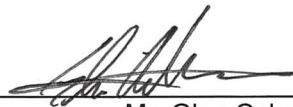
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Municipality's Council is responsible for review of the consolidated financial statements. Council meets regularly with management and annually with the external auditors to discuss the results of audit examinations and financial reporting matters.

Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Synergy Chartered Professional Accountants, independent external auditors appointed by Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Mr. Glen Ockerman,
Reeve



Mrs. Sheila Kitz,
Chief Administrative Officer

St. Paul, Alberta
April 12, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council

Opinion

We have audited the consolidated financial statements of County of St. Paul No. 19 (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2021, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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 Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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 consolidated 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 Municipality'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 Municipality'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 consolidated 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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Vegreville, Alberta
April 12, 2022

Synergy
Chartered Professional Accountants

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Financial Position
December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 15,973,342	\$ 15,270,778
Investments	-	15,000
Taxes and grants in place of taxes receivable <i>(Note 3)</i>	661,920	758,279
Receivable from other governments	1,350,198	627,000
Trade and other receivables	973,683	540,369
Debt charges recoverable <i>(Note 4)</i>	1,071,896	1,218,354
Notes receivable <i>(Note 5)</i>	72,150	81,389
Inventory of land held for resale	33,364	33,364
	20,136,553	18,544,533
LIABILITIES		
Accounts payable and accrued liabilities	2,142,218	1,727,981
Employee benefit obligations <i>(Note 6)</i>	163,938	146,736
Deposit liabilities <i>(Note 7)</i>	43,307	62,789
Deferred revenue <i>(Note 8)</i>	1,675,513	835,643
Gravel reclamation liability <i>(Note 9)</i>	399,401	392,844
Long term debt <i>(Note 10)</i>	8,059,100	8,949,775
	12,483,477	12,115,768
NET FINANCIAL ASSETS	7,653,076	6,428,765
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Schedule 1)</i>	117,438,560	117,827,686
Inventory for consumption <i>(Note 11)</i>	3,272,100	3,396,561
Prepaid expenses	526,519	362,814
	121,237,179	121,587,061
ACCUMULATED SURPLUS <i>(Note 12)(Schedule 2)</i>	\$128,890,255	\$128,015,826
COMMITMENTS AND CONTINGENCIES <i>(Note 13) (Note 14)</i>		

See notes to financial statements

COUNTY OF ST. PAUL NO. 19

Consolidated Statement of Operations and Accumulated Surplus

Year Ended December 31, 2021

	Budget (Unaudited)	2021	2020
REVENUE			
Net municipal taxes (Schedule 3)	\$ 20,050,367	\$ 20,035,864	\$ 21,694,227
User fees and sales of goods	1,896,288	4,695,334	2,055,383
Government transfers for operating (Schedule 4)	2,825,817	2,271,287	1,167,257
Investment income	111,340	196,668	193,698
Penalties and costs of taxes	123,149	173,603	162,718
Licenses and permits	69,914	97,949	138,293
Rentals and leases	83,660	86,010	86,696
Other	429,800	462,302	350,776
	25,590,335	28,019,017	25,849,048
EXPENSES			
Legislative	512,693	496,763	495,085
Administration	3,317,360	3,087,371	2,799,065
Bylaws enforcement	1,529,208	1,537,889	1,430,051
Roads, streets, walks, lighting	16,752,952	18,742,413	17,303,115
Water supply and distribution	1,077,915	1,077,969	808,053
Wastewater treatment and disposal	488,249	522,568	303,074
Waste management	1,471,342	1,374,042	1,380,075
Family and community support	366,900	332,194	400,427
Agriculture services	880,093	895,580	703,297
Subdivision land development	290,916	209,557	226,757
Parks and recreation	1,485,304	1,415,513	1,503,474
Library	245,021	221,833	231,965
	28,417,953	29,913,692	27,584,438
SHORTFALL OF REVENUE OVER EXPENSES BEFORE TRANSFERS FOR CAPITAL			
	(2,827,618)	(1,894,675)	(1,735,390)
Government transfers for capital (Schedule 5)	4,250,185	2,769,104	2,735,002
EXCESS OF REVENUE OVER EXPENSES			
	1,422,567	874,429	999,612
ACCUMULATED SURPLUS - BEGINNING OF YEAR			
	128,015,826	128,015,826	127,016,214
ACCUMULATED SURPLUS - END OF YEAR			
	\$129,438,393	\$128,890,255	\$128,015,826

See notes to financial statements

COUNTY OF ST. PAUL NO. 19

Consolidated Statement of Changes in Net Financial Assets

Year Ended December 31, 2021

	Budget (Unaudited)	2021	2020
EXCESS OF REVENUE OVER EXPENSES	\$ 1,422,567	\$ 874,429	\$ 999,612
Acquisition of tangible capital assets	(9,007,063)	(6,514,867)	(5,016,319)
Proceeds on disposal of tangible capital assets	-	516,871	265,115
Loss on disposal of tangible capital assets	64,377	339,471	162,920
Amortization of tangible capital assets	5,551,986	5,712,872	5,769,859
Amortization added to tangible capital assets	378,635	334,779	294,685
	(3,012,065)	389,128	1,476,261
Decrease (increase) in prepaid expenses	-	(163,704)	(292,261)
Decrease (increase) in inventory for consumption	-	124,460	(485,850)
	-	(39,244)	(778,111)
	(3,012,065)	349,882	698,149
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(1,589,498)	1,224,311	1,697,761
NET FINANCIAL ASSETS - BEGINNING OF YEAR	6,428,765	6,428,765	4,731,004
NET FINANCIAL ASSETS - END OF YEAR	\$ 4,839,267	\$ 7,653,076	\$ 6,428,765

See notes to financial statements

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 874,429	\$ 999,612
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	5,712,872	5,769,859
Amortization added to tangible capital assets	334,779	294,685
Loss on disposal of tangible capital assets	339,471	162,920
	7,261,551	7,227,076
Non-cash charges to operations (net change):		
Taxes and grants in place of taxes receivable	96,359	96,312
Receivable from other governments	(723,198)	407,925
Trade and other receivables	(433,314)	475,610
Accounts payable and accrued liabilities	414,236	8,282
Employee benefit obligations	17,202	(90,693)
Deferred revenue	839,870	457,385
Deposit liabilities	(19,482)	-
Gravel reclamation liability	6,557	268,844
Inventory for consumption	124,461	(485,851)
Prepaid expenses	(163,705)	(292,261)
	158,986	845,553
Cash provided by operating transactions	7,420,537	8,072,629
CAPITAL		
Purchase of tangible capital assets	(6,514,867)	(5,016,319)
Proceeds on disposal of tangible capital assets	516,871	265,115
Cash applied to capital transactions	(5,997,996)	(4,751,204)
FINANCING		
Repayment of long term debt	(890,674)	(859,324)
Debt charges recoverable	146,458	138,904
Notes receivable	9,239	(31,889)
Cash applied to financing transactions	(734,977)	(752,309)
INVESTING		
Change in restricted cash or cash equivalents	(820,388)	(457,384)
Investments	15,000	(15,000)
Cash applied to investing transactions	(805,388)	(472,384)
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(117,824)	2,096,732
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,372,346	12,275,614
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 14,254,522	\$ 14,372,346

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COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Cash Flows *(continued)*
Year Ended December 31, 2021

	2021	2020
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ 191,669	\$ 190,661
Interest paid	\$ 319,092	\$ 359,087
CASH CONSISTS OF:		
Cash and cash equivalents <i>(Note 2)</i>	\$ 15,973,342	\$ 15,270,778
Restricted cash or cash equivalents <i>(Note 2)</i>	(1,718,820)	(898,432)
	\$ 14,254,522	\$ 14,372,346

See notes to financial statements

COUNTY OF ST. PAUL NO. 19
Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2021

(Schedule 1)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2021	2020
COST								
BALANCE, BEGINNING OF YEAR	\$ 8,823,981	\$ 751,949	\$ 9,072,875	\$ 148,345,835	\$ 26,910,480	\$ 9,569,186	\$ 203,474,306	\$ 199,703,463
Acquisition of tangible capital assets	-	135,758	-	4,665,286	1,182,089	198,873	6,182,006	4,603,878
Construction-in-progress additions	-	-	-	332,861	-	-	332,861	412,441
Disposal of tangible capital assets	-	(9,626)	-	(2,620,174)	(930,502)	(348,644)	(3,908,946)	(1,245,476)
BALANCE, END OF YEAR	\$ 8,823,981	\$ 878,081	\$ 9,072,875	\$ 150,723,808	\$ 27,162,067	\$ 9,419,415	\$ 206,080,227	\$ 203,474,306
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	\$ -	\$ 320,989	\$ 2,081,878	\$ 67,112,775	\$ 11,408,701	\$ 4,722,277	\$ 85,646,620	\$ 80,399,516
Annual amortization	-	39,350	185,747	3,733,444	1,535,886	553,224	6,047,651	6,064,544
Accumulated amortization on disposals	-	(9,305)	-	(2,275,151)	(525,500)	(242,648)	(3,052,604)	(817,440)
BALANCE, END OF YEAR	\$ -	\$ 351,034	\$ 2,267,625	\$ 68,571,068	\$ 12,419,087	\$ 5,032,853	\$ 88,641,667	\$ 85,646,620
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 8,823,981	\$ 527,047	\$ 6,805,250	\$ 82,152,740	\$ 14,742,980	\$ 4,386,562	\$ 117,438,560	\$ 117,827,686
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 8,823,981	\$ 430,960	\$ 6,990,977	\$ 81,233,060	\$ 15,501,779	\$ 4,846,909	\$ 117,827,686	

See notes to financial statements

COUNTY OF ST. PAUL NO. 19

Consolidated Schedule of Changes in Accumulated Surplus

(Schedule 2)

Year Ended December 31, 2021

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020
BALANCE BEGINNING OF YEAR	\$ 6,807,520	\$ 10,893,950	\$110,314,356	\$128,015,826	\$127,016,214
Excess of revenues over expenses	874,429	-	-	874,429	999,612
Unrestricted funds designated for future use	(1,079,720)	1,079,720	-	-	-
Restricted funds used for operations	269,168	(269,168)	-	-	-
Restricted funds used for tangible capital assets	-	(226,295)	226,295	-	-
Current year funds used for tangible capital assets	(6,288,572)	-	6,288,572	-	-
Disposal of tangible capital assets	856,342	-	(856,342)	-	-
Annual amortization expense	6,047,651	-	(6,047,651)	-	-
Long term debt repaid	(636,378)	-	636,378	-	-
CHANGE IN ACCUMULATED SURPLUS	42,920	584,257	247,252	874,429	999,612
BALANCE END OF YEAR	\$ 6,850,440	\$ 11,478,207	\$110,561,608	\$128,890,255	\$128,015,826

See notes to financial statements

COUNTY OF ST. PAUL NO. 19**Consolidated Schedule of Property and Other Taxes****(Schedule 3)****Year Ended December 31, 2021**

	Budget (Unaudited)	2021	2020
TAXATION			
Residential land and improvements	\$ 6,348,191	\$ 6,327,466	\$ 6,061,652
Farmland	1,245,849	1,246,595	1,251,438
Non-residential land and improvements	2,238,513	2,231,698	2,320,309
Machinery and equipment	6,710,354	6,709,697	7,648,802
Linear property	8,499,662	8,499,590	9,189,658
	25,042,569	25,015,046	26,471,859
REQUISITIONS			
Alberta School Foundation	4,252,278	4,251,527	4,302,223
M.D. of St. Paul Foundation	669,924	669,924	410,782
Designated Industrial Property	70,000	57,731	64,627
	4,992,202	4,979,182	4,777,632
NET MUNICIPAL TAXES	\$ 20,050,367	\$ 20,035,864	\$ 21,694,227

COUNTY OF ST. PAUL NO. 19**Consolidated Schedule of Government Transfers for Operating
Year Ended December 31, 2021****(Schedule 4)**

	Budget (Unaudited)	2021	2020
TRANSFERS FOR OPERATING			
Provincial grants	\$ 2,188,408	\$ 2,038,655	\$ 925,787
Local government grants	609,209	202,727	219,184
Federal grants	28,200	29,905	22,286
	\$ 2,825,817	\$ 2,271,287	\$ 1,167,257

Consolidated Schedule of Government Transfers for Capital**(Schedule 5)**

	Budget (Unaudited)	2021	2020
TRANSFERS FOR CAPITAL			
Provincial grants	\$ 3,862,905	\$ 2,250,481	\$ 2,358,087
Federal grants	387,280	518,623	376,915
	\$ 4,250,185	\$ 2,769,104	\$ 2,735,002

Consolidated Schedule of Consolidated Expenses by Object**(Schedule 6)**

	Budget (Unaudited)	2021	2020
EXPENSES			
Salaries, wages and benefits	\$ 9,625,030	\$ 9,682,166	\$ 9,526,724
Contract and general services	4,341,919	4,120,722	3,383,472
Materials, goods and utilities	6,284,587	7,530,780	6,267,486
Provision for allowances (recovery)	49,136	95,664	(15,912)
Transfers to other governments	1,211,837	1,169,222	1,103,852
Transfers to local boards	966,128	950,848	1,034,192
Bank charges and short term interest	14,682	11,635	18,971
Interest on capital long term debt	243,673	237,721	259,034
Interest on operating long term debt	64,598	62,591	73,840
Amortization of tangible capital assets	5,551,986	5,712,872	5,769,859
Loss on disposal of tangible capital assets	64,377	339,471	162,920
	\$ 28,417,953	\$ 29,913,692	\$ 27,584,438

COUNTY OF ST. PAUL NO. 19
Consolidated Schedule of Segmented Disclosures
Year Ended December 31, 2021

(Schedule 7)

	General Government	Protective Services	Transportation Services	Planning, Development & ASB	Recreation, Culture & Family	Environmental Services	2021
REVENUE							
Net municipal taxes	\$ 20,035,864	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,035,864
User fees and sales of goods	15,797	200,315	3,303,842	27,817	306,835	840,728	4,695,334
Government transfers	616,190	123,946	3,740,967	123,907	422,978	12,403	5,040,391
Investment income	196,668	-	-	-	-	-	196,668
Other revenues	398,421	41,452	266,305	113,686	-	-	819,864
	21,262,940	365,713	7,311,114	265,410	729,813	853,131	30,788,121
EXPENSES							
Salaries and wages	1,629,219	223,217	6,046,004	502,381	430,008	851,337	9,682,166
Contract and general services	1,420,682	296,267	1,144,292	155,570	323,521	780,390	4,120,722
Materials, goods and utilities	108,059	121,655	6,269,022	389,945	210,896	431,203	7,530,780
Transfers to local boards/other governments	195,443	674,244	35,302	-	940,907	274,174	2,120,070
Long-term debt interest	-	43,017	123,204	-	-	71,500	237,721
Other expenses	169,890	-	364,630	(9,700)	(9,679)	(5,780)	509,361
	3,523,293	1,358,400	13,982,454	1,038,196	1,895,653	2,402,824	24,200,820
NET REVENUE BEFORE AMORTIZATION	17,739,647	(992,687)	(6,671,340)	(772,786)	(1,165,840)	(1,549,693)	6,587,301
Amortization expense	60,841	179,488	4,759,958	66,942	73,888	571,755	5,712,872
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ 17,678,806	\$ (1,172,175)	\$ (11,431,298)	\$ (839,728)	\$ (1,239,728)	\$ (2,121,448)	\$ 874,429

See notes to financial statements

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the County of St. Paul No. 19 (the Municipality) 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 Municipality 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 Municipality 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 include trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

Revenue recognition

a) Tax revenue

Tax revenues are recognized at the time tax notices are issued. Requisitions operate as a flow through and are excluded from municipal revenue.

Property tax revenue is based on market value of assessments determined in accordance with the Municipal Government Act. Tax rates are established annually. Assessments are subject to appeal.

b) 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. The Municipality recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances the Municipality recognizes revenue as the liability is settled.

c) Sales of goods and services

Sales of goods and services revenue is recognized in the period when the related expenses are incurred, services are performed or goods are acquired.

d) Penalties, investment income, licenses and permits

Penalties and costs of taxes, investment income and licenses and permits revenue is recognized as it is earned, measurable and receivable.

e) Other revenues

Other revenue sources, such as land rent, lease revenue, donations and other miscellaneous revenue is recognized as it is earned, measurable and receivable.

(continues)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles for local governments established by the Canadian public sector accounting standards 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 consolidated financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. The main estimates relate to:

- a) Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.
- b) The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets are areas where management makes significant estimates and assumptions in determining the amount to be recorded in the consolidated financial statements.
- c) Internally constructed tangible capital assets, mainly consisting of roads, are costed by using internal documents to determine the costs of the various components of the construction. Such documents include costing reports for projects, machines, timesheets etc.
- d) Gravel inventory is costed by a similar method using internal documents to determine the cost of crushing. As uncertainty inherently exists in the accurateness of these documents, actual results could differ from the accumulated costs.
- e) Gravel reclamation liabilities are based on estimates and assumptions using the information available at the end of the reporting period. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total liabilities and will be recognized prospectively, as a change in estimate, when applicable.

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.

Valuation of financial assets and liabilities

The Municipality's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Short term investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Loan receivable and debt charges recoverable	Amortized
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long term debt	Amortized cost

(*continues*)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

1. **SIGNIFICANT ACCOUNTING POLICIES** (*continued*)

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents include term deposits, if applicable, with an original maturity at date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value. There were no term deposits meeting this criteria in 2021.

Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long term debt.

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.

Inventory of 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 physical assets under the respective function.

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.

(*continues*)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

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	15-25
Buildings	10-50
Engineered structures	
Roads	20-40
Bridges	24-129
Water system	30-75
Wastewater system	45-75
Machinery and equipment	2-15
Vehicles	10-25

One-half of the annual amortization is recorded in the year of acquisition, or in the year the asset is put into service or constructed. No amortization is calculated in the year of disposal.

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 of materials and supplies for consumption are valued at the lower of cost or net realizable value with the cost being determined by the average cost method. Gravel inventory is valued at the amount of royalty plus crushing costs.

Impairment of long lived assets

The Municipality tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Future changes in significant accounting policies

The following accounting standards have been issued by the Chartered Professional Accountants of Canada (CPA Canada) but are not yet effective for the Municipality. The Municipality is currently evaluating the effect of adopting these standards, which it expects to do in fiscal year 2022.

(*continues*)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Section 3280, "Asset retirement obligations (ARO)", which is effective for years, beginning on or after April 1, 2022. This Section now includes requirements on how to account and report a liability for asset retirement obligations (ARO). This Section identifies the main attributes of an ARO and provides guidance on how to establish the fair value of the ARO. This standard is effective for fiscal periods beginning on or after April 1, 2022. Early adoption is permitted.

Section 3450, "Financial instruments", which is effective for years, beginning on or after April 1, 2022. This Section now includes requirements to recognize and measure 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.

Section 3400, "Revenue", which is effective for years, beginning on or after April 1, 2023. This Section now establishes standards on how to account for and report on revenue. This section differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. The new section applies to fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.

Budget figures

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

2. CASH AND CASH EQUIVALENTS

	2021	2020
Cash	\$ 15,973,342	\$ 15,270,778

The Municipality has an authorized revolving loan with a limit of \$7,000,000 and bears interest at prime plus 0.5%. The balance outstanding at December 31, 2021 was NIL (2020 - NIL)

Council has designated funds of \$11,478,207 (2020 - \$10,893,950) included in the above amounts for restricted surplus.

Included in cash is a restricted amount of \$1,718,820 (2020 - \$898,432) comprised of \$43,307 (2020 - \$62,789) of deposit liabilities, \$1,675,513 (2020 - \$835,643) of deferred revenue received from various sources and held exclusively for approved projects (*Note 7*) and (*Note 8*) respectively.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2021	2020
Current	\$ 483,668	\$ 488,899
Arrears	337,229	414,711
	820,897	903,610
Less: allowance for doubtful accounts	(158,977)	(145,331)
	\$ 661,920	\$ 758,279

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

4. DEBT CHARGES RECOVERABLE

	2021	2020
Current debt charges recoverable	\$ 154,428	\$ 146,458
Non-current debt charges recoverable	917,468	1,071,896
	\$ 1,071,896	\$ 1,218,354

Principal and interest repayments are as follows:

	Principal	Interest	Total
2022	\$ 154,428	\$ 52,371	\$ 206,799
2023	162,835	43,964	206,799
2024	68,962	35,095	104,057
2025	72,282	31,775	104,057
2026	75,762	28,295	104,057
Thereafter	537,627	86,712	624,339
	\$ 1,071,896	\$ 278,212	\$ 1,350,108

In prior years, the Municipality has assumed debenture financing on behalf of the M.D. of St. Paul Foundation totaling \$3,016,983. However, \$3,016,983 plus interest is recoverable from the M.D. of St. Paul Foundation with respect to this financing. Amounts are recoverable in annual blended instalments maturing between December 1, 2023 and December 17, 2032.

5. NOTES RECEIVABLE

	2021	2020
St. Paul Quarterback Club - site renovations	\$ 38,500	\$ 44,000
Mallaig & District Agricultural Society - equipment	18,900	21,000
Mallaig & District Agricultural Society - renovations	14,750	16,389
	\$ 72,150	\$ 81,389

Repayment terms are approximately:

2022	\$ 9,239
2023	9,239
2024	9,239
2025	9,239
2026	9,239
Thereafter	25,955
	\$ 72,150

The Municipality has provided funding to local not-for-profit organizations, to assist with equipment purchases and site renovations. The notes receivable are non-interest bearing and receivable in equal annual instalments. The notes will be fully repaid in 2028 and 2030.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

6. EMPLOYEE BENEFIT OBLIGATIONS

	2021	2020
Vacation	\$ 67,889	\$ 64,715
Overtime	96,049	82,021
	\$ 163,938	\$ 146,736

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. The Municipality has accumulating non-vesting sick leave benefits.

7. DEPOSIT LIABILITIES

	2021	2020
Tax sale surplus	\$ 43,307	\$ 62,789

Tax sale surplus consists of surplus funds received from land sold at public auction. These funds are payable to the previous ratepayer under the the guidelines set out in the Municipal Government Act.

8. DEFERRED REVENUE

	2021	2020
Municipal Sustainability Initiative - Capital	\$ 1,282,000	\$ -
Alberta Community Partnership - Elk Point Area Structure Plan South	144,892	-
Alberta Community Partnership - Stormwater Management	3,862	135,327
Alberta Community Partnership - Regional Economic Development	-	91,000
Alberta Community Partnership - Rural Intermunicipal Collaboration Framework	-	7,383
LMP Grant - Education development	75,000	-
STIP - Moosehills Slide	59,238	65,141
MCS Net prepaid lease	22,750	34,125
Municipal Energy Manager	22,118	-
Subdivision warranty	10,000	10,000
Bridges grant	3,514	3,514
Prepaid land lease	994	1,516
Municipal Operating Support Transfer (MOST)	-	468,040
FCSS January - March 2022	51,145	17,049
New Horizons Grant	-	2,548
	\$ 1,675,513	\$ 835,643

Deferred revenue is comprised of funding from various grant programs, organizations and individuals, that are unspent at the end of the current year. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements or as indicated. This revenue is recognized in the period when the related expenses are incurred, services performed or tangible capital assets are put into use.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

9. GRAVEL RECLAMATION LIABILITY

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Municipality is required to fund the reclamation of certain land used for the extraction of aggregate material. Reclamation requirements have been defined in accordance with industry standards and includes re-vegetation of sites and backsloping required upon closure. The Municipality owns and operates aggregate extraction sites. The aggregate is used for road maintenance and construction projects within the Municipality. An amount of \$399,401 (2020 - \$392,844) has been accrued.

Gravel reclamation liabilities are based on pits which are ready for reclamation and do not take into account undisturbed sites. Liabilities are based on estimates and assumptions by management using information available at the end of the reporting period, actual results may vary.

10. LONG TERM DEBT

	2021	2020
Self supported debentures	\$ 6,987,204	\$ 7,731,421
Debentures recoverable (Note 4)	1,071,896	1,218,354
	\$ 8,059,100	\$ 8,949,775

Principal and interest repayments are as follows:

	Principal	Interest	Total
2022	\$ 923,247	\$ 275,696	\$ 1,198,943
2023	844,372	242,475	1,086,847
2024	774,278	209,827	984,105
2025	802,214	181,891	984,105
2026	831,177	152,928	984,105
Thereafter	3,883,812	676,874	4,560,686
	\$ 8,059,100	\$ 1,739,691	\$ 9,798,791

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.226% to 5.875% per annum, matures in periods 2022 through 2048. The average annual interest rate is 3.508% (2020 - 3.508%).

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

Interest on long term debt amounted to \$301,638 (2020 - \$332,874).

The Municipality's total cash payments for interest were \$311,948 (2020 - \$351,844).

(continues)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

10. LONG TERM DEBT (continued)

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 County of St. Paul No. 19 be disclosed as follows:

	2021	2020
Total debt limit	\$ 42,028,526	\$ 38,773,572
Total debt (including loan guarantees)	(7,042,872)	(7,798,781)
Amount of debt limit unused	\$ 34,985,654	\$ 30,974,791
Debt servicing limit	\$ 7,004,754	\$ 6,462,262
Debt servicing	(992,144)	(992,144)
Amount of debt servicing limit unused	\$ 6,012,610	\$ 5,470,118

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.

11. INVENTORY FOR CONSUMPTION

Municipal inventories consist of the following:

	2021	2020
Public Works gravel	\$ 2,364,872	\$ 2,563,805
Public Works coldmix	147,799	149,511
Public Works sand and salt	73,703	111,845
Public Works miscellaneous	662,150	527,664
Agricultural services	23,576	43,736
	\$ 3,272,100	\$ 3,396,561

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

12. ACCUMULATED SURPLUS

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

	2021	2020
Unrestricted surplus	\$ 6,850,440	\$ 6,807,520
Restricted surplus		
Reserve for future expenditures	9,330,000	8,905,000
Operating reserve	121,842	121,842
Debt reduction	96,034	96,034
Transportation	35,147	35,147
Community reserve	654,890	694,059
Fire	179,620	221,630
Fire capital replacement	505,795	504,000
Waste management	240,000	120,000
Public reserve trust	192,529	196,238
Gravel Levy	122,350	-
Restricted surplus	11,478,207	10,893,950
Equity in tangible capital assets		
Tangible capital assets (<i>Schedule 1</i>)	206,080,227	203,474,306
Accumulated amortization (<i>Schedule 1</i>)	(88,641,667)	(85,646,620)
Long term debt - capital	(6,876,952)	(7,513,330)
Equity in tangible capital assets	110,561,608	110,314,356
	\$128,890,255	\$128,015,826

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

13. COMMITMENTS

The Municipality has committed to purchasing four CAT graders, one Kenworth truck and a Rosenbauer rescue pumper for a total cost of \$3,584,089 plus GST.

The Municipality through joint agreement provides funds for operations of the Family and Community Support services. The amounts presented in the consolidated financial statements represent only the County portion of contributions made to F.C.S.S.

The Municipality has a five year contract, effective March 15, 2021, for the provision of managed information technology services at a minimum of \$69,120 annually.

The Municipality has long term leases with respect to its office equipment and vehicles. The leases contain renewal options and provides maintenance service and minor maintenance. Future minimum lease payments as at December 31, 2021, are as follows:

2022	\$ 179,435
2023	143,737
2024	91,267
2025	71,087
2026	24,235
	<u>\$ 509,761</u>

14. CONTINGENCIES

The Municipality has guaranteed one half of a prime plus 2.0% Servus Credit Union line of credit for the Elk Point Regional Allied Arts Society. As at December 31, 2021, the line of credit balance was NIL (2020 - NIL), therefore the Municipality's guarantee would be limited to NIL (2020 - NIL).

The Municipality has guaranteed one half of a prime plus 2.0% Servus Credit Union term loan for the Elk Point Regional Allied Arts Society. As at December 31, 2021, the loan balance was \$111,335 (2020 - \$134,719), therefore the Municipality's guarantee would be limited to \$55,668 (2020 - \$67,360).

15. COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

COVID-19 has not had a significant impact on the Municipality. The Municipality has recorded funding received under the Municipal Operating Support Transfer grant, in the amount of \$468,040.

The increased global uncertainty may directly impact the cost of property, plant and equipment. The financial effects have been minimal to date. However, the Municipality is uncertain of the future effects of the pandemic on its consolidated financial statements. Any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

16. RELATED PARTY TRANSACTIONS

There were no reportable related party transactions for the 2021 year.

COUNTY OF ST. PAUL NO. 19**Notes to Consolidated Financial Statements****Year Ended December 31, 2021****17. SALARY, CONTRACTS AND BENEFITS DISCLOSURE**

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

		Salary		Benefits & Allowances		2021		2020	
Reeve	Ockerman	\$	10,393	\$	1,285	\$	11,678	\$	-
	Upham		58,071		7,183		65,254		80,652
Deputy Reeve	Fodness		64,305		7,972		72,277		68,975
Councilors	Dechaine		7,993		1,125		9,118		-
	Hedrick		55,515		7,493		63,008		62,873
	Krekoski		12,239		1,392		13,631		-
	Wirsta		57,814		8,815		66,629		65,017
	Younghans		48,145		6,974		55,119		49,047
	Amyotte		50,360		6,554		56,914		76,005
	Martin		40,218		5,836		46,054		57,515
CAO	Kitz		175,910		34,368		210,278		217,746
Designated Officers	6 positions		437,115		41,097		478,212		587,962

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. If an automobile is provided, no amount is included in the benefits and allowances figure.
4. 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.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

18. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipality participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the *Public Sector Pension Plans Act*. 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 Municipality is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount.

Total current service contributions by the Municipality to the LAPP in 2021 were \$751,549 (2020 - \$751,485). Total current service contributions by the employees of the Municipality to the Local Authorities Pension Plan in 2021 were \$671,489 (2020 - \$680,2017).

At December 31, 2020, the LAPP disclosed an actuarial deficiency of \$4.96 billion.

19. SEGMENTED DISCLOSURE

The Municipality 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 consolidated financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 7).

General government includes council and other legislative, and general administration. Protective services includes fire. Transportation services includes roads, streets, walks and lighting. Planning, development and ASB includes land use planning, zoning and subdivision land and development and Agricultural Service Board. Recreation, culture and family includes parks and recreation, libraries, and Family and Community Support Services. Environmental services includes water supply and distribution, wastewater treatment and disposal, and waste management.

20. FINANCIAL INSTRUMENTS

The Municipality initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The Municipality's financial instruments consist of all financial assets and liabilities. It is management's opinion that the Municipality is not exposed to significant interest or currency risks arising from these financial instruments.

The Municipality is subject to credit risk with respect to receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipality provides services may experience financial difficulty and be unable to fulfil 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.

21. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these consolidated financial statements.