

COUNTY OF ST. PAUL NO. 19

FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of County of St. Paul No. 19, which comprise the statement of financial position as at December 31, 2011, and the statements of change in net financial assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

(continues)

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of County of St. Paul No. 19 as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

The financial statements of the prior period were audited by another firm of chartered accountants. The predecessor auditor expressed a clean opinion in the auditor's report dated April 12, 2011.

Vegreville, Alberta
April 10, 2012

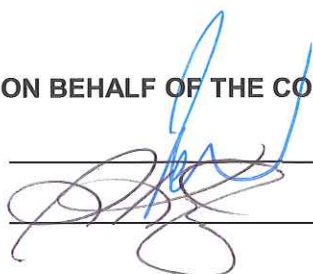
Synergy
Chartered Accountants

COUNTY OF ST. PAUL NO. 19
Statement of Financial Position
Year Ended December 31, 2011

	2011	2010
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 2,893,880	\$ 863,847
Restricted cash funds	80,069	57,243
Taxes and grants in place of taxes receivable (Note 3)	595,267	607,176
Receivable from other governments	322,768	666,804
Trade and other receivables	244,051	353,204
Debt charges recoverable (Note 4)	2,342,966	2,460,079
Inventory of land held for resale	62,561	62,561
Long term investments	160	160
	6,541,722	5,071,074
LIABILITIES		
Accounts payable and accrued liabilities	1,214,532	1,473,265
Trust liabilities	80,069	57,243
Deferred revenue (Note 5)	1,137,707	311,472
Long-term debt (Note 6)	2,490,375	2,615,368
	4,922,683	4,457,348
NET FINANCIAL ASSETS	1,619,039	613,726
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	70,418,550	68,605,468
Inventory for consumption	1,832,157	2,019,868
Prepaid expenses	178,485	185,523
	72,429,192	70,810,859
ACCUMULATED SURPLUS (Note 8)	\$ 74,048,231	\$ 71,424,585

Commitments and contingencies (Note 12) & (Note 13)

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



Reeve

Chief Administrative Officer

COUNTY OF ST. PAUL NO. 19**Statement of Change in Net Financial Assets****Year Ended December 31, 2011**

	Budget 2011 (unaudited)	2011	2010
EXCESS OF REVENUES OVER EXPENSES	\$ 6,894,583	\$ 2,623,646	\$ 6,048,236
Amortization of tangible capital assets	3,314,408	2,963,098	3,069,704
Amortization added to tangible capital assets	-	247,920	-
Proceeds on disposal of tangible capital assets	949,633	895,160	270,217
(Gain)/loss on sale of tangible capital assets	123,633	272,418	282,857
Acquisition of tangible capital assets	(11,235,302)	(6,191,678)	(9,418,897)
Change in inventories and prepaid expenses	-	194,749	(31,399)
	46,955	1,005,313	220,718
Net financial assets, beginning of year	613,725	613,725	393,007
NET FINANCIAL ASSETS, END OF YEAR	\$ 660,680	\$ 1,619,038	\$ 613,725

COUNTY OF ST. PAUL NO. 19
Statement of Operations
Year Ended December 31, 2011

	Budget (unaudited)	2011	2010
REVENUES			
Net municipal taxes (<i>Schedule 1</i>)	\$ 13,217,822	\$ 13,209,596	\$ 12,980,703
User fees and sales of goods	1,919,371	1,828,075	1,548,843
Government transfers for operating (<i>Schedule 2</i>)	7,939,776	3,721,791	1,508,886
Investment income	156,175	191,667	161,643
Penalties and costs of taxes	91,500	121,824	116,346
Licenses and permits	170,500	155,189	144,223
Rentals and leases	130,250	181,818	145,476
Other	56,500	107,598	1,903,027
	23,681,894	19,517,558	18,509,147
EXPENSES			
Administration	2,471,035	2,459,283	2,704,040
Agriculture services	544,898	509,742	564,901
Bylaws enforcement	512,781	458,131	473,214
Family and community support	249,093	236,676	217,349
Legislative	499,113	485,296	402,908
Library	177,812	167,708	167,491
Parks and recreation	845,720	754,517	797,166
Roads, streets, walks, lighting	9,733,343	10,205,867	9,858,400
Subdivision land development	374,413	288,955	261,029
Waste management	1,216,812	1,149,826	1,138,675
Wastewater treatment and disposal	104,220	119,217	96,821
Water supply and distribution	377,518	312,978	264,284
	17,106,758	17,148,196	16,946,278
EXCESS OF REVENUES OVER EXPENSES BEFORE TRANSFERS FOR CAPITAL	6,575,136	2,369,362	1,562,869
OTHER INCOME			
Loss on disposal of assets	(123,633)	(272,418)	(282,857)
Schedule of Government Transfers for Capital (<i>Schedule 3</i>)	443,080	526,702	4,768,224
	319,447	254,284	4,485,367
EXCESS OF REVENUES OVER EXPENSES	\$ 6,894,583	\$ 2,623,646	\$ 6,048,236

COUNTY OF ST. PAUL NO. 19
Statement of Cash Flows
Year Ended December 31, 2011

	2011	2010
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 2,623,646	\$ 6,048,236
Items not affecting cash:		
Amortization of property, plant and equipment	2,963,098	3,069,704
Loss on disposal of assets	272,418	282,857
Amortization added to tangible capital assets	247,920	-
	6,107,082	9,400,797
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	11,909	(80,288)
Receivable from other governments	344,036	228,523
Trade and other receivables	109,153	46,716
Inventory of land held for resale	-	8,342
Accounts payable and accrued liabilities	(258,735)	941,659
Trust liabilities	22,826	-
Deferred revenue	826,235	(31,618)
Inventory for consumption	187,711	(24,160)
Prepaid expenses	7,038	(7,239)
	1,250,173	1,081,935
Cash flow from operating activities	7,357,255	10,482,732
CAPITAL ACTIVITY		
Purchase of property, plant and equipment	(6,191,678)	(9,418,897)
Proceeds on disposal of property, plant and equipment	895,160	270,217
Cash flow used by capital activity	(5,296,518)	(9,148,680)
FINANCING ACTIVITIES		
Repayment of long term debt	(124,992)	(121,428)
Repayment of loans receivable	117,113	111,005
Cash flow used by financing activities	(7,879)	(10,423)
INVESTING ACTIVITY		
Change in restricted cash or cash equivalents	(826,234)	31,620
INCREASE IN CASH FLOW	1,226,624	1,355,249
Cash (deficiency) - beginning of year	609,618	(745,631)
CASH - END OF YEAR	\$ 1,836,242	\$ 609,618
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	\$ (173,058)	\$ 175,761
CASH CONSISTS OF:		
Restricted cash funds	\$ 80,069	\$ 57,243
Cash and cash equivalents (Note 2)	2,893,880	863,847
Less: restricted cash or cash equivalents (Note 2)	(1,137,707)	(311,472)
	\$ 1,836,242	\$ 609,618

COUNTY OF ST. PAUL NO. 19
Schedule of Property and Other Taxes
Year Ended December 31, 2011

(Schedule 1)

	Budget 2011 (unaudited)	2011	2010
TAXATION			
Residential land and improvements	\$ 2,951,674	\$ 2,947,795	\$ 2,829,771
Farmland	2,371,788	2,371,249	2,326,466
Non-residential land and improvements	1,129,266	1,120,698	1,095,410
Machinery and equipment	2,595,368	2,545,268	2,516,241
Linear property	7,721,521	7,776,897	7,854,878
	16,769,617	16,761,907	16,622,766
REQUISITIONS			
Alberta School Foundation	3,160,475	3,160,475	3,092,698
M.D. of St. Paul Foundation	391,320	391,836	549,365
	3,551,795	3,552,311	3,642,063
	\$ 13,217,822	\$ 13,209,596	\$ 12,980,703

COUNTY OF ST. PAUL NO. 19

Schedule of Government Transfers for Operating

(Schedule 2)

Year Ended December 31, 2011

	Budget 2011 (unaudited)	2011	2010
TRANSFERS FOR OPERATING			
Provincial grants-operating	\$ 7,549,340	\$ 3,638,335	\$ 1,508,886
Local government grants-operating	13,150	-	-
Federal grants-operating	377,286	83,456	-
	\$ 7,939,776	\$ 3,721,791	\$ 1,508,886

Schedule of Government Transfers for Capital

(Schedule 3)

	Budget 2011 (unaudited)	2011	2010
TRANSFERS FOR CAPITAL			
Provincial grants-capital	\$ 403,080	\$ 422,306	\$ 4,763,224
Local government grants-capital	40,000	104,396	5,000
	\$ 443,080	\$ 526,702	\$ 4,768,224

Schedule of Consolidated Expenses by Object

(Schedule 4)

	Budget 2011 (unaudited)	2011	2010
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 6,326,004	\$ 6,562,858	\$ 5,982,568
Contracted and general services	2,282,698	2,296,278	2,238,564
Purchases from other governments	4,000	4,386	4,040
Materials, goods, supplies and utilities	4,207,675	4,354,943	4,588,121
Provision for allowances	-	5,333	17,602
Transfers to other governments	97,000	222,419	467,567
Transfers to local boards and agencies	670,098	560,601	390,186
Bank charges and short term interest	59,500	37,183	34,749
Interest on capital long term debt	7,700	7,700	7,931
Interest on operating long term debt	128,175	128,175	133,081
Amortization of tangible capital assets	3,314,408	2,963,098	3,069,704
Other expenditures	9,500	5,222	12,165
	\$ 17,106,758	\$ 17,148,196	\$ 16,946,278

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2011

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 Canadian Institute of Chartered Accountants. 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 exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

Basis of accounting

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

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

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

Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

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.

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COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Debt charges recoverable

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

Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

Inventories for resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

Inventory

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

Government transfers

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

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

(continues)

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets 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 charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

b) **Contributions of Tangible Capital Assets**

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

c) **Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Budget figures

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

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2011

2. CASH AND CASH EQUIVALENTS

	2011	2010
Cash	\$ 2,893,880	\$ 863,847

The County has an authorized revolving loan with a limit of \$7,000,000 and bears interest at prime less 0.5%. The balance outstanding at December 31, 2011 was NIL (2010 - NIL)

Council has designated funds of \$177,253 (2010 - \$180,748) included in the above amounts for reserves.

Included in cash is a restricted amount of \$1,137,707 (2010 - \$311,472) received from various sources and held exclusively for approved projects (Note 5).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2011	2010
Current	\$ 368,789	\$ 394,748
Arrears	249,413	230,030
Subtotal	618,202	624,778
Less: allowance for doubtful accounts	(22,935)	(17,602)
	\$ 595,267	\$ 607,176

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2011

4. DEBT CHARGES RECOVERABLE

	2011	2010
Current debt charges recoverable	\$ 123,557	\$ 117,113
Non-current debt charges recoverable	2,219,409	2,342,966
	\$ 2,342,966	\$ 2,460,079

In prior years, the County has assumed debenture financing on behalf of the M.D. of St. Paul Foundation totalling \$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 of \$245,288, and mature on September 1, 2021.

	Principal \$	Interest \$	Total \$
2012	123,557	121,731	245,288
2013	130,360	114,928	245,288
2014	137,539	107,749	245,288
2015	106,628	100,170	206,798
2016	112,414	94,384	206,798
Thereafter	1,732,468	651,632	2,384,100
	2,342,966	1,190,594	3,533,560

5. 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.

	2011	2010
Water treatment plant grant - Lottie Lake	\$ 674,908	\$ -
Bridge grants	3,514	3,514
Subdivision warranty	34,217	60,000
Regional partnership initiative grant	48,026	73,223
Federal gas tax fund	377,042	47,085
MSI capital	-	106,607
Sponsorship grant	-	21,043
	\$ 1,137,707	\$ 311,472

Funding from various grant programs, organizations and individuals, in the amount of \$1,137,707 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 2012.

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2011

6. LONG-TERM DEBT

	2011	2010
Utility supported debentures	\$ 147,409	\$ 152,317
Self supported debentures	2,342,966	2,463,051
	\$ 2,490,375	\$ 2,615,368

Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2012	128,719	129,178	257,897
2013	135,788	122,109	257,897
2014	143,247	114,650	257,897
2015	112,631	106,776	219,407
2016	118,727	100,680	219,407
Thereafter	1,851,263	696,741	2,548,004
	2,490,375	1,270,134	3,760,509

Debenture debt is repayable to the 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 2011 (5.27% for 2010).

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

Interest on long-term debt amounted to \$135,875 (2010 - \$142,223).

The municipality's total cash payments for interest in 2011 were \$173,058 (2010 - \$175,761).

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2011

7. TANGIBLE CAPITAL ASSETS

	2011 Opening Balance	Additions / Amortization	Disposals / Adjustments	2011 Closing Balance
<u>COST</u>				
Land	\$ 7,688,164	\$ 20,000	\$ 14,582	\$ 7,693,582
Land improvements	331,962	71,746	-	403,708
Buildings	4,789,677	179,463	-	4,969,140
Machinery and equipment	16,139,633	2,754,513	2,039,883	16,854,263
Vehicles	5,904,873	421,923	101,606	6,225,190
Engineered structures	86,135,621	2,158,396	545,155	87,748,862
Work in progress	153,916	730,682	145,045	739,553
	121,143,846	6,336,723	2,846,271	124,634,298
<u>ACCUMULATED AMORTIZATION</u>				
Land improvements	60,662	19,967	-	80,629
Buildings	709,116	81,139	-	790,255
Machinery and equipment	5,024,724	931,105	1,091,104	4,864,725
Vehicles	1,954,707	425,651	98,006	2,282,352
Engineered structures	44,789,169	1,753,156	344,538	46,197,787
	52,538,378	3,211,018	1,533,648	54,215,748
	\$ 68,605,468	\$ 3,125,705	\$ 1,312,623	\$ 70,418,550

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2011

8. ACCUMULATED SURPLUS

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

	2011	2010
Unrestricted surplus		
Unrestricted surplus, beginning of year	\$ 2,790,685	\$ 2,540,294
Excess of revenues and expenses	2,623,646	6,048,236
Unrestricted funds designated for future use	(8,914)	(87,316)
Funds contributed from restricted surplus	12,410	21,350
Repayment of capital debt	(4,908)	(4,668)
Increase in tangible capital assets	(1,813,082)	(5,727,211)
Unrestricted surplus, end of year	3,599,837	2,790,685
Restricted surplus		
Restricted surplus, beginning of year	180,749	183,692
Unrestricted funds designated for future use	8,914	87,316
Funds released for tangible capital assets	-	(68,909)
Funds released for operating	(12,410)	(21,350)
Restricted surplus, end of year	177,253	180,749
Equity in tangible capital assets		
Tangible capital assets, beginning of year	68,605,468	62,809,348
Current funds used for tangible capital assets	6,191,678	9,349,988
Net book value of disposals	(1,167,578)	(553,073)
Funds contributed from restricted surplus	-	68,909
Amortization of capital assets	(3,211,018)	(3,069,704)
Capital long term-debt	(147,409)	(152,317)
Equity in tangible capital assets, end of year	70,271,141	68,453,151
	\$ 74,048,231	\$ 71,424,585

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2011

9. 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:

	2011	2010
Total debt limit	\$ 28,736,334	\$ 27,763,721
Total debt (including loan guarantees)	(294,635)	(292,550)
Amount of debt limit unused	\$ 28,441,699	\$ 27,471,171
Debt servicing limit	\$ 4,879,389	\$ 4,627,287
Debt servicing	(15,580)	(15,580)
Amount of debt servicing limit unused	\$ 4,863,809	\$ 4,611,707

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.

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2011

10. SALARY AND BENEFITS DISCLOSURE

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

		Salary	Benefits & Allowances	2011	2010
Reeve	Upham	\$ 70,160	\$ 5,595	\$ 75,755	\$ 13,340
	Bouchard	-	-	-	49,622
Councillors	Corbiere	47,065	3,307	50,372	47,427
	Dach	57,980	3,644	61,624	11,678
	Fodness	48,445	4,604	53,049	46,212
	Martin	51,520	4,797	56,317	53,555
	Kurek	-	-	-	36,671
	Ockerman	40,775	4,258	45,033	47,289
	Sloan	43,385	3,780	47,165	44,298
Administrator	Kitz	131,950	24,136	156,086	146,702
Assessor		90,132	18,418	108,550	103,185
Agriculture		32,423	6,444	38,867	37,124
Subdivision		32,423	6,444	38,867	37,124
Development		75,922	16,388	92,310	38,586
Deputy Development		44,770	10,346	55,116	12,718

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.
3. If an automobile is provided, no amount is included in the benefits and allowances figure.
4. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2011

11. 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 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 municipality is required to make current service contributions to the LAPP of 9.49% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.13% on pensionable earnings above this amount. Employees of the municipality are required to make current service contributions of 8.49% of pensionable salary up to the year's maximum pensionable salary and 12.13% on pensionable salary above this amount.

Total current service contributions by the municipality to the LAPP in 2011 were \$485,000 (2010 - \$450,137). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2011 were \$439,213 (2010 - \$405,132).

At December 31, 2010, the LAPP disclosed an actuarial deficiency of \$4.635 billion.

12. COMMITMENTS AND SUBSEQUENT EVENTS

Subsequent to year end, the County purchased and disposed of equipment at a net cost of \$1,196,260.

The County has committed to a water transmission project for Ashmont and Lottie Lake. Total tendered costs of the project are \$1,584,200.

The County is committed to leases for office equipment. The future minimum payments under these operating leases is as follows:

2012	\$	12,360
2013		12,360
2014		14,460
		<hr/>
		\$ 39,180

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
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13. CONTINGENCIES

The County is a member of a reciprocal insurance exchange (GENESIS) to cover its liability insurance needs. GENESIS was previously referred to as Jubilee Reciprocal Insurance Exchange (JRIE). A Statement of Claim was filed in 2004 by some of the previous subscribers of JRIE. The statement of claim requests the return of surplus funds in the amount of \$3,820,516. Under the terms of the membership, the County of St. Paul No. 19 could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The County has guaranteed their pro-rata share of a 5.80% 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, 2011 the loan balance was \$57,004, therefore the County's guarantee would be limited to \$37,763. The loan is in good standing.

The County 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, 2011, the line of credit balance was \$218,926, therefore the County's guarantee would be limited to \$109,463.

14. FINANCIAL INSTRUMENTS

The municipality's financial instruments consist of cash and cash equivalents, accounts receivable, investments, debt charges recoverable, 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.

15. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

16. COMPARATIVE FIGURES

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

The prior year financial statements were audited by another firm of chartered accountants.