

COUNTY OF ST PAUL NO. 19

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2009

COUNTY OF ST. PAUL NO. 19

FINANCIAL STATEMENT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

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AUDITORS' REPORT

To the Mayor and Council of the County of St Paul No. 19

We have audited the consolidated statement of financial position of the County of St Paul No. 19 as at December 31, 2009, and the consolidated statement of operations, the consolidated statement of change in net financial assets (debt) and the consolidated statement of cash flows for the year then ended. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the County of St Paul No. 19 as at December 31, 2009 and the results of its operations, the change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ST. PAUL, ALBERTA
March 2, 2010



CHARTERED ACCOUNTANTS

COUNTY OF ST PAUL NO. 19
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009

	<u>2009</u>	<u>2008</u> (restated)
Financial assets		
Taxes and grants in place receivable (note 3)	\$ 526,888	\$ 465,018
Receivable from other governments	895,327	3,965,705
Trade and other receivables	399,920	861,535
Loans receivable (note 4)	2,571,084	2,676,304
Other financial assets (note 5)	223,080	209,410
Inventory of land held for resale	70,903	--
Long-term investments (note 6)	<u>160</u>	<u>160</u>
	<u>4,687,362</u>	<u>8,178,132</u>
Liabilities		
Bank indebtedness (note 2)	625,622	3,659,283
Accounts payable and accrued liabilities (note 7)	588,849	1,160,068
Deferred revenue (note 8)	343,090	1,324,983
Long-term debt (note 9)	<u>2,736,794</u>	<u>2,851,960</u>
	<u>4,294,355</u>	<u>8,996,294</u>
Net financial assets (debt)	<u>393,007</u>	<u>(818,162)</u>
Non-financial assets		
Tangible capital assets (note 11)	62,809,348	57,460,482
Inventory for consumption	1,995,708	1,849,956
Prepaid expenses	<u>178,285</u>	<u>260,511</u>
	<u>64,983,341</u>	<u>59,570,949</u>
Accumulated surplus (note 13)	\$ <u>65,376,348</u>	\$ <u>58,752,787</u>
Contingencies (note 15)		

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


 Reeve


 County Administrator

COUNTY OF ST PAUL NO. 19
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budget</u> (unaudited)	<u>2009</u>	<u>2008</u> (restated)
Revenue			
Net municipal taxes (schedule 2)	\$ 13,650,439	\$ 13,545,361	\$ 12,708,447
Sales and user fees	2,207,941	2,921,610	2,149,914
Government transfers for operating (schedule 3)	1,933,495	1,864,745	2,325,640
Investment income	234,568	169,833	244,407
Penalties and costs of taxes	86,620	99,871	100,915
Licenses and permits	88,000	130,584	142,339
Rentals and leases	112,785	114,682	98,024
Other	<u>6,400</u>	<u>186,970</u>	<u>6,330</u>
	<u>18,320,248</u>	<u>19,033,656</u>	<u>17,776,016</u>
Expenses			
Legislative	438,000	415,332	422,103
Administration	2,760,523	2,306,992	2,338,600
Protective services	451,000	484,250	562,786
Transportation	10,341,368	10,024,520	10,121,330
Water and wastewater	340,679	462,260	769,184
Waste management	966,884	1,008,006	857,762
Family and community services	306,161	300,832	263,451
Agriculture	516,813	444,385	413,844
Subdivision land and development	--	48,985	--
Recreation and culture	<u>1,126,572</u>	<u>1,021,314</u>	<u>833,611</u>
	<u>17,248,000</u>	<u>16,516,876</u>	<u>16,582,671</u>
Excess (shortfall) of revenues over expenses before other	1,072,248	2,516,780	1,193,345
Other			
Contributed assets	--	615,000	70,220
Gain (loss) on disposal of tangible capital assets	50,000	(39,295)	321,421
Government transfers for capital (schedule 3)	<u>2,839,569</u>	<u>3,531,076</u>	<u>5,133,100</u>
Excess of revenues over expenses	3,961,817	6,623,561	6,718,086
Accumulated surplus, beginning of year	<u>58,752,787</u>	<u>58,752,787</u>	<u>52,034,701</u>
Accumulated surplus, end of year	\$ <u>62,714,604</u>	\$ <u>65,376,348</u>	\$ <u>58,752,787</u>

COUNTY OF ST PAUL NO. 19
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budget</u> (unaudited)	<u>2009</u>	<u>2008</u> (restated)
Excess of revenues over expenses	\$ <u>3,961,817</u>	\$ <u>6,623,561</u>	\$ <u>6,718,086</u>
Acquisition of tangible capital assets	(4,405,990)	(7,750,128)	(8,330,342)
Contributed tangible capital assets	--	(615,000)	(70,220)
Proceeds on disposal of tangible capital assets	50,000	274,440	366,834
Amortization of tangible capital assets	--	2,702,527	2,363,524
(Gain) loss on sale of tangible capital assets	<u>(50,000)</u>	<u>39,295</u>	<u>(321,421)</u>
	<u>(4,405,990)</u>	<u>(5,348,866)</u>	<u>(5,991,625)</u>
Acquisition of consumable inventory	(1,383,377)	(1,341,059)	(1,233,536)
Acquisition of prepaid assets	(180,600)	(247,621)	(302,461)
Use of consumable inventory	1,148,941	1,195,307	1,022,816
Use of prepaid assets	<u>324,022</u>	<u>329,847</u>	<u>177,149</u>
	<u>(91,014)</u>	<u>(63,526)</u>	<u>(336,032)</u>
Increase (decrease) in net financial assets (debt)	(535,187)	1,211,169	390,429
Net financial assets (debt), beginning of year	<u>(818,162)</u>	<u>(818,162)</u>	<u>(1,208,591)</u>
Net financial assets (debt), end of year	\$ <u>(1,353,349)</u>	\$ <u>393,007</u>	\$ <u>(818,162)</u>

COUNTY OF ST PAUL NO. 19
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>2009</u>	<u>2008</u> (restated)
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenues over expenses	\$ 6,623,561	\$ 6,718,086
Non-cash items included		
Amortization of tangible capital assets	2,702,527	2,363,524
(Gain) loss on disposal of tangible capital assets	39,295	(321,421)
Tangible capital assets received as contributions	(615,000)	(70,220)
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes and grants in place receivable	(61,870)	(68,314)
Receivables from other governments	3,070,378	(3,550,847)
Trade and other receivables	461,615	(2,875)
Other financial assets	(13,670)	8,948
Inventory of land held for resale	(70,903)	--
Inventory for consumption	(145,752)	(210,720)
Prepaid expenses	82,226	(125,312)
Increase (decrease) in		
Accounts payable and accrued liabilities	(571,219)	320,748
Deferred revenue	<u>(981,893)</u>	<u>213,727</u>
	<u>10,519,295</u>	<u>5,275,324</u>
Capital		
Acquisition of tangible capital assets	(7,750,128)	(8,330,342)
Proceeds on disposal of capital assets	<u>274,440</u>	<u>366,834</u>
	<u>(7,475,688)</u>	<u>(7,963,508)</u>
Investing		
Decrease in long-term investments	<u>--</u>	<u>10,000</u>
Financing		
Long-term debt repaid	(115,166)	(774,032)
Loans receivable repaid	<u>105,220</u>	<u>99,737</u>
	<u>(9,946)</u>	<u>(674,295)</u>
Change in bank indebtedness during the year	3,033,661	(3,352,479)
Bank indebtedness, beginning of year	<u>(3,659,283)</u>	<u>(306,804)</u>
Bank indebtedness, end of year	\$ <u>(625,622)</u>	\$ <u>(3,659,283)</u>
Supplementary disclosure:		
Interest paid in the year:		
Capital long-term debt	\$ 8,170	\$ 20,612
Operating long-term debt	140,068	145,551
Short-term debt	45,715	75,948

COUNTY OF ST PAUL NO. 19
SCHEDULE 1 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>2009</u>	<u>2008</u> (restated)
Cost								
Balance, beginning of year	\$ 7,662,203	\$ 193,021	\$ 2,972,150	\$ 76,391,060	\$ 13,720,417	\$ 4,459,274	\$ 105,398,125	\$ 98,326,702
Acquisition of tangible capital assets	19,249	--	789,595	4,024,287	1,475,017	1,237,078	7,545,226	7,824,448
Construction-in-progress	--	--	716,897	525,904	--	153,215	1,396,016	576,114
Disposal of tangible capital assets	<u>(19,123)</u>	<u>--</u>	<u>--</u>	<u>(846,316)</u>	<u>(453,663)</u>	<u>(97,232)</u>	<u>(1,416,334)</u>	<u>(1,329,139)</u>
Balance, end of year	<u>7,662,329</u>	<u>193,021</u>	<u>4,478,642</u>	<u>80,094,935</u>	<u>14,741,771</u>	<u>5,752,335</u>	<u>112,923,033</u>	<u>105,398,125</u>
Accumulated amortization								
Balance, beginning of year	--	37,083	583,673	42,412,871	3,509,322	1,394,694	47,937,643	46,857,845
Annual amortization	--	9,683	55,073	1,381,802	911,076	344,893	2,702,527	2,363,524
Accumulated amortization on disposals	<u>--</u>	<u>--</u>	<u>--</u>	<u>(250,499)</u>	<u>(190,254)</u>	<u>(85,732)</u>	<u>(526,485)</u>	<u>(1,283,726)</u>
Balance, end of year	<u>--</u>	<u>46,766</u>	<u>638,746</u>	<u>43,544,174</u>	<u>4,230,144</u>	<u>1,653,855</u>	<u>50,113,685</u>	<u>47,937,643</u>
Net book value of tangible capital assets	<u>\$ 7,662,329</u>	<u>\$ 146,255</u>	<u>\$ 3,839,896</u>	<u>\$ 36,550,761</u>	<u>\$ 10,511,627</u>	<u>\$ 4,098,480</u>	<u>\$ 62,809,348</u>	<u>\$ 57,460,482</u>
2008 Net book value of tangible capital assets (restated)	<u>\$ 7,662,203</u>	<u>\$ 155,938</u>	<u>\$ 2,388,477</u>	<u>\$ 33,978,189</u>	<u>\$ 10,211,095</u>	<u>\$ 3,064,580</u>	<u>\$ 57,460,482</u>	

COUNTY OF ST PAUL NO. 19
SCHEDULE 2 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budget</u> (unaudited)	<u>2009</u>	<u>2008</u> (restated)
Taxation			
Residential and farm land	\$ 4,774,928	\$ 4,778,684	\$ 4,388,894
Non-residential	1,042,960	1,056,670	970,175
Machinery and equipment	2,797,948	2,650,677	2,720,612
Linear	<u>8,414,490</u>	<u>8,439,217</u>	<u>8,049,949</u>
	<u>17,030,326</u>	<u>16,925,248</u>	<u>16,129,630</u>
Requisitions			
Alberta School Foundation	3,077,081	3,077,081	3,186,924
M.D. of St Paul Foundation	<u>302,806</u>	<u>302,806</u>	<u>234,259</u>
	<u>3,379,887</u>	<u>3,379,887</u>	<u>3,421,183</u>
Net taxes for general municipal operations	\$ <u>13,650,439</u>	\$ <u>13,545,361</u>	\$ <u>12,708,447</u>

SCHEDULE 3 - GOVERNMENT TRANSFERS

Transfers for operations			
Provincial	\$ 1,933,495	\$ 1,864,745	\$ 2,325,640
Transfers for capital			
Provincial	<u>2,839,569</u>	<u>3,531,076</u>	<u>5,133,100</u>
Total government transfers	\$ <u>4,773,064</u>	\$ <u>5,395,821</u>	\$ <u>7,458,740</u>

SCHEDULE 4 - CONSOLIDATED EXPENSES BY OBJECT

Expenses			
Salaries, wages and benefits	\$ 6,404,750	\$ 5,710,084	\$ 5,328,149
Contracted and general services	3,226,046	1,956,962	1,841,159
Purchases from other governments	5,000	5,255	4,179
Materials, goods, supplies and utilities	6,036,450	4,907,496	5,653,738
Provision for allowances (recovery)	5,000	--	(39,018)
Transfers to other governments	527,000	565,917	423,285
Transfers to individuals and organizations	806,014	348,276	754,074
Bank charges & short-term interest	82,000	45,715	75,948
Interest on long-term debt - capital	8,171	8,160	20,604
Interest on long-term debt - operating	140,069	138,932	144,484
Other expenditures	7,500	127,552	12,545
Amortization of tangible capital assets	<u>--</u>	<u>2,702,527</u>	<u>2,363,524</u>
Total expenses	\$ <u>17,248,000</u>	\$ <u>16,516,876</u>	\$ <u>16,582,671</u>

COUNTY OF ST PAUL NO. 19
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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 Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the county are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, 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 county and are, therefore, accountable to the county Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education and other external organizations that are not part of the municipal reporting entity.

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

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures 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.

COUNTY OF ST PAUL NO. 19
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. Significant Accounting Policies - continued

(d) Investments

Investments are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(e) 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 leveling 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 their respective function.

(f) 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.

(g) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(h) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

COUNTY OF ST PAUL NO. 19
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. Significant Accounting Policies – continued

(h) Non-Financial Assets (continued)

(i) Tangible Capital Assets

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

	<u>Years</u>
Buildings	10-50
Engineered structures	
Roadway system	20-40
Bridges	24-129
Wastewater system	45-75
Water system	30-75
Machinery and equipment	2-15
Vehicles	10-25
Land improvements	15-25

One half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

2. Bank Indebtedness

The county has a prime less ½% authorized revolving loan limit of \$7,000,000 with the Servus Credit Union. The balance outstanding at December 31, 2009 was \$625,622 (2008 - \$3,659,283).

The revolving loan is secured by the whole of the taxes levied or to be levied by the county, requisitions made or to be made by the county, and all other money due or accruing to the county. The revolving loan is renewed annually.

3. Taxes and Grants in Place Receivable

	<u>2009</u>	<u>2008</u>
Current	\$ 400,943	\$ 315,239
Arrears	<u>125,945</u>	<u>149,779</u>
	526,888	465,018
Less: allowance for doubtful accounts	<u>--</u>	<u>--</u>
	<u>\$ 526,888</u>	<u>\$ 465,018</u>

COUNTY OF ST PAUL NO. 19
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

4. Loans Receivable	<u>2009</u>	<u>2008</u>
5.75% debenture due from M.D. of St. Paul Foundation and payable in annual instalments of \$38,489 including principal and interest, maturing in 2014.	\$ 163,240	\$ 190,760
5.875% debenture due from M.D. of St. Paul Foundation and payable in annual instalments of \$102,742 including principal and interest, maturing in 2023.	962,417	1,006,053
4.76% debenture due from M.D. of St. Paul Foundation and payable in semi-annual instalments of \$52,028 including principal and interest, maturing in 2032.	<u>1,445,427</u>	<u>1,479,491</u>
	<u>\$ 2,571,084</u>	<u>\$ 2,676,304</u>
5. Other Financial Assets	<u>2009</u>	<u>2008</u>
Public reserve trust account	\$ 165,837	\$ 107,715
Tax sale surplus funds	<u>57,243</u>	<u>101,695</u>
	<u>\$ 223,080</u>	<u>\$ 209,410</u>
6. Long-Term Investments	<u>2009</u>	<u>2008</u>
AMFC share	\$ <u>160</u>	\$ <u>160</u>
7. Accounts Payable and Accrued Liabilities	<u>2009</u>	<u>2008</u>
Other accounts payable and accrued liabilities	\$ 531,606	\$ 1,047,493
School requisition overlevy	--	15,674
Tax sale surplus	<u>57,243</u>	<u>96,901</u>
	<u>\$ 588,849</u>	<u>\$ 1,160,068</u>

Included in accounts payable and accrued liabilities is a vacation and overtime liability of \$175,220 (2008 – \$183,329). The vacation and overtime liability is comprised of the vacation and overtime that employees have earned and are entitled to within the next budgetary year.

COUNTY OF ST PAUL NO. 19
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

8. Deferred Revenue	<u>2009</u>	<u>2008</u>
Public reserve trust	\$ 165,837	\$ 72,754
Sponsorship grant	61,964	58,743
Subdivision warranty	60,000	60,000
Municipal sustainability initiative	51,775	907,409
Bridge grants	3,514	185,292
FCSS grant	<u>--</u>	<u>40,785</u>
	<u>\$ 343,090</u>	<u>\$ 1,324,983</u>

Funding from various grant programs, organizations and individuals, in the amount of \$343,090 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 are scheduled for completion in 2010.

9. Long-Term Debt	<u>2009</u>	<u>2008</u>
Utility supported debentures	\$ 156,985	\$ 161,423
Self supported debentures	<u>2,579,809</u>	<u>2,690,537</u>
	<u>\$ 2,736,794</u>	<u>\$ 2,851,960</u>

Principal and interest repayments for each of the next five years and to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 121,426	\$ 142,223	\$ 263,649
2011	124,992	135,875	260,867
2012	128,719	129,177	257,896
2013	135,788	122,109	257,897
2014	143,247	114,649	257,896
Thereafter	<u>2,082,622</u>	<u>904,207</u>	<u>2,986,829</u>
	<u>\$ 2,736,794</u>	<u>\$ 1,548,240</u>	<u>\$ 4,285,034</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 4.398% to 5.875% per annum and matures in periods 2014 through 2032. The average annual interest rate is 5.26% for 2009 (5.32% for 2008).

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

COUNTY OF ST PAUL NO. 19
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

10. 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:

	<u>2009</u>	<u>2008</u> (restated)
Total debt limit	\$ 29,472,984	\$ 26,769,354
Total debt (including loan guarantees)	<u>(934,888)</u>	<u>(4,056,229)</u>
Debt limit remaining	\$ <u>28,538,096</u>	\$ <u>22,713,125</u>
Debt servicing limit	\$ 4,912,164	\$ 4,461,559
Debt servicing	<u>(643,983)</u>	<u>(3,677,399)</u>
Debt servicing limit remaining	\$ <u>4,268,181</u>	\$ <u>784,160</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

11. Tangible Capital Assets

	<u>2009</u>	<u>2008</u> (restated)
Land	\$ 7,662,329	\$ 7,662,203
Land improvements	146,255	155,938
Buildings	3,839,896	2,388,477
Engineered structures		
Roadway system	33,004,062	30,716,674
Water distribution system	2,167,162	1,979,420
Wastewater treatment system	1,379,537	1,282,095
Machinery and equipment	10,511,627	10,211,095
Vehicles	<u>4,098,480</u>	<u>3,064,580</u>
Total net book value	\$ <u>62,809,348</u>	\$ <u>57,460,482</u>

12. Equity in Tangible Capital Assets

	<u>2009</u>	<u>2008</u> (restated)
Tangible capital assets (schedule 1)	\$ 112,923,033	\$ 105,398,125
Accumulated amortization (schedule 1)	(50,113,685)	(47,937,643)
Capital long-term debt	<u>(156,985)</u>	<u>(161,423)</u>
	\$ <u>62,652,363</u>	\$ <u>57,299,059</u>

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13. Accumulated Surplus

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

	<u>2009</u>	<u>2008</u> (restated)
Unrestricted surplus	\$ 2,540,294	\$ 853,259
Restricted surplus		
Public transportation	95,628	120,469
Protective services	40,000	480,000
Environmental health	30,680	--
FCSS	17,383	--
Equity in tangible capital assets (note 12)	<u>62,652,363</u>	<u>57,299,059</u>
	<u>\$ 65,376,348</u>	<u>\$ 58,752,787</u>

14. Salary and Benefits Disclosure

Disclosure of salaries and benefits for municipal officials, the county administrator and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<u>2009</u>			<u>2008</u>
	Salary ⁽¹⁾	Benefits & Allowances ⁽²⁾	Total	Total
Reeve - Bouchard	\$ 60,196	\$ 3,455	\$ 63,651	\$ 65,796
Councillors – Corbiere	48,699	4,139	52,838	53,762
Fodness	45,606	3,968	49,574	45,998
Kurek	50,390	4,210	54,600	53,320
Martin	46,040	4,020	50,060	50,998
Ockerman	48,077	4,113	52,190	53,713
Sloan	<u>42,082</u>	<u>3,824</u>	<u>45,906</u>	<u>46,437</u>
	<u>\$ 341,090</u>	<u>\$ 27,729</u>	<u>\$ 368,819</u>	<u>\$ 370,024</u>
County Administrator – Heyman	\$ --	\$ --	\$ --	\$ 112,675
Mahdiuk	34,833	7,640	42,473	18,982
Kitz	<u>88,615</u>	<u>15,805</u>	<u>104,420</u>	<u>--</u>
	<u>\$ 123,448</u>	<u>\$ 23,445</u>	<u>\$ 146,893</u>	<u>\$ 131,657</u>
County Assessor – Zayac	<u>\$ 82,877</u>	<u>\$ 15,609</u>	<u>\$ 98,486</u>	<u>\$ 92,554</u>
Agricultural Fieldman - Bergheim	<u>\$ 86,122</u>	<u>\$ 16,005</u>	<u>\$ 102,127</u>	<u>\$ 94,475</u>

⁽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, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

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15. Contingent Liabilities

- (a) The county is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, it could become liable for its proportional share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.
- (b) The county has guaranteed their pro-rata share of a 5.8% Servus Credit Union loan for the M.D. of St. Paul Foundation. The county's share is calculated based on their equalized assessment. As at December 31, 2009 the loan balance was \$91,538, therefore the county's guarantee would be limited to \$61,649. The loan is in good standing.
- (c) The county has guaranteed one-half of a prime plus 2% Credit Union \$300,000 line of credit for the Elk Point Regional Allied Arts Society. As at December 31, 2009, the line of credit balance was \$163,757, therefore the county's guarantee would be limited to \$81,879.
- (d) The county has guaranteed one-half of a prime less 0.25% ATB Financial \$300,000 line of credit for the St. Paul & District Ambulance. The balance at December 31, 2009 was \$NIL.

16. Commitment

The county is committed to a lease for office equipment. The future minimum payments under this operating lease is as follows:

2010	\$ 8,400
2011	8,400
2012	8,400
2013	8,400
2014	<u>2,100</u>
	\$ <u>35,700</u>

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17. Local Authorities Pension Plan

Employees of the county participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 133,000 people and 389 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The county is required to make current service contributions to the LAPP of 8.46% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.66% on pensionable earnings above this amount. Employees of the county are required to make current service contributions of 7.46% of pensionable salary up to the year's maximum pensionable salary and 10.66% on pensionable salary above this amount.

Total current service contributions by the county to the LAPP in 2009 were \$390,917 (2008 - \$322,006). Total current service contributions by the employees of the county to the LAPP in 2009 were \$348,888 (2008 - \$283,671).

At December 31, 2008, the LAPP disclosed an actuarial deficiency of \$1,288.9 million.

18. Related Party Transactions

In 2008, the county crushed gravel on land partially owned by a county employee and paid pit fees of \$131,776 for that gravel. \$67,945 remained in gravel inventory at December 31, 2009 (2008 - \$123,892). These amounts are measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

19. Financial Instruments

The county's financial instruments consist of bank indebtedness, receivables, other financial assets, long-term investments, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the county is not exposed to significant interest or currency risks arising from these financial instruments.

The county is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the county provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instruments approximates fair value.

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20. Prior Period Adjustments

The county has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook, which requires governments to record and amortize their tangible capital assets on their financial statements. In addition, revenue from contributed assets and government grants and transfers relating to capital acquisitions has been included in income. These adjustments are as follows:

	<u>2008</u>
Adjustments to opening accumulated surplus	
As previously reported	\$ 23,626,731
Adjustment to net book value of tangible capital assets	<u>28,407,970</u>
As restated	\$ <u>52,034,701</u>
Adjustments to excess (shortfall) of revenues over expenses	
As previously reported	\$ 726,461
Tangible capital assets recorded but previously expensed	8,400,562
Proceeds on disposals previously in revenue	(366,834)
Gain on disposal of tangible capital assets	321,421
Annual amortization expense	<u>(2,363,524)</u>
As restated	\$ <u>6,718,086</u>
Adjustments to tangible capital assets:	
As previously reported	\$ 28,806,163
Adjustment to historical cost of tangible capital assets	76,591,962
Accumulated amortization recorded	<u>(47,937,643)</u>
As restated	\$ <u>57,460,482</u>

Certain comparative figures have been restated to conform to the current year's presentation.

21. Approval of Financial Statements

Council and Management have approved these financial statements.