

COUNTY OF ST. PAUL NO. 19
Financial Statements
Year Ended December 31, 2015
(audited)

COUNTY OF ST. PAUL NO. 19
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Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of County of St. Paul No. 19, which comprise the consolidated statement of financial position as at December 31, 2015 statement of financial position as at December 31, 2015, 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 County of St. Paul No. 19 as at December 31, 2015 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Vegreville, Alberta
April 12, 2016

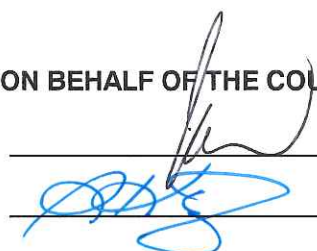
Synergy
Chartered Accountants

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Financial Position
Year Ended December 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 8,610,326	\$ 4,232,716
Taxes and grants in place of taxes receivable (Note 3)	569,585	564,425
Receivable from other governments	211,460	1,270,263
Trade and other receivables	1,659,565	3,606,000
Debt charges recoverable (Note 4)	1,844,882	1,951,510
Inventory of land held for resale	37,535	45,877
	12,933,353	11,670,791
LIABILITIES		
Accounts payable and accrued liabilities	1,371,905	929,721
Wages payable	127,829	125,059
Trust liabilities (Note 5)	70,039	96,038
Deferred revenue (Note 6)	260,297	121,139
Long term debt (Note 7)	11,373,971	15,128,796
	13,204,041	16,400,753
NET FINANCIAL LIABILITIES	(270,688)	(4,729,962)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	94,562,424	93,826,697
Inventory for consumption (Note 9)	1,593,005	1,710,161
Prepaid expenses	232,359	254,912
	96,387,788	95,791,770
ACCUMULATED SURPLUS (Note 10)	\$ 96,117,100	\$ 91,061,808

Commitments and subsequent events, and contingencies (Note 14) and (Note 15)

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

 _____ Reeve

 _____ Chief Administrative Officer

COUNTY OF ST. PAUL NO. 19**Consolidated Statement of Change in Net Financial Assets****Year Ended December 31, 2015**

	Budget (Unaudited)	2015	2014
EXCESS OF REVENUES OVER EXPENSES	\$ 9,377,451	\$ 5,055,292	\$ 5,431,122
Amortization of tangible capital assets	3,648,455	4,500,098	4,126,040
Amortization added to tangible capital assets	250,000	243,141	248,582
Proceeds on disposal of tangible capital assets	267,855	345,491	571,677
Loss on sale of tangible capital assets	-	69,487	516,711
Acquisition of tangible capital assets	(12,473,734)	(5,947,066)	(10,707,772)
Change in inventories and prepaid expenses	-	139,709	351,588
Writedown of tangible capital assets	-	53,122	-
	1,070,027	4,459,274	537,948
Net financial assets, beginning of year	-	(4,729,962)	(5,267,910)
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,070,027	\$ (270,688)	\$ (4,729,962)

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Operations
For the Year Ended December 31, 2015

	Budget (Unaudited)	2015	2014
REVENUE			
Net municipal taxes <i>(Schedule 1)</i>	\$ 20,284,699	\$ 21,320,593	\$ 16,851,511
User fees and sales of goods	1,846,020	1,374,168	2,823,180
Government transfers for operating <i>(Schedule 2)</i>	6,216,517	1,353,249	1,116,928
Investment income	118,774	210,568	274,173
Penalties and costs of taxes	120,829	142,736	123,061
Licenses and permits	298,996	213,983	515,403
Rentals and leases	45,048	66,431	44,070
Other	725,405	1,036,041	4,730,013
	29,656,288	25,717,769	26,478,339
EXPENSES			
Legislative	500,361	510,986	483,300
Administration	3,010,092	2,694,396	2,762,815
Bylaws enforcement	876,781	855,707	872,483
Roads, streets, walks, lighting	14,516,851	14,888,655	15,155,998
Water supply and distribution	469,758	404,901	552,890
Wastewater treatment and disposal	196,357	183,271	423,803
Waste management	1,027,099	1,044,648	1,075,276
Family and community support	247,600	339,799	272,878
Agriculture services	718,240	737,953	651,693
Subdivision land development	453,651	663,846	514,147
Parks and recreation	900,439	869,522	855,546
Library	208,805	215,475	272,421
	23,126,034	23,409,159	23,893,250
EXCESS OF REVENUE OVER EXPENSES BEFORE TRANSFERS FOR CAPITAL			
	6,530,254	2,308,610	2,585,089
Government transfers for capital <i>(Schedule 3)</i>	2,847,197	2,746,682	2,846,033
EXCESS OF REVENUE OVER EXPENSES	\$ 9,377,451	\$ 5,055,292	\$ 5,431,122

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Cash Flows
Year Ended December 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 5,055,292	\$ 5,431,122
Items not affecting cash:		
Amortization of tangible capital assets	4,500,098	4,126,040
Amortization added to tangible capital assets	243,140	248,582
Gain on sale of tangible capital assets	122,609	516,711
Writedown of capital assets	-	-
	9,921,139	10,322,455
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	(5,160)	(47,753)
Receivable from other governments	1,058,803	(464,409)
Trade and other receivables	1,946,435	(3,249,262)
Inventory of land held for resale	8,342	-
Wages payable	2,770	(21,981)
Trust liabilities	(25,999)	25,054
Deferred revenue	139,158	(531,458)
Inventory for consumption	117,156	368,658
Prepaid expenses	22,553	(17,070)
Accounts payable and accrued liabilities	442,185	(581,856)
	3,706,243	(4,520,077)
Cash flow from operating activities	13,627,382	5,802,378
CAPITAL ACTIVITIES		
Purchase of property, plant and equipment	(5,947,066)	(10,707,772)
Proceeds on disposal of property, plant and equipment	345,491	571,677
Cash flow used by capital activities	(5,601,575)	(10,136,095)
FINANCING ACTIVITIES		
Proceeds from long term financing	-	5,000,000
Repayment of long term debt	(3,754,825)	(2,606,264)
Repayment of loans receivable	106,628	137,539
Cash flow from (used by) financing activities	(3,648,197)	2,531,275
INVESTING ACTIVITY		
Change in restricted cash or cash equivalents	(113,159)	506,403
INCREASE (DECREASE) IN CASH FLOW	4,264,451	(1,296,039)
Cash - beginning of year	4,015,539	5,311,578
CASH - END OF YEAR	\$ 8,279,990	\$ 4,015,539
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	\$ (456,463)	\$ (499,289)
CASH CONSISTS OF:		
Cash and cash equivalents (Note 2)	\$ 8,610,326	\$ 4,232,716
Less: restricted cash or cash equivalents (Note 2)	(330,336)	(217,177)
	\$ 8,279,990	\$ 4,015,539

COUNTY OF ST. PAUL NO. 19**Consolidated Schedule of Property and Other Taxes****(Schedule 1)****Year Ended December 31, 2015**

	Budget (Unaudited)	2015	2014
TAXATION			
Residential land and improvements	\$ 5,080,640	\$ 5,074,522	\$ 4,816,934
Farmland	1,207,428	1,207,705	1,213,782
Non-residential land and improvements	2,209,708	2,240,369	1,586,735
Machinery and equipment	6,144,438	7,248,381	3,919,260
Linear property	9,721,837	9,628,968	9,227,526
	24,364,051	25,399,945	20,764,237
REQUISITIONS			
Alberta School Foundation	3,819,420	3,819,420	3,654,934
M.D. of St. Paul Foundation	259,932	259,932	257,792
	4,079,352	4,079,352	3,912,726
	\$ 20,284,699	\$ 21,320,593	\$ 16,851,511

COUNTY OF ST. PAUL NO. 19**Consolidated Schedule of Government Transfers for Operating
Year Ended December 31, 2015****(Schedule 2)**

	Budget (Unaudited)	2015	2014
TRANSFERS FOR OPERATING			
Provincial grants-operating	\$ 6,111,190	\$ 1,260,479	\$ 1,037,009
Local government grants-operating	105,327	92,770	53,245
Federal grants-operating	-	-	26,674
	\$ 6,216,517	\$ 1,353,249	\$ 1,116,928

Consolidated Schedule of Government Transfers for Capital**(Schedule 3)**

	Budget (Unaudited)	2015	2014
TRANSFERS FOR CAPITAL			
Provincial grants-capital	\$ 2,512,001	\$ 2,423,337	\$ 2,510,832
Federal grants-capital	335,196	323,345	335,201
	\$ 2,847,197	\$ 2,746,682	\$ 2,846,033

Consolidated Schedule of Consolidated Expenses by Object**(Schedule 4)**

	Budget (Unaudited)	2015	2014
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 7,484,761	\$ 7,622,682	\$ 7,401,665
Contract and general services	3,596,820	4,154,875	3,600,010
Goods and supplies	6,406,450	5,263,924	6,506,043
Provision for allowances	10,008	18,152	9,775
Transfers to other governments	447,373	423,287	393,054
Transfers to local boards	795,880	847,069	840,663
Bank charges and short term interest	27,000	20,784	16,537
Interest on capital long term debt	323,590	318,400	355,859
Interest on operating long term debt	117,842	117,279	126,893
Amortization expense	3,648,455	4,500,098	4,126,040
Loss on sale of tangible capital assets	267,855	122,609	516,711
	\$ 23,126,034	\$ 23,409,159	\$ 23,893,250

COUNTY OF ST. PAUL NO. 19

Consolidated Schedule of Segmented Disclosures

Year Ended December 31, 2015

(Schedule 5)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation, Culture & Family	Environmental Services	2015 Total
REVENUE							
Net municipal taxes	\$ 21,320,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,320,593
User fees and sales of goods	20,043	141,511	577,564	14,018	248,199	372,833	1,374,168
Government transfers	110,385	92,294	2,795,737	188,359	442,817	490,339	4,099,931
Investment income	210,568	-	-	-	-	-	210,568
Other revenues	277,054	92,968	725,484	363,685	-	-	1,459,191
	21,938,643	326,773	4,098,785	546,062	691,016	863,172	28,464,451
EXPENSES							
Salaries and wages	1,544,656	-	4,320,861	643,737	536,723	576,705	7,622,682
Contract and general services	1,171,869	115,479	1,835,340	374,243	195,302	462,642	4,154,875
Goods and supplies	72,024	132,786	4,400,181	328,908	123,193	206,832	5,263,924
Transfers to local boards	206,302	377,899	40,057	-	513,480	132,618	1,270,356
Long-term debt interest	-	70,018	241,791	-	-	6,591	318,400
Other expenses	156,215	-	130,263	-	(2,654)	(5,000)	278,824
	3,151,066	696,182	10,968,493	1,346,888	1,366,044	1,380,388	18,909,061
NET REVENUE, BEFORE AMORTIZATION	18,787,577	(369,409)	(6,869,708)	(800,826)	(675,028)	(517,216)	9,555,390
Amortization expense	(54,316)	(159,526)	(3,920,162)	(54,911)	(58,750)	(252,433)	(4,500,098)
	\$ 18,733,261	\$ (528,935)	\$ (10,789,870)	\$ (855,737)	\$ (733,778)	\$ (769,649)	\$ 5,055,292

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the County of St. Paul No. 19 are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the municipality are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the municipal Council for the administration of their financial affairs and resources.

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

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

Basis of accounting

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

Use of estimates

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

Internally constructed tangible capital assets, mainly consisting of roads, are costed by using internal documents to determine the costs of the various components of the construction. Such documents include costing reports for projects, machines, timesheets etc. Gravel inventory is costed by a similar method using internal documents to determine the cost of crushing. As uncertainty inherently exists in the accurateness of these documents, actual results could differ from the accumulated costs.

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.

(continues)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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.

Inventory

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

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.

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.

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.

(*continues*)

COUNTY OF ST. PAUL NO. 19

Notes to Consolidated Financial Statements

Year Ended December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a) **Tangible Capital Assets**

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

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

One-half of the annual amortization is 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) **Inventories**

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.

d) **Leases**

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

Budget figures

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

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

2. CASH AND CASH EQUIVALENTS

	2015	2014
Cash	\$ 8,610,326	\$ 4,232,716

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, 2015 was NIL (2014 - NIL)

Council has designated funds of \$4,310,299 (2014 - \$4,021,141) included in the above amounts for reserves.

Included in cash is a restricted amount of \$330,336 (2014 - \$217,177) comprised of \$70,039 (2014 - \$96,038) of trust liabilities and \$260,297 (2014 - \$121,139) of deferred revenue received from various sources and held exclusively for approved projects (Note 5) and (Note 6) respectively.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2015	2014
Current	\$ 428,485	\$ 402,097
Arrears	185,958	201,171
Subtotal	614,443	603,268
Less: allowance for doubtful accounts	(44,858)	(38,843)
	\$ 569,585	\$ 564,425

4. DEBT CHARGES RECOVERABLE

	2015	2014
Current debt charges recoverable	\$ 112,414	\$ 106,628
Non-current debt charges recoverable	1,732,468	1,844,882
	\$ 1,844,882	\$ 1,951,510

(continues)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

4. DEBT CHARGES RECOVERABLE (continued)

Principal and interest repayments are as follows:

	Principal	Interest	Total
2016	\$ 112,414	\$ 94,405	\$ 206,819
2017	118,516	88,283	206,799
2018	124,953	81,846	206,799
2019	131,742	75,056	206,798
2020	138,904	67,895	206,799
Thereafter	1,218,353	338,552	1,556,905
	\$ 1,844,882	\$ 746,037	\$ 2,590,919

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 and begin to mature on December 1, 2023.

5. TRUST LIABILITIES

	2015	2014
Tax sale surplus	\$ 70,039	\$ 96,038

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

6. 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.

	2015	2014
RCP Joint Lagoon Feasibility Study	\$ -	\$ 5,250
MCS Net prepaid lease	91,000	102,375
Subdivision warranty	10,000	10,000
Bridges grant	3,514	3,514
FCSS ECD Coalition grant	22,500	-
FCSS 2016 funding - Town of Elk Point	733	-
ACP - Municipal Intern	11,091	-
WFLG - Ashmont/Spedden Line	64,241	-
MSI - Capital	57,218	-
	\$ 260,297	\$ 121,139

Funding from various grant programs, organizations and individuals remained unspent at the end of the current year. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements or as indicated by the donors. Most of the projects are scheduled for completion in 2016.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

7. LONG TERM DEBT

	2015	2014
Self supported debentures	\$ 11,248,863	\$ 14,997,685
Utility supported debentures	125,108	131,111
	\$ 11,373,971	\$ 15,128,796

Principal and interest repayments are as follows:

	Principal	Interest	Total
2016	\$ 1,993,857	\$ 403,038	\$ 2,396,895
2017	693,385	361,682	1,055,067
2018	719,362	326,869	1,046,231
2019	746,374	298,013	1,044,387
2020	774,463	269,923	1,044,386
Thereafter	6,446,530	1,151,114	7,597,644
	\$ 11,373,971	\$ 2,810,639	\$ 14,184,610

Debenture debt is repayable to the Alberta Capital Finance Authority and the Toronto-Dominion Bank and bears interest at rates ranging from 1.34% to 5.875% per annum, and matures in periods 2016 through 2032. The average annual interest rate is 3.68% (2014 - 3.94%).

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

Interest on long term debt amounted to \$435,679 (2014 - \$482,752).

The municipality's total cash payments for interest were \$456,553 (2014 - \$499,289).

COUNTY OF ST. PAUL NO. 19**Notes to Consolidated Financial Statements****Year Ended December 31, 2015****8. TANGIBLE CAPITAL ASSETS**

	Opening Balance	Additions / Amortization	Disposals / Adjustments	Closing Balance
<u>COST</u>				
Land	\$ 7,745,865	\$ -	\$ -	\$ 7,745,865
Land improvements	475,794	-	-	475,794
Buildings	8,239,023	65,088	(66,006)	8,238,105
Machinery and equipment	19,890,661	2,344,823	(716,523)	21,518,961
Vehicles	7,147,982	973,670	(564,426)	7,557,226
Engineered structures	110,473,067	1,945,943	513,172	112,932,182
Work in progress	750,893	617,542	(710,828)	657,607
	154,723,285	5,947,066	(1,544,611)	159,125,740
<u>ACCUMULATED AMORTIZATION</u>				
Land improvements	151,211	24,001	-	175,212
Buildings	1,086,556	160,770	(35,905)	1,211,421
Machinery and equipment	6,370,249	1,214,557	(407,053)	7,177,753
Vehicles	3,582,229	487,374	(489,349)	3,580,254
Engineered structures	49,706,343	2,856,537	(144,204)	52,418,676
	60,896,588	4,743,239	(1,076,511)	64,563,316
	\$ 93,826,697	\$ 1,203,827	\$ (468,100)	\$ 94,562,424

9. INVENTORY FOR CONSUMPTION

	2015	2014
Public Works gravel	\$ 933,040	\$ 993,817
Public Works coldmix	97,850	13,300
Public Works sand and salt	124,355	111,948
Public Works miscellaneous	409,638	568,297
Agricultural services	28,122	22,799
	\$ 1,593,005	\$ 1,710,161

COUNTY OF ST. PAUL NO. 19**Notes to Consolidated Financial Statements****Year Ended December 31, 2015****10. ACCUMULATED SURPLUS**

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

	2015	2014
Unrestricted surplus		
Unrestricted surplus, beginning of year	\$ 5,573,950	\$ 4,991,135
Excess of revenues and expenses	5,055,292	5,431,122
Unrestricted funds designated for future use	(2,727,352)	(3,795,665)
Funds contributed from restricted surplus	2,438,194	1,568,486
Capital debt proceeds	-	5,000,000
Repayment of capital debt	(3,553,772)	(2,376,367)
Increase in tangible capital assets	(735,727)	(5,244,761)
Unrestricted surplus, end of year	6,050,585	5,573,950
Restricted surplus		
Restricted surplus, beginning of year	4,021,141	1,793,962
Unrestricted funds designated for future use	2,727,352	3,795,665
Funds released for operating	(2,438,194)	(1,568,486)
Restricted surplus, end of year	4,310,299	4,021,141
Equity in tangible capital assets		
Equity in tangible capital assets, beginning of year	81,466,717	78,845,589
Current funds used for tangible capital assets	5,947,066	10,707,772
Proceeds on sale of tangible capital assets	(345,491)	(571,677)
Loss on sale of tangible capital assets	(122,609)	(516,711)
Amortization of tangible capital assets	(4,743,239)	(4,374,622)
Proceeds from long term capital financing	-	(5,000,000)
Repayment of capital long term debt	3,553,772	2,376,366
Equity in tangible capital assets, end of year	85,756,216	81,466,717
	\$ 96,117,100	\$ 91,061,808

Equity in tangible capital assets consists of the following:

Tangible capital assets (Note 8)	\$ 94,562,424	\$ 93,826,697
Long term debt - capital	(8,806,208)	(12,359,980)
	\$ 85,756,216	\$ 81,466,717

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

11. 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:

	2015	2014
Total debt limit	\$ 42,696,677	\$ 43,986,558
Total debt (including loan guarantees)	(9,743,971)	(13,281,773)
Amount of debt limit unused	\$ 32,952,706	\$ 30,704,785
Debt servicing limit	\$ 7,116,113	\$ 7,335,593
Debt servicing	(2,190,076)	(1,907,089)
Amount of debt servicing limit unused	\$ 4,926,037	\$ 5,428,504

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 Consolidated Financial Statements****Year Ended December 31, 2015****12. 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	2015	2014
Reeve	Upham	\$ 64,816	\$ 5,361	\$ 70,177	\$ 69,121
Councillors	Amyotte	45,421	4,457	49,878	46,195
	Dach	64,281	3,783	68,064	66,305
	Fodness	51,386	4,724	56,110	54,156
	Martin	54,216	4,844	59,060	55,602
	Ockerman	35,976	4,043	40,019	38,839
	Sloan	42,836	2,817	45,653	44,335
Administrator	Kitz	170,000	31,473	201,473	185,164
Assessor		96,142	8,591	104,733	108,200
Agriculture		37,793	8,067	45,860	44,310
Subdivision		38,938	8,312	47,250	45,653
Development		92,400	20,804	113,204	107,423
Deputy Development		70,707	17,085	87,792	84,014

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.

13. LOCAL AUTHORITIES PENSION PLAN

Employees of the municipality participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the *Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The municipality is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount.

Total current service contributions by the municipality to the LAPP in 2015 were \$681,284 (2014 - \$660,961). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2015 were \$627,614 (2014 - \$617,703).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.4 billion.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

14. COMMITMENTS AND SUBSEQUENT EVENTS

Subsequent to year end, the County has committed to purchase equipment at a net cost of \$1,073,915.

The County has committed to completing a new water transmission line from Spedden to Ashmont. The initial engineering costs committed are \$4.6 million. The County intends to borrow debenture debt up to \$963,201 to fund this project.

The County has committed to completing a lagoon refurbishment. The initial engineering costs committed are \$5 million. The County intends to borrow up to \$1,541,668 to fund this project.

The municipality has long term leases with respect to its office equipment. The leases contain renewal options and provides maintenance service & minor supplies. Future minimum lease payments as at December 31, 2015, are as follows:

2016	\$	27,665
2017		21,794
2018		19,239
2019		12,744
2020		11,520
Thereafter		404
		<hr/>
	\$	93,366

15. 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 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, 2015, the line of credit balance was \$214,883, therefore the County's guarantee would be limited to \$107,441.

16. FINANCIAL INSTRUMENTS

The municipality's financial assets consist of cash and cash equivalents, accounts receivable, investments, debt charges recoverable, and financial liabilities consisting of bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long term debt. It is management's opinion that the municipality is not exposed to significant interest or currency risks arising from these financial instruments.

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

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

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

18. COMPARATIVE FIGURES

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