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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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Management of the County of St. Paul No. 19 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, 2019, 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 carries out its responsibilities for review of the consolidated financial statements principally through its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Audit Committee with and without the presence of management. The Municipality's Council has approved the consolidated financial statements.

The integrity and reliability of County of St. Paul No. 19's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.



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Mr Steve Upham, Reeve



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Mrs Sheila Kitz, CAO

St. Paul, Alberta  
April 14, 2020

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Box 157, 4918 50 Avenue, Vegreville, Alberta T9C 1R2

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of County of St. Paul No. 19

### *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, 2019, and the consolidated statements of operations and accumulated surplus 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, 2019, and the consolidated results of its operations and consolidated 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 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.

### *Emphasis of Matter*

We draw attention to Note 15 to the financial statements concerning the worldwide spread of a novel coronavirus known as COVID-19 subsequent to year-end. Our opinion is not modified in respect of this matter.

### *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.

### *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.

(continues)

## Independent Auditor's Report to the Members of County of St. Paul No. 19 *(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 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 for 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### *Report on Other Legal and Regulatory Requirements*

#### Debt Limit Regulation

- In accordance with Alberta Regulation 255/00, we confirm that the Municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in Note 10.

#### Supplementary Accounting Principles and Standards Regulation

- In accordance with Alberta Regulation 313/00, we confirm that the Municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 2.

The engagement partner on the audit resulting in this independent auditor's report is Shawn Warrington, C.P.A., C.A.

Vegreville, Alberta  
April 14, 2020

*Synergy*  
Chartered Professional Accountants





**COUNTY OF ST. PAUL NO. 19**  
**Consolidated Statement of Financial Position**  
**December 31, 2019**

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents <i>(Note 4)</i>	\$ 12,716,661	\$ 9,285,739
Taxes and grants in place of taxes receivable <i>(Note 5)</i>	854,591	757,246
Receivable from other governments	690,534	5,135,491
Trade and other receivables	1,360,370	1,521,100
Debt charges recoverable <i>(Note 6)</i>	1,357,258	1,489,000
Inventory of land held for resale	33,364	33,364
Notes receivable	49,500	-
	<b>17,062,278</b>	<b>18,221,940</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,843,699	2,905,055
Employee benefit obligations <i>(Note 7)</i>	237,429	221,940
Deposit liabilities <i>(Note 8)</i>	62,789	64,022
Deferred revenue <i>(Note 9)</i>	378,258	328,638
Long term debt <i>(Note 10)</i>	9,809,099	10,743,421
	<b>12,331,274</b>	<b>14,263,076</b>
<b>NET FINANCIAL ASSETS</b>	<b>4,731,004</b>	<b>3,958,864</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Schedule 1)</i>	119,303,947	116,785,455
Inventory for consumption <i>(Note 11)</i>	2,910,710	3,685,633
Prepaid expenses	70,553	262,571
	<b>122,285,210</b>	<b>120,733,659</b>
<b>ACCUMULATED SURPLUS <i>(Note 12)(Schedule 2)</i></b>	<b>\$127,016,214</b>	<b>\$124,692,523</b>

COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS *(Note 13), (Note 14) and (Note 15)*

ON BEHALF OF THE COUNTY OF ST. PAUL NO. 19

  
 \_\_\_\_\_ Reeve

  
 \_\_\_\_\_ Chief Administrative Officer

**COUNTY OF ST. PAUL NO. 19**

**Consolidated Statement of Operations and Accumulated Surplus**

**Year Ended December 31, 2019**

	Budget (Unaudited)	2019	2018
<b>REVENUES</b>			
Net municipal taxes <i>(Schedule 3)</i>	\$ 22,449,882	<b>\$ 22,402,158</b>	\$ 22,259,725
User fees and sales of goods	1,595,470	<b>2,332,890</b>	2,716,696
Government transfers for operating <i>(Schedule 4)</i>	1,123,236	<b>948,680</b>	1,153,232
Investment income	127,327	<b>333,018</b>	358,927
Penalties and costs of taxes	110,025	<b>174,842</b>	182,992
Licenses and permits	122,622	<b>127,999</b>	205,148
Rentals and leases	88,597	<b>86,627</b>	68,182
Other	603,136	<b>642,555</b>	731,998
	26,220,295	<b>27,048,769</b>	27,676,900
<b>EXPENSES</b>			
Legislative	622,580	<b>617,437</b>	566,162
Administration	3,728,046	<b>3,324,172</b>	3,287,627
Bylaws enforcement	1,280,115	<b>1,215,108</b>	1,112,828
Roads, streets, walks, lighting	16,963,204	<b>17,576,201</b>	15,623,720
Water supply and distribution	1,330,806	<b>1,170,367</b>	1,731,963
Wastewater treatment and disposal	487,658	<b>378,476</b>	295,292
Waste management	1,416,342	<b>1,404,753</b>	1,395,575
Family and community support	371,956	<b>400,656</b>	416,112
Agriculture services	949,122	<b>822,643</b>	840,700
Subdivision land development	354,511	<b>286,033</b>	472,999
Parks and recreation	1,298,102	<b>1,132,801</b>	1,182,796
Library	240,423	<b>244,773</b>	225,955
	29,042,865	<b>28,573,420</b>	27,151,729
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	(2,822,570)	<b>(1,524,651)</b>	525,171
<b>OTHER</b>			
Contributed assets <i>(Note 16)</i>	-	<b>220,000</b>	694,059
Government Transfers for Capital <i>(Schedule 5)</i>	6,753,101	<b>3,628,342</b>	11,587,552
	6,753,101	<b>3,848,342</b>	12,281,611
<b>EXCESS OF REVENUE OVER EXPENSES</b>	3,930,531	<b>2,323,691</b>	12,806,782
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	124,692,523	<b>124,692,523</b>	111,885,741
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	\$128,623,054	<b>\$127,016,214</b>	\$124,692,523

**COUNTY OF ST. PAUL NO. 19**

**Consolidated Statement of Change in Net Financial Assets (Debt)**

**Year Ended December 31, 2019**

	Budget (Unaudited)	2019	2018
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 3,930,531	<b>\$ 2,323,691</b>	\$ 12,806,782
Amortization of tangible capital assets	5,327,245	<b>5,393,992</b>	4,986,292
Amortization added to tangible capital assets	373,552	<b>416,637</b>	493,941
Proceeds on disposal of tangible capital assets	-	<b>637,020</b>	849,967
Loss/(gain) on sale of tangible capital assets	(159,174)	<b>150,544</b>	(2,111)
Acquisition of tangible capital assets	(14,613,864)	<b>(9,116,685)</b>	(14,448,316)
Change in inventories and prepaid expenses	-	<b>966,941</b>	(81,655)
(INCREASE) DECREASE IN NET DEBT	(5,141,710)	<b>772,140</b>	4,604,900
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	3,958,864	<b>3,958,864</b>	(646,036)
NET FINANCIAL ASSETS, END OF YEAR	\$ (1,182,846)	<b>\$ 4,731,004</b>	\$ 3,958,864

**COUNTY OF ST. PAUL NO. 19**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2019**

	2019	2018
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenue over expenses	\$ 2,323,691	\$ 12,806,782
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	5,393,992	4,986,292
Amortization added to tangible capital assets	416,637	493,941
Loss/(gain) on sale of tangible capital assets	150,544	(2,111)
Contributed tangible capital assets	(220,000)	-
	<b>8,064,864</b>	<b>18,284,904</b>
Non-cash charges to operations (net change):		
Taxes and grants in place of taxes receivable	(97,345)	(40,174)
Receivable from other governments	4,444,957	(2,885,386)
Trade and other receivables	160,730	(20,138)
Accounts payable and accrued liabilities	(1,061,354)	207,020
Employee benefit obligations	15,489	67,792
Deferred revenue	49,620	(891,716)
Inventory for consumption	774,923	(56,730)
Prepaid expenses	192,018	(24,924)
	<b>4,479,038</b>	<b>(3,644,256)</b>
Cash flow from operating transactions	<b>12,543,902</b>	<b>14,640,648</b>
<b>CAPITAL</b>		
Purchase of tangible capital assets	(8,896,685)	(14,448,316)
Proceeds on disposal of tangible capital assets	637,020	849,967
Cash flow used by capital transactions	<b>(8,259,665)</b>	<b>(13,598,349)</b>
<b>FINANCING</b>		
Proceeds from long term financing	-	720,120
Repayment of long term debt	(934,323)	(1,600,514)
Debt charges recoverable	131,742	124,952
Notes receivable	(49,500)	-
Cash flow from (used by) financing transactions	<b>(852,081)</b>	<b>(755,442)</b>
<b>INVESTING</b>		
Change in restricted cash or cash equivalents	(49,621)	891,717
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>3,382,535</b>	<b>1,178,574</b>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<b>8,893,079</b>	<b>7,714,505</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 12,275,614</b>	<b>\$ 8,893,079</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest received	\$ 330,471	\$ 355,907
Interest paid	\$ 406,197	\$ 424,113
<b>CASH CONSISTS OF:</b>		
Cash and cash equivalents (Note 4)	\$ 12,716,661	\$ 9,285,739
Restricted cash or cash equivalents (Note 4)	(441,047)	(392,660)
	<b>\$ 12,275,614</b>	<b>\$ 8,893,079</b>

**COUNTY OF ST. PAUL NO. 19**  
**Consolidated Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2019**

**(Schedule 1)**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Assets under construction	2019	2018
<b>COST</b>									
BALANCE, BEGINNING OF YEAR	\$ 8,816,813	\$ 751,949	\$ 8,837,835	\$ 129,698,737	\$ 24,241,291	\$ 9,413,728	\$ 11,095,366	\$ 192,855,719	\$ 180,663,666
Acquisition of tangible capital assets	268	-	15,040	5,729,980	2,231,825	358,174	561,398	8,896,685	14,448,316
Contributed tangible capital assets	-	-	220,000	-	-	-	-	220,000	-
Construction-in-progress	6,900	-	-	11,088,466	-	-	(11,095,366)	-	-
Disposal of tangible capital assets	-	-	-	(1,072,883)	(801,951)	(394,107)	-	(2,268,941)	(2,256,263)
<b>BALANCE, END OF YEAR</b>	<b>\$ 8,823,981</b>	<b>\$ 751,949</b>	<b>\$ 9,072,875</b>	<b>\$ 145,444,300</b>	<b>\$ 25,671,165</b>	<b>\$ 9,377,795</b>	<b>\$ 561,398</b>	<b>\$ 199,703,463</b>	<b>\$ 192,855,719</b>
<b>ACCUMULATED AMORTIZATION</b>									
BALANCE, BEGINNING OF YEAR	\$ -	\$ 250,056	\$ 1,711,743	\$ 60,992,958	\$ 8,973,836	\$ 4,141,671	\$ -	\$ 76,070,264	\$ 71,998,439
Annual amortization	-	35,466	184,389	3,474,129	1,563,776	552,869	-	5,810,629	5,480,233
Accumulated amortization on disposals	-	-	-	(900,590)	(446,768)	(134,019)	-	(1,481,377)	(1,408,408)
<b>BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 285,522</b>	<b>\$ 1,896,132</b>	<b>\$ 63,566,497</b>	<b>\$ 10,090,844</b>	<b>\$ 4,560,521</b>	<b>\$ -</b>	<b>\$ 80,399,516</b>	<b>\$ 76,070,264</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSET</b>	<b>\$ 8,823,981</b>	<b>\$ 466,427</b>	<b>\$ 7,176,743</b>	<b>\$ 81,877,803</b>	<b>\$ 15,580,321</b>	<b>\$ 4,817,274</b>	<b>\$ 561,398</b>	<b>\$ 119,303,947</b>	<b>\$ 116,785,455</b>
<b>2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 8,816,813</b>	<b>\$ 501,893</b>	<b>\$ 7,126,092</b>	<b>\$ 68,705,779</b>	<b>\$ 15,267,455</b>	<b>\$ 5,272,057</b>	<b>\$ 11,095,366</b>	<b>\$ 116,785,455</b>	<b>\$ -</b>



COUNTY OF ST. PAUL NO. 19

Consolidated Schedule of Changes in Accumulated Surplus

(Schedule 2)

Year Ended December 31, 2019

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
<b>BALANCE BEGINNING OF YEAR</b>	\$ 6,750,020	\$ 9,984,736	\$107,957,767	<b>\$124,692,523</b>	\$111,885,741
Excess of revenues over expenses	2,323,691	-	-	<b>2,323,691</b>	12,806,782
Unrestricted funds designated for future use	(367,425)	367,425	-	-	-
Restricted funds used for operations	1,218,931	(1,218,931)	-	-	-
Current year funds used for tangible capital assets	(8,896,685)	-	8,896,685	-	-
Contributed tangible capital assets	(220,000)	-	220,000	-	-
Long term debt repaid	(699,414)	-	699,414	-	-
Capital debt proceeds	-	-	-	-	-
Annual amortization expense	5,810,629	-	(5,810,629)	-	-
Disposal of tangible capital assets	637,020	-	(637,020)	-	-
Gain/loss on sale of capital assets	150,544	-	(150,544)	-	-
<b>CHANGE IN ACCUMULATED SURPLUS</b>	(42,709)	(851,506)	3,217,906	<b>2,323,691</b>	12,806,782
<b>BALANCE END OF YEAR</b>	\$ 6,707,311	\$ 9,133,230	\$111,175,673	<b>\$127,016,214</b>	\$124,692,523

COUNTY OF ST. PAUL NO. 19

Consolidated Schedule of Property and Other Taxes

(Schedule 3)

Year Ended December 31, 2019

	Budget (Unaudited)	2019	2018
<b>TAXATION</b>			
Residential land and improvements	\$ 6,017,287	\$ 6,174,307	\$ 6,094,757
Farmland	1,226,817	1,235,336	1,210,984
Non-residential land and improvements	2,330,592	2,189,889	2,376,308
Machinery and equipment	8,009,155	7,992,657	7,926,010
Linear property	9,752,490	9,747,423	9,320,662
	27,336,341	27,339,612	26,928,721
<b>REQUISITIONS</b>			
Alberta School Foundation	4,472,630	4,524,617	4,366,525
M.D. of St. Paul Foundation	343,177	342,185	272,170
Designated Industrial Property	70,652	70,652	30,301
	4,886,459	4,937,454	4,668,996
<b>NET MUNICIPAL TAXES</b>	\$ 22,449,882	\$ 22,402,158	\$ 22,259,725

**COUNTY OF ST. PAUL NO. 19****Consolidated Schedule of Government Transfers for Operating  
Year Ended December 31, 2019****(Schedule 4)**

	Budget (Unaudited)	2019	2018
<b>TRANSFERS FOR OPERATING</b>			
Provincial grants-operating	\$ 883,043	\$ 716,080	\$ 889,496
Local government grants-operating	235,825	228,232	246,864
Federal grants-operating	4,368	4,368	16,872
	\$ 1,123,236	\$ 948,680	\$ 1,153,232

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

	Budget (Unaudited)	2019	2018
<b>TRANSFERS FOR CAPITAL</b>			
Provincial grants-capital	\$ 5,612,784	\$ 2,577,086	\$ 7,108,970
Federal grants-capital	1,140,317	1,051,256	4,459,407
Local government grants-capital	-	-	19,175
	\$ 6,753,101	\$ 3,628,342	\$ 11,587,552

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

	Budget (Unaudited)	2019	2018
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 9,403,322	\$ 9,501,828	\$ 8,839,254
Contract and general services	5,643,764	4,823,985	4,273,971
Goods and supplies	6,100,984	6,421,717	6,023,420
Provision for allowances	29,394	50,800	37,398
Transfers to other governments	617,500	548,992	490,934
Transfers to local boards	1,646,131	1,282,729	2,084,362
Bank charges and short term interest	14,711	14,931	14,251
Interest on capital long term debt	335,004	300,617	311,579
Interest on operating long term debt	83,984	83,285	92,379
Amortization expense	5,327,245	5,393,992	4,986,292
Loss/(gain) on sale of tangible capital assets	(159,174)	150,544	(2,111)
	\$ 29,042,865	\$ 28,573,420	\$ 27,151,729

**COUNTY OF ST. PAUL NO. 19**  
**Consolidated Schedule of Segmented Disclosures**  
**Year Ended December 31, 2019**

**(Schedule 7)**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation, Culture & Family	Environmental Services	2019
<b>REVENUES</b>							
Net municipal taxes	\$ 22,402,159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,402,159
User fees and sales of goods	15,003	126,144	1,279,336	18,041	212,491	681,875	2,332,890
Government transfers	129,950	147,997	3,231,543	170,379	454,423	442,730	4,577,022
Investment income	333,018	-	-	-	-	-	333,018
Other revenues	457,101	43,461	400,805	130,655	-	-	1,032,022
Contributed assets	-	220,000	-	-	-	-	220,000
	<b>23,337,231</b>	<b>537,602</b>	<b>4,911,684</b>	<b>319,075</b>	<b>666,914</b>	<b>1,124,605</b>	<b>30,897,111</b>
<b>EXPENSES</b>							
Salaries and wages	1,760,573	228,877	5,626,214	612,053	499,717	774,393	9,501,827
Contract and general services	1,752,023	214,952	1,755,016	111,472	349,884	640,639	4,823,986
Goods and supplies	72,629	131,994	5,291,960	318,218	190,933	415,983	6,421,717
Transfers to local boards/other governments	149,461	392,740	85,466	-	670,250	533,804	1,831,721
Long-term debt interest	-	52,664	150,832	-	-	97,121	300,617
Other expenses	149,016	2,457	149,887	(1,800)	-	-	299,560
	<b>3,883,702</b>	<b>1,023,684</b>	<b>13,059,375</b>	<b>1,039,943</b>	<b>1,710,784</b>	<b>2,461,940</b>	<b>23,179,428</b>
	<b>19,453,529</b>	<b>(486,082)</b>	<b>(8,147,691)</b>	<b>(720,868)</b>	<b>(1,043,870)</b>	<b>(1,337,335)</b>	<b>7,717,683</b>
Amortization expense	57,906	191,424	4,516,826	68,734	67,445	491,657	5,393,992
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<b>\$ 19,395,623</b>	<b>\$ (677,506)</b>	<b>\$ (12,664,517)</b>	<b>\$ (789,602)</b>	<b>\$ (1,111,315)</b>	<b>\$ (1,828,992)</b>	<b>\$ 2,323,691</b>

**COUNTY OF ST. PAUL NO. 19**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the County of St. Paul No. 19 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 the municipal 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.

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 for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. 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 financial statements.

*(continues)*

## COUNTY OF ST. PAUL NO. 19

### Notes to Consolidated Financial Statements

Year Ended December 31, 2019

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

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. 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.

##### Tax revenue

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

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. Taxation revenues are recorded at the time tax notices are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property tax assessment during the period of the related borrowings. These levies are collectible from property owners for work performed by the County and are recognized as revenue in the year they are levied.

##### 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.

##### Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills 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.

##### 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.

##### 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.

*(continues)*



# COUNTY OF ST. PAUL NO. 19

## Notes to Consolidated Financial Statements

Year Ended December 31, 2019

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

#### 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.

#### Deferred revenue

Deferred revenue is comprised of funds that the use of which are externally restricted. These funds are recognized as revenue in the period they are used for in the purpose specified.

#### 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	15-25
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.

*(continues)*

**COUNTY OF ST. PAUL NO. 19**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2019**

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1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

c) **Inventories**

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

d) **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.

Impairment of long-lived assets

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards (GAAP).

Budget figures

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

2. ADOPTION OF RECENT ACCOUNTING PRONOUNCEMENTS

The following accounting standards have been issued by the Chartered Professional Accountants of Canada (CPA Canada). These sections are effective for fiscal periods beginning on or after April 1, 2017 and have been applied retrospectively.

*Section PS 3430 - Restructuring Transactions*

This section defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction.

3. RECENT ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT ADOPTED

The following accounting standards have been issued by the Chartered Professional Accountants of Canada (CPA Canada) but are not yet effective. The Municipality is currently evaluating the effect of adopting these standards on their consolidated financial statements.

*Section PS 3450 - Financial Instruments*

This section establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments. All other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2019.

(*continues*)

**COUNTY OF ST. PAUL NO. 19**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2019**

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3. RECENT ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT ADOPTED *(continued)*

*Section PS 1201 - Financial Statement Presentation*

This section requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising for the re-measurement of financial instruments and items denominated in foreign currencies as well as government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2019.

*Section PS 2601 - Foreign Currency Translation*

This section requires that monetary assets and liabilities denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This section replaces PS2600 and is applicable for years beginning on or after April 1, 2019.

*Section PS 3041 - Portfolio Investments*

This section removes the distinction between temporary and portfolio investments. This section now includes pooled investments in its scope and was amended to conform to Financial Instruments PS3450. Upon adoption of PS3450 and PS3041 Temporary Investments PS3030 will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2019.

*Section PS 3280 - Asset Retirement Obligation*

The section is intended to provide guidance on accounting for ARO's and will apply in years beginning on or after April 1, 2021.

*Section PS 3400 - Revenue*

This section will provide greater clarity on the difference between the exchange and non-exchange transactions. Applies in years beginning on or after April 1, 2022.

4. CASH AND CASH EQUIVALENTS

	2019	2018
Cash	<b>\$ 12,716,661</b>	\$ 9,285,739

The County 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, 2019 was NIL (2018 - NIL)

Council has designated funds of \$10,233,230 (2018 - \$9,984,736) included in the above amounts for reserves, and the shortfall is expected to be fully funded by receivables from other governments.

Included in cash is a restricted amount of \$441,047 (2018 - \$392,660) comprised of \$62,789 (2018 - \$64,022) of deposit liabilities and \$378,258 (2018 - \$328,638) of deferred revenue received from various sources and held exclusively for approved projects *(Note 8)* and *(Note 9)* respectively.

**COUNTY OF ST. PAUL NO. 19**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2019**

**5. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	<b>2019</b>	<b>2018</b>
Current	<b>\$ 621,729</b>	<b>\$ 558,540</b>
Arrears	<b>437,034</b>	<b>370,486</b>
Subtotal	<b>1,058,763</b>	<b>929,026</b>
Less: allowance for doubtful accounts	<b>(204,172)</b>	<b>(171,780)</b>
	<b>\$ 854,591</b>	<b>\$ 757,246</b>

**6. DEBT CHARGES RECOVERABLE**

	<b>2019</b>	<b>2018</b>
Current debt charges recoverable	<b>\$ 138,904</b>	<b>\$ 131,742</b>
Non-current debt charges recoverable	<b>1,218,354</b>	<b>1,357,258</b>
	<b>\$ 1,357,258</b>	<b>\$ 1,489,000</b>

Principal and interest repayments are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	<b>\$ 138,904</b>	<b>\$ 67,895</b>	<b>\$ 206,799</b>
2021	<b>146,458</b>	<b>60,340</b>	<b>206,798</b>
2022	<b>154,428</b>	<b>52,371</b>	<b>206,799</b>
2023	<b>162,835</b>	<b>43,964</b>	<b>206,799</b>
2024	<b>68,962</b>	<b>35,095</b>	<b>104,057</b>
Thereafter	<b>685,671</b>	<b>146,783</b>	<b>832,454</b>
	<b>\$ 1,357,258</b>	<b>\$ 406,448</b>	<b>\$ 1,763,706</b>

In prior years, the County 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.

**7. EMPLOYEE BENEFIT OBLIGATIONS**

	<b>2019</b>	<b>2018</b>
Vacation	<b>\$ 109,957</b>	<b>\$ 109,205</b>
Overtime	<b>127,472</b>	<b>112,735</b>
	<b>\$ 237,429</b>	<b>\$ 221,940</b>

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.

**COUNTY OF ST. PAUL NO. 19**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2019**

**8. DEPOSIT LIABILITIES**

	<b>2019</b>	2018
Tax sale surplus	<b>\$ 62,789</b>	\$ 64,022

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.

**9. DEFERRED REVENUE**

Deferred revenue is comprised of the funds noted below, the use of which are externally restricted. These funds are recognized as revenue in the period they are used for in the purpose specified.

	<b>2019</b>	2018
Alberta Community Partnership - Rural Intermunicipal Collaboration Framework	<b>\$ 65,371</b>	\$ 192,000
MCS Net prepaid lease	<b>45,500</b>	56,875
Federal Small Communities Fund - Federal portion	-	26,664
Federal Small Communities Fund - Provincial portion	-	26,664
Subdivision warranty	<b>10,000</b>	10,000
FCSS Early Childhood Coalition	<b>8,776</b>	6,502
New Horizons Grant	-	4,368
Bridges grant	<b>3,514</b>	3,514
Alberta Community Partnership - Municipal Intern	-	2,020
Prepaid land lease	<b>1,993</b>	31
Alberta Community Partnership - Regional Economic Development	<b>125,000</b>	-
STIP - Moosehills Slide	<b>71,607</b>	-
Civil Forfeiture Grant	<b>46,497</b>	-
	<b>\$ 378,258</b>	\$ 328,638

Funding from various grant programs, organizations and individuals remained 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 by the donors. Most of the projects were completed in 2019.

**COUNTY OF ST. PAUL NO. 19**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2019**

10. LONG TERM DEBT

	2019	2018
Self supported debentures	\$ 8,451,841	\$ 9,254,421
Debentures recoverable (Note 6)	1,357,258	1,489,000
	<b>\$ 9,809,099</b>	<b>\$ 10,743,421</b>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2020	\$ 859,324	\$ 339,619	\$ 1,198,943
2021	890,674	308,268	1,198,942
2022	923,247	275,696	1,198,943
2023	844,372	242,475	1,086,847
2024	774,278	209,827	984,105
Thereafter	5,517,204	1,011,693	6,528,897
	<b>\$ 9,809,099</b>	<b>\$ 2,387,578</b>	<b>\$ 12,196,677</b>

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 3.66% (2018 - 3.67%).

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

Interest on long term debt amounted to \$383,902 (2018 - \$403,958).

The Municipality's total cash payments for interest were \$398,833 (2018 - \$418,208).

(continues)



**COUNTY OF ST. PAUL NO. 19**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2019**

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:

	2019	2018
Total debt limit	\$ 40,573,154	\$ 41,515,350
Total debt (including loan guarantees)	(8,517,724)	(9,379,002)
Amount of debt limit unused	\$ 32,055,430	\$ 32,136,348
Debt servicing limit	\$ 6,762,192	\$ 6,919,225
Debt servicing	(992,145)	(1,004,753)
Amount of debt servicing limit unused	\$ 5,770,047	\$ 5,914,472

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:

	2019	2018
Public Works gravel	\$ 2,225,844	\$ 2,989,540
Public Works coldmix	60,341	135,465
Public Works sand and salt	48,695	157,305
Public Works miscellaneous	519,149	369,610
Agricultural services	56,681	33,713
	\$ 2,910,710	\$ 3,685,633

**COUNTY OF ST. PAUL NO. 19**

**Notes to Consolidated Financial Statements**

**Year Ended December 31, 2019**

**12. ACCUMULATED SURPLUS**

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

	2019	2018
<b>Unrestricted surplus</b>	<b>\$ 6,707,311</b>	<b>\$ 6,750,020</b>
<b>Restricted surplus</b>		
Reserve for future expenditures	7,480,000	8,450,000
FCSS	105,813	79,687
Debt reduction	96,034	209,600
Transportation	36,147	41,512
Community reserve	694,059	694,059
Fire	172,389	106,473
Fire capital replacement	368,000	232,000
Public reserve trust	180,788	171,405
Restricted surplus	9,133,230	9,984,736
<b>Equity in tangible capital assets</b>		
Tangible capital assets <i>(Schedule 1)</i>	199,703,463	192,855,719
Accumulated amortization <i>(Schedule 1)</i>	(80,399,516)	(76,070,264)
Long term debt - capital	(8,128,274)	(8,827,688)
Equity in tangible capital assets	111,175,673	107,957,767
	<b>\$127,016,214</b>	<b>\$124,692,523</b>

**13. COMMITMENTS**

The Municipality has long term leases with respect to its office equipment and vehicles. The leases contain renewal options and provides maintenance service & minor supplies. Future minimum lease payments as at December 31, 2019, are as follows:

2020	\$ 120,126
2021	28,652
2022	27,021
2023	12,982
2024	5,005
	<u>193,786</u>
	<b>\$ 193,786</b>

## COUNTY OF ST. PAUL NO. 19

### Notes to Consolidated Financial Statements

Year Ended December 31, 2019

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#### 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, 2019, the line of credit balance was NIL (2018 - NIL), therefore the Municipality's guarantee would be limited to NIL (2018 - 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, 2019, the loan balance was \$155,767 (2018 - \$174,161), therefore the Municipality's guarantee would be limited to \$77,884 (2018 - \$87,081).

#### 15. SUBSEQUENT EVENTS

##### Coronavirus Disease 2019

Subsequent to year end, the Municipality acknowledged the worldwide spread of a novel coronavirus known as COVID-19. This disease could have widespread implications to the Municipality regarding possible asset impairment, valuation and impairment of receivables, loans and investments, human capital constraints, and mandated facility closures. The nature of the impact to the Municipality is not yet known. The Municipality has an Emergency Preparedness Plan and management continues to monitor the situation daily. At this time the Municipality is considered a going concern and as such no adjustments have been made to the financial statement information.

#### 16. CONTRIBUTED ASSETS

During the year, the Municipality acquired the tangible capital assets of the St. Paul & District Ambulance Service Society, equal to their fair value. These funds were acquired upon the independent decision of the Society's Board to proceed with dissolution. Total contributed assets of \$220,000 have been recorded as income and are reflected in the Statement of Operations and Accumulated Surplus.

**COUNTY OF ST. PAUL NO. 19****Notes to Consolidated Financial Statements****Year Ended December 31, 2019****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	2019	2018
Reeve	Upham	\$ 79,927	\$ 7,727	\$ <b>87,654</b>	\$ 88,122
Deputy Reeve	Fodness	66,723	7,545	<b>74,268</b>	73,961
Councilors	Amyotte	67,641	7,434	<b>75,075</b>	67,182
	Hedrick	55,163	7,114	<b>62,277</b>	58,621
	Martin	54,217	7,034	<b>61,251</b>	55,620
	Wirsta	69,103	7,556	<b>76,659</b>	67,249
	Younghans	46,165	6,520	<b>52,685</b>	48,364
CAO	Sheila Kitz	107,350	20,916	<b>128,266</b>	205,508
Interim CAO	Tim Mahdiuk	112,826	16,820	<b>129,646</b>	-
Designated Officers	6 positions	568,938	60,158	<b>629,096</b>	587,091

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.

**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 8.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.84% on pensionable earnings above this amount.

Total current service contributions by the Municipality to the LAPP in 2019 were \$691,127 (2018 - \$733,608). Total current service contributions by the employees of the Municipality to the Local Authorities Pension Plan in 2019 were \$626,036 (2018 - \$671,709).

At December 31, 2018, the LAPP disclosed an actuarial deficiency of \$3.47 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 financial statements as disclosed in Note 1.

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

**20. FINANCIAL INSTRUMENTS**

The Municipality's financial assets consist of cash and cash equivalents, accounts receivable, investments, debt charges recoverable, and financial liabilities consisting of bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long term debt. 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 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 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 financial statements.