

COUNTY OF ST PAUL NO. 19

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2010

INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the County of St. Paul No. 19, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the County of St. Paul No. 19 as at December 31, 2010, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

ST. PAUL, ALBERTA
April 12, 2011

Joly, McCarthy & Dion
CHARTERED ACCOUNTANTS

COUNTY OF ST PAUL NO. 19
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
Financial assets		
Cash	\$ 782,138	\$ --
Taxes and grants in place receivable (note 3)	607,176	526,888
Receivable from other governments	666,804	895,327
Trade and other receivables	353,203	399,920
Loans receivable (note 4)	2,460,079	2,571,084
Other financial assets (note 5)	138,951	223,080
Inventory of land held for resale	62,561	70,903
Long-term investments (note 6)	<u>160</u>	<u>160</u>
	<u>5,071,072</u>	<u>4,687,362</u>
Liabilities		
Bank indebtedness (note 2)	--	625,622
Accounts payable and accrued liabilities (note 7)	1,530,508	588,849
Deferred revenue (note 8)	311,472	343,090
Long-term debt (note 9)	<u>2,615,367</u>	<u>2,736,794</u>
	<u>4,457,347</u>	<u>4,294,355</u>
Net financial assets	<u>613,725</u>	<u>393,007</u>
Non-financial assets		
Tangible capital assets	68,605,468	62,809,348
Inventory for consumption	2,019,868	1,995,708
Prepaid expenses	<u>185,523</u>	<u>178,285</u>
	<u>70,810,859</u>	<u>64,983,341</u>
Accumulated surplus (note 12)	\$ <u>71,424,584</u>	\$ <u>65,376,348</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, 2010

	<u>Budget</u> (unaudited)	<u>2010</u>	<u>2009</u>
Revenue			
Net municipal taxes (schedule 3)	\$ 13,003,844	\$ 12,980,704	\$ 13,545,361
Sales and user fees	1,587,435	1,548,843	2,061,491
Government transfers for operating (schedule 4)	1,387,106	1,508,886	1,864,745
Investment income	183,782	161,643	169,833
Penalties and costs of taxes	91,620	116,346	99,871
Licenses and permits	135,500	144,223	130,584
Rentals and leases	100,885	145,476	114,682
Other	<u>1,153,000</u>	<u>1,903,026</u>	<u>651,970</u>
	<u>17,643,172</u>	<u>18,509,147</u>	<u>18,638,537</u>
Expenses			
Legislative	450,067	402,908	415,332
Administration	2,385,658	2,704,040	2,306,992
Protective services	397,500	473,215	484,250
Transportation	7,658,634	9,858,400	9,629,401
Water and wastewater	297,115	361,105	462,260
Waste management	1,083,833	1,138,675	1,008,006
Family and community services	244,085	217,349	300,832
Agriculture	484,119	564,901	444,385
Land use planning and development	314,600	261,029	48,985
Recreation and culture	<u>958,408</u>	<u>964,656</u>	<u>1,021,314</u>
	<u>14,274,019</u>	<u>16,946,278</u>	<u>16,121,757</u>
Excess of revenues over expenses before other	3,369,153	1,562,869	2,516,780
Other			
Contributed assets	---	--	615,000
Gain (loss) on disposal of tangible capital assets	300,000	(282,857)	(39,295)
Government transfers for capital (schedule 4)	<u>4,285,627</u>	<u>4,768,224</u>	<u>3,531,076</u>
Excess of revenues over expenses	7,954,780	6,048,236	6,623,561
Accumulated surplus, beginning of year	<u>65,376,348</u>	<u>65,376,348</u>	<u>58,752,787</u>
Accumulated surplus, end of year	\$ <u>73,331,128</u>	\$ <u>71,424,584</u>	\$ <u>65,376,348</u>

COUNTY OF ST PAUL NO. 19
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budget</u> (unaudited)	<u>2010</u>	<u>2009</u>
Excess of revenues over expenses	\$ <u>7,954,780</u>	\$ <u>6,048,236</u>	\$ <u>6,623,561</u>
Acquisition of tangible capital assets	(10,033,065)	(9,418,897)	(7,750,128)
Contributed tangible capital assets	--	--	(615,000)
Proceeds on disposal of tangible capital assets	300,000	270,217	274,440
Amortization of tangible capital assets	--	3,069,704	2,702,527
(Gain) loss on sale of tangible capital assets	<u>(300,000)</u>	<u>282,857</u>	<u>39,295</u>
	<u>(10,033,065)</u>	<u>(5,796,119)</u>	<u>(5,348,866)</u>
Acquisition of consumable inventory	(1,382,093)	(1,474,253)	(1,341,059)
Acquisition of prepaid assets	--	(185,523)	(247,621)
Use of consumable inventory	1,382,093	1,450,093	1,195,307
Use of prepaid assets	<u>--</u>	<u>178,284</u>	<u>329,847</u>
	<u>--</u>	<u>(31,399)</u>	<u>(63,526)</u>
Increase (decrease) in net financial assets	(2,078,285)	220,718	1,211,169
Net financial assets (debt), beginning of year	<u>393,007</u>	<u>393,007</u>	<u>(818,162)</u>
Net financial assets (debt), end of year	\$ <u>(1,685,278)</u>	\$ <u>613,725</u>	\$ <u>393,007</u>

COUNTY OF ST PAUL NO. 19
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenues over expenses	\$ 6,048,236	\$ 6,623,561
Non-cash items included		
Amortization of tangible capital assets	3,069,704	2,702,527
Loss on disposal of tangible capital assets	282,857	39,295
Tangible capital assets received as contributions	--	(615,000)
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes and grants in place receivable	(80,288)	(61,870)
Receivables from other governments	228,523	3,070,378
Trade and other receivables	46,717	461,615
Other financial assets	84,129	(13,670)
Inventory of land held for resale	8,342	(70,903)
Inventory for consumption	(24,160)	(145,752)
Prepaid expenses	(7,238)	82,226
Increase (decrease) in		
Accounts payable and accrued liabilities	941,659	(571,219)
Deferred revenue	(31,618)	(981,893)
	<u>10,566,863</u>	<u>10,519,295</u>
Capital		
Acquisition of tangible capital assets	(9,418,897)	(7,750,128)
Proceeds on disposal of capital assets	<u>270,217</u>	<u>274,440</u>
	<u>(9,148,680)</u>	<u>(7,475,688)</u>
Financing		
Long-term debt repaid	(121,428)	(115,166)
Loans receivable repaid	<u>111,005</u>	<u>105,220</u>
	<u>(10,423)</u>	<u>(9,946)</u>
Change in cash and cash equivalents during the year	1,407,760	3,033,661
Cash and cash equivalents, beginning of year	<u>(625,622)</u>	<u>(3,659,283)</u>
Cash and cash equivalents, end of year	\$ <u>782,138</u>	\$ <u>(625,622)</u>
Cash and cash equivalents consist of:		
Cash	\$ 782,138	\$ --
Bank indebtedness	<u>--</u>	<u>(625,622)</u>
	<u>\$ 782,138</u>	<u>\$ (625,622)</u>
Supplementary disclosure:		
Interest paid in the year:		
Capital long-term debt	\$ 7,941	\$ 8,170
Operating long-term debt	134,282	140,068
Bank indebtedness	34,749	45,715

COUNTY OF ST PAUL NO. 19
SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Unrestricted <u>Surplus</u>	Restricted <u>Surplus</u>	Equity in Tangible <u>Capital Assets</u>	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ <u>2,540,294</u>	\$ <u>183,691</u>	\$ <u>62,652,363</u>	\$ <u>65,376,348</u>	\$ <u>58,752,787</u>
Excess of revenues over expenses	6,048,236	--	--	6,048,236	6,623,561
Unrestricted funds designated for future use	(87,316)	87,316	--	--	--
Restricted funds used for operations	21,350	(21,350)	--	--	--
Restricted funds used for tangible capital assets	--	(68,909)	68,909	--	--
Current year funds used for tangible capital assets	(9,349,988)	--	9,349,988	--	--
Disposal of tangible capital assets	553,073	--	(553,073)	--	--
Annual amortization expense	3,069,704	--	(3,069,704)	--	--
Long-term capital debt repaid	<u>(4,668)</u>	<u>--</u>	<u>4,668</u>	<u>--</u>	<u>--</u>
Change in accumulated surplus	<u>250,391</u>	<u>(2,943)</u>	<u>5,800,788</u>	<u>6,048,236</u>	<u>6,623,561</u>
Balance, end of year	\$ <u>2,790,685</u>	\$ <u>180,748</u>	\$ <u>68,453,151</u>	\$ <u>71,424,584</u>	\$ <u>65,376,348</u>

COUNTY OF ST PAUL NO. 19
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>2010</u>	<u>2009</u>
Cost								
Balance, beginning of year	\$ 7,662,329	\$ 193,021	\$ 4,478,642	\$ 80,094,935	\$ 14,741,771	\$ 5,752,335	\$ 112,923,033	\$ 105,398,125
Acquisition of tangible capital assets	25,835	138,941	311,034	6,569,518	1,957,215	262,438	9,264,981	7,545,226
Construction-in-progress	--	--	--	153,916	--	--	153,916	1,396,016
Disposal of tangible capital assets	--	--	--	(528,831)	(559,353)	(109,900)	(1,198,084)	(1,416,334)
Balance, end of year	<u>7,688,164</u>	<u>331,962</u>	<u>4,789,676</u>	<u>86,289,538</u>	<u>16,139,633</u>	<u>5,904,873</u>	<u>121,143,846</u>	<u>112,923,033</u>
Accumulated amortization								
Balance, beginning of year	--	46,766	638,746	43,544,174	4,230,144	1,653,855	50,113,685	47,937,643
Annual amortization	--	13,895	70,370	1,594,491	992,196	398,752	3,069,704	2,702,527
Accumulated amortization on disposals	--	--	--	(349,495)	(197,616)	(97,900)	(645,011)	(526,485)
Balance, end of year	--	<u>60,661</u>	<u>709,116</u>	<u>44,789,170</u>	<u>5,024,724</u>	<u>1,954,707</u>	<u>52,538,378</u>	<u>50,113,685</u>
Net book value of tangible capital assets	\$ <u>7,688,164</u>	\$ <u>271,301</u>	\$ <u>4,080,560</u>	\$ <u>41,500,368</u>	\$ <u>11,114,909</u>	\$ <u>3,950,166</u>	\$ <u>68,605,468</u>	\$ <u>62,809,348</u>
2009 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>	

COUNTY OF ST PAUL NO. 19
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budget</u> (unaudited)	<u>2010</u>	<u>2009</u>
Taxation			
Residential and farm land	\$ 5,153,678	\$ 5,156,237	\$ 4,778,684
Non-residential	1,094,781	1,095,410	1,056,670
Machinery and equipment	2,540,078	2,516,241	2,650,677
Linear	<u>7,857,370</u>	<u>7,854,878</u>	<u>8,439,217</u>
	<u>16,645,907</u>	<u>16,622,766</u>	<u>16,925,248</u>
Requisitions			
Alberta School Foundation	3,092,698	3,092,697	3,077,081
M.D. of St Paul Foundation	<u>549,365</u>	<u>549,365</u>	<u>302,806</u>
	<u>3,642,063</u>	<u>3,642,062</u>	<u>3,379,887</u>
Net taxes for general municipal operations	\$ <u>13,003,844</u>	\$ <u>12,980,704</u>	\$ <u>13,545,361</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

Transfers for operations			
Provincial	\$ <u>1,387,106</u>	\$ 1,508,886	\$ <u>1,864,745</u>
Transfers for capital			
Provincial	4,285,627	4,763,224	3,531,076
Local	<u>--</u>	<u>5,000</u>	<u>--</u>
	<u>4,285,627</u>	<u>4,768,224</u>	<u>3,531,076</u>
Total government transfers	\$ <u>5,672,733</u>	\$ <u>6,277,110</u>	\$ <u>5,395,821</u>

SCHEDULE 5 - CONSOLIDATED EXPENSES BY OBJECT

Expenses			
Salaries, wages and benefits	\$ 6,185,793	\$ 5,982,568	\$ 5,710,084
Contracted and general services	2,322,343	2,238,564	1,956,962
Purchases from other governments	5,200	4,040	5,255
Materials, goods, supplies and utilities	4,665,225	4,588,121	4,512,377
Provision for allowances	--	17,602	--
Transfers to other governments	472,000	467,567	565,917
Transfers to individuals and organizations	396,235	390,186	348,276
Bank charges & short-term interest	59,500	34,749	45,715
Interest on long-term debt - capital	7,941	7,931	8,160
Interest on long-term debt - operating	134,282	133,081	138,932
Other expenditures	25,500	12,165	127,552
Amortization of tangible capital assets	<u>--</u>	<u>3,069,704</u>	<u>2,702,527</u>
Total expenses	\$ <u>14,274,019</u>	\$ <u>16,946,278</u>	\$ <u>16,121,757</u>

COUNTY OF ST PAUL NO. 19
SCHEDULE 6 – SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Community Service</u>	<u>Recreation and Culture</u>	<u>Environmental Services</u>	<u>Planning and Development</u>	<u>Total</u>
Revenue								
Net municipal taxes	\$ 12,980,704	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 12,980,704
Government transfers	52,328	132,660	5,061,527	170,481	588,328	39,277	232,509	6,277,110
User fees and sales of goods	78,351	94,937	598,675	4,248	149,416	500,432	122,784	1,548,843
Investment income	161,643	--	--	--	--	--	--	161,643
Other revenues	<u>771,201</u>	<u>--</u>	<u>1,123,029</u>	<u>--</u>	<u>--</u>	<u>88,007</u>	<u>326,834</u>	<u>2,309,071</u>
	<u>14,044,227</u>	<u>227,597</u>	<u>6,783,231</u>	<u>174,729</u>	<u>737,744</u>	<u>627,716</u>	<u>682,127</u>	<u>23,277,371</u>
Expenses								
Salaries and wages	1,432,327	--	3,037,412	132,986	360,325	691,116	328,402	5,982,568
Contract and general services	1,054,432	--	413,378	78,001	3,355	484,269	205,129	2,238,564
Goods and supplies	289,946	142,642	3,644,022	6,363	175,993	157,839	175,356	4,592,161
Transfers to others	112,863	241,989	50,458	--	378,768	--	73,675	857,753
Interest	167,830	--	--	--	--	7,931	--	175,761
Other expenses	<u>19,477</u>	<u>--</u>	<u>284,805</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>8,342</u>	<u>312,624</u>
	<u>3,076,875</u>	<u>384,631</u>	<u>7,430,075</u>	<u>217,350</u>	<u>918,441</u>	<u>1,341,155</u>	<u>790,904</u>	<u>14,159,431</u>
Net Revenue Before Amortization	10,967,352	(157,034)	(646,844)	(42,621)	(180,697)	(713,439)	(108,777)	9,117,940
Amortization expense	<u>(30,073)</u>	<u>(88,583)</u>	<u>(2,711,183)</u>	<u>--</u>	<u>(46,215)</u>	<u>(158,624)</u>	<u>(35,026)</u>	<u>(3,069,704)</u>
Net Revenue	<u>\$ 10,937,279</u>	<u>\$ (245,617)</u>	<u>\$ (3,358,027)</u>	<u>\$ (42,621)</u>	<u>\$ (226,912)</u>	<u>\$ (872,063)</u>	<u>\$ (143,803)</u>	<u>\$ 6,048,236</u>

COUNTY OF ST PAUL NO. 19
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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, 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 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, 2010

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 for the year.

COUNTY OF ST PAUL NO. 19
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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.

(iii) Inventories

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

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, 2010 was \$Nil (2009 - \$625,622).

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>2010</u>	<u>2009</u>
Current	\$ 394,748	\$ 400,943
Arrears	<u>230,030</u>	<u>125,945</u>
	624,778	526,888
Less: allowance for doubtful accounts	<u>(17,602)</u>	<u>--</u>
	\$ <u>607,176</u>	\$ <u>526,888</u>

COUNTY OF ST PAUL NO. 19
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

4. Loans Receivable	<u>2010</u>	<u>2009</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.	\$ 134,137	\$ 163,240
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.	916,218	962,417
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>1,409,724</u>	<u>1,445,427</u>
	<u>\$ 2,460,079</u>	<u>\$ 2,571,084</u>
5. Other Financial Assets	<u>2010</u>	<u>2009</u>
Public reserve trust	\$ 81,708	\$ 165,837
Tax sale surplus funds	<u>57,243</u>	<u>57,243</u>
	<u>\$ 138,951</u>	<u>\$ 223,080</u>
6. Long-Term Investments	<u>2010</u>	<u>2009</u>
AMFC share	\$ <u>160</u>	\$ <u>160</u>
7. Accounts Payable and Accrued Liabilities	<u>2010</u>	<u>2009</u>
Other accounts payable and accrued liabilities	\$ 1,144,074	\$ 478,051
Due to other governments	329,191	53,555
Tax sale surplus	<u>57,243</u>	<u>57,243</u>
	<u>\$ 1,530,508</u>	<u>\$ 588,849</u>

Included in accounts payable and accrued liabilities is a vacation and overtime liability of \$163,722 (2009 – \$175,220). 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, 2010

8. Deferred Revenue	<u>2010</u>	<u>2009</u>
Public reserve trust	\$ --	\$ 165,837
Sponsorship grant	21,043	61,964
Subdivision warranty	60,000	60,000
Municipal sustainability initiative	106,607	51,775
Bridge grants	3,514	3,514
Federal gas tax fund	47,085	--
Regional Partnership initiative grant	<u>73,223</u>	<u>--</u>
	\$ 311,472	\$ 343,090

Funding from various grant programs, organizations and individuals, in the amount of \$311,472 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 2011.

9. Long-Term Debt	<u>2010</u>	<u>2009</u>
Utility supported debentures	\$ 152,317	\$ 156,985
Self supported debentures	<u>2,463,050</u>	<u>2,579,809</u>
	\$ 2,615,367	\$ 2,736,794

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>
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
2015	112,631	106,777	219,408
Thereafter	<u>1,969,990</u>	<u>797,430</u>	<u>2,767,420</u>
	\$ 2,615,367	\$ 1,406,017	\$ 4,021,384

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 5.27% for 2010 (5.26% for 2009).

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, 2010

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>2010</u>	<u>2009</u>
Total debt limit	\$ 27,763,721	\$ 29,472,984
Total debt (including loan guarantees)	<u>(292,550)</u>	<u>(934,888)</u>
Debt limit remaining	\$ <u>27,471,171</u>	\$ <u>28,538,096</u>
Debt servicing limit	\$ 4,627,287	\$ 4,912,164
Debt servicing	<u>(15,580)</u>	<u>(643,983)</u>
Debt servicing limit remaining	\$ <u>4,611,707</u>	\$ <u>4,268,181</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. Equity in Tangible Capital Assets

	<u>2010</u>	<u>2009</u>
Tangible capital assets (schedule 2)	\$ 121,143,846	\$ 112,923,033
Accumulated amortization (schedule 2)	<u>(52,538,378)</u>	<u>(50,113,685)</u>
Capital long-term debt	<u>(152,317)</u>	<u>(156,985)</u>
	\$ <u>68,453,151</u>	\$ <u>62,652,363</u>

12. Accumulated Surplus

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

	<u>2010</u>	<u>2009</u>
Unrestricted surplus	\$ 2,790,685	\$ 2,540,294
Restricted surplus		
Public transportation	74,278	95,628
Public reserve	81,708	--
Protective services	1,771	40,000
Environmental health	--	30,680
FCSS	22,991	17,383
Equity in tangible capital assets (note 11)	<u>68,453,151</u>	<u>62,652,363</u>
	\$ <u>71,424,584</u>	\$ <u>65,376,348</u>

COUNTY OF ST PAUL NO. 19
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

13. Segmented Disclosure

The County of St. Paul No. 19 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 Schedule 6 – Segmented Disclosure.

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>2010</u>			<u>2009</u>
	Salary ⁽¹⁾	Benefits & Allowances ⁽²⁾	Total	Total
Reeve - Upham	\$ 12,671	\$ 669	\$ 13,340	\$ --
Reeve - Bouchard	46,798	2,824	49,622	63,651
Councillors – Corbiere	43,314	4,113	47,427	52,838
Fodness	42,189	4,023	46,212	49,574
Kurek	34,223	2,448	36,671	54,600
Martin	49,201	4,354	53,555	50,060
Ockerman	43,182	4,107	47,289	52,190
Sloan	40,350	3,948	44,298	45,906
Dach	<u>11,178</u>	<u>500</u>	<u>11,678</u>	<u>--</u>
	<u>\$ 323,106</u>	<u>\$ 26,986</u>	<u>\$ 350,092</u>	<u>\$ 368,819</u>
County Administrator –Mahdiuk	\$ --	\$ --	\$ --	\$ 42,473
Kitz	<u>125,000</u>	<u>21,702</u>	<u>146,702</u>	<u>104,420</u>
	<u>\$ 125,000</u>	<u>\$ 21,702</u>	<u>\$ 146,702</u>	<u>\$ 146,893</u>
County Assessor	<u>\$ 86,300</u>	<u>\$ 16,885</u>	<u>\$ 103,185</u>	<u>\$ 98,486</u>
Agricultural Fieldman	<u>\$ 93,539</u>	<u>\$ 17,833</u>	<u>\$ 111,372</u>	<u>\$ 102,127</u>
Planning and development officer	<u>\$ 31,821</u>	<u>\$ 6,765</u>	<u>\$ 38,586</u>	<u>\$ --</u>
Planning and development deputy officer	<u>\$ 10,744</u>	<u>\$ 1,974</u>	<u>\$ 12,718</u>	<u>\$ --</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.

COUNTY OF ST PAUL NO. 19
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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, 2010 the loan balance was \$73,819, therefore the county's guarantee would be limited to \$49,626. 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, 2010, the line of credit balance was \$175,271, therefore the county's guarantee would be limited to \$87,636.

16. Commitment

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

2011	\$ 8,400
2012	8,400
2013	8,400
2014	2,100

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 9.06% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.53% on pensionable earnings above this amount. Employees of the county are required to make current service contributions of 8.06% of pensionable salary up to the year's maximum pensionable salary and 11.53% on pensionable salary above this amount.

Total current service contributions by the county to the LAPP in 2010 were \$450,137 (2009 - \$390,917). Total current service contributions by the employees of the county to the LAPP in 2010 were \$405,132 (2009 - \$348,888).

At December 31, 2009, the LAPP disclosed an actuarial deficiency of \$1,288.9 million.

COUNTY OF ST PAUL NO. 19
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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. \$42,125 remained in gravel inventory at December 31, 2010 (2009 - \$67,945). 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 cash, 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 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.

20. Comparative figures

Certain of the 2009 comparative figures have been reclassified to conform to the current year's financial statement presentation.

21. Approval of Financial Statements

Council and Management have approved these financial statements.