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## INDEPENDENT AUDITOR'S REPORT

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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, 2016 and the consolidated statements of change in net financial assets (debt), operations, changes in accumulated surplus 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, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Vegreville, Alberta  
April 11, 2017

*Synergy*  
Chartered Professional Accountants

**COUNTY OF ST. PAUL NO. 19**  
**Consolidated Statement of Financial Position**  
**Year Ended December 31, 2016**

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 10,349,286	\$ 8,610,326
Taxes and grants in place of taxes receivable (Note 3)	681,003	569,585
Receivable from other governments	1,186,554	211,460
Trade and other receivables	1,333,238	1,659,565
Debt charges recoverable (Note 4)	1,732,468	1,844,882
Inventory of land held for resale	33,364	37,535
	<b>15,315,913</b>	<b>12,933,353</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	3,491,291	1,371,905
Wages payable	164,449	127,829
Trust liabilities (Note 5)	64,022	70,039
Deferred revenue (Note 6)	966,071	260,297
Long term debt (Note 7)	11,424,950	11,373,971
	<b>16,110,783</b>	<b>13,204,041</b>
<b>NET FINANCIAL LIABILITIES</b>	<b>(794,870)</b>	<b>(270,688)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	102,405,453	94,562,424
Inventory for consumption (Note 9)	3,089,049	1,593,005
Prepaid expenses	218,263	232,359
	<b>105,712,765</b>	<b>96,387,788</b>
<b>ACCUMULATED SURPLUS (Note 10)</b>	<b>\$104,917,895</b>	<b>\$ 96,117,100</b>

*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 (Debt)****Year Ended December 31, 2016**

	Budget (Unaudited)	2016	2015
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 11,413,653	\$ 8,800,795	\$ 5,055,292
Amortization of tangible capital assets	4,701,108	4,573,485	4,500,098
Amortization added to tangible capital assets	43,300	344,485	243,141
Proceeds on disposal of tangible capital assets	-	2,069,653	345,491
Loss/(gain) on sale of tangible capital assets	150,680	(74,737)	69,487
Acquisition of tangible capital assets	(16,136,588)	(14,755,915)	(5,947,066)
Change in inventories and prepaid expenses	-	(1,481,948)	139,709
Writedown of tangible capital assets	-	-	53,122
	172,153	(524,182)	4,459,274
Net financial assets, beginning of year	-	(270,688)	(4,729,962)
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 172,153	\$ (794,870)	\$ (270,688)

**COUNTY OF ST. PAUL NO. 19**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2016**

	Budget (Unaudited)	2016	2015
<b>REVENUES</b>			
Net municipal taxes <i>(Schedule 1)</i>	\$ 22,323,952	\$ 22,218,510	\$ 21,320,593
User fees and sales of goods	1,688,015	1,907,674	1,374,168
Government transfers for operating <i>(Schedule 2)</i>	1,191,025	1,049,569	1,353,249
Investment income	104,400	214,828	210,568
Penalties and costs of taxes	123,871	141,996	142,736
Licenses and permits	117,000	242,685	213,983
Rentals and leases	55,837	60,432	66,431
Other	515,203	728,230	1,036,041
	26,119,303	26,563,924	25,717,769
<b>EXPENSES</b>			
Legislative	506,279	474,704	510,986
Administration	3,292,033	2,853,489	2,694,396
Bylaws enforcement	1,241,327	1,196,506	855,707
Roads, streets, walks, lighting	15,997,871	15,173,086	14,888,655
Water supply and distribution	747,978	1,777,554	404,901
Wastewater treatment and disposal	238,636	200,317	183,271
Waste management	1,127,998	1,221,333	1,044,648
Family and community support	400,014	398,449	339,799
Agriculture services	778,928	732,690	737,953
Subdivision land development	449,171	487,088	663,846
Parks and recreation	934,148	966,330	869,522
Library	219,427	221,909	215,475
	25,933,810	25,703,455	23,409,159
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE TRANSFERS FOR CAPITAL</b>	185,493	860,469	2,308,610
Government transfers for capital <i>(Schedule 3)</i>	11,228,160	7,940,326	2,746,682
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 11,413,653</b>	<b>\$ 8,800,795</b>	<b>\$ 5,055,292</b>

**COUNTY OF ST. PAUL NO. 19**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2016**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 8,800,795	\$ 5,055,292
Items not affecting cash:		
Amortization of tangible capital assets	4,573,485	4,500,098
Amortization added to tangible capital assets	344,485	243,140
Loss/(gain) on sale of tangible capital assets	(74,737)	122,609
	<b>13,644,028</b>	<b>9,921,139</b>
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	(111,418)	(5,160)
Receivable from other governments	(975,094)	1,058,803
Trade and other receivables	326,327	1,946,435
Inventory of land held for resale	4,171	8,342
Accounts payable and accrued liabilities	2,119,387	442,185
Wages payable	36,620	2,770
Trust liabilities	(6,017)	(25,999)
Deferred revenue	705,774	139,158
Inventory for consumption	(1,496,044)	117,156
Prepaid expenses	14,096	22,553
	<b>617,802</b>	<b>3,706,243</b>
Cash flow from operating activities	<b>14,261,830</b>	<b>13,627,382</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of property, plant and equipment	(14,755,916)	(5,947,066)
Proceeds on disposal of property, plant and equipment	2,069,653	345,491
Cash flow used by capital activities	<b>(12,686,263)</b>	<b>(5,601,575)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long term financing	1,897,525	-
Repayment of long term debt	(1,846,546)	(3,754,825)
Repayment of loans receivable	112,414	106,628
Cash flow from (used by) financing activities	<b>163,393</b>	<b>(3,648,197)</b>
<b>INVESTING ACTIVITY</b>		
Change in restricted cash or cash equivalents	(699,757)	(113,159)
<b>INCREASE IN CASH FLOW</b>	<b>1,039,203</b>	<b>4,264,451</b>
Cash - beginning of year	<b>8,279,990</b>	<b>4,015,539</b>
<b>CASH - END OF YEAR</b>	<b>9,319,193</b>	<b>8,279,990</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest paid	\$ (407,054)	\$ (456,463)
<b>CASH CONSISTS OF:</b>		
Cash and cash equivalents (Note 2)	\$ 10,349,286	\$ 8,610,326
Restricted cash or cash equivalents (Note 2)	(1,030,093)	(330,336)
	<b>\$ 9,319,193</b>	<b>\$ 8,279,990</b>

**COUNTY OF ST. PAUL NO. 19****Consolidated Schedule of Property and Other Taxes****(Schedule 1)****Year Ended December 31, 2016**

	Budget (Unaudited)	2016	2015
<b>TAXATION</b>			
Residential land and improvements	\$ 5,304,984	\$ 5,302,370	\$ 5,074,522
Farmland	1,201,810	1,201,964	1,207,705
Non-residential land and improvements	2,244,211	2,210,377	2,240,369
Machinery and equipment	7,788,896	7,718,936	7,248,381
Linear property	10,156,562	10,165,173	9,628,968
	26,696,463	26,598,820	25,399,945
<b>REQUISITIONS</b>			
Alberta School Foundation	4,107,423	4,115,222	3,819,420
M.D. of St. Paul Foundation	265,088	265,088	259,932
	4,372,511	4,380,310	4,079,352
	\$ 22,323,952	\$ 22,218,510	\$ 21,320,593

**COUNTY OF ST. PAUL NO. 19****Consolidated Schedule of Government Transfers for Operating  
Year Ended December 31, 2016****(Schedule 2)**

	Budget (Unaudited)	2016	2015
<b>TRANSFERS FOR OPERATING</b>			
Provincial grants-operating	\$ 719,123	\$ 893,623	\$ 1,260,479
Local government grants-operating	447,195	131,239	92,770
Federal grants-operating	24,707	24,707	-
	\$ 1,191,025	\$ 1,049,569	\$ 1,353,249

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

	Budget (Unaudited)	2016	2015
<b>TRANSFERS FOR CAPITAL</b>			
Provincial grants-capital	\$ 9,188,149	\$ 6,654,492	\$ 2,423,337
Federal grants-capital	2,040,011	1,232,186	323,345
Local government grants-capital	-	53,648	-
	\$ 11,228,160	\$ 7,940,326	\$ 2,746,682

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

	Budget (Unaudited)	2016	2015
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 7,991,085	\$ 7,856,256	\$ 7,622,682
Contract and general services	5,107,189	3,258,180	4,154,875
Goods and supplies	5,360,404	6,942,027	5,263,924
Provision for allowances	10,008	27,061	18,152
Transfers to other governments	1,041,121	785,013	423,287
Transfers to local boards	1,140,134	1,929,116	847,069
Bank charges and short term interest	24,996	15,056	20,784
Interest on capital long term debt	297,143	282,682	318,400
Interest on operating long term debt	109,942	109,316	117,279
Amortization expense	4,701,108	4,573,485	4,500,098
Loss/(gain) on sale of tangible capital assets	150,680	(74,737)	122,609
	\$ 25,933,810	\$ 25,703,455	\$ 23,409,159

COUNTY OF ST. PAUL NO. 19

Consolidated Schedule of Segmented Disclosures  
Year Ended December 31, 2016

(Schedule 5)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation, Culture & Family	Environmental Services	2016 Total
<b>REVENUE</b>							
Net municipal taxes	\$ 22,218,510	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,218,510
User fees and sales of goods	19,212	50,380	1,238,188	17,459	231,510	350,925	1,907,674
Government transfers	73,365	282,345	2,565,310	168,359	493,278	5,407,238	8,989,895
Investment income	214,828	-	-	-	-	-	214,828
Other revenues	291,537	151,161	415,231	315,414	-	-	1,173,343
	22,817,452	483,886	4,218,729	501,232	724,788	5,758,163	34,504,250
<b>EXPENSES</b>							
Salaries and wages	1,400,858	190,113	4,491,454	668,225	510,302	595,304	7,856,256
Contract and general services	1,306,802	157,622	685,767	170,016	304,633	633,340	3,258,180
Goods and supplies	107,929	265,217	5,880,463	338,063	156,307	194,048	6,942,027
Transfers to local boards/other governments	303,845	342,671	34,715	-	551,444	1,481,454	2,714,129
Long-term debt interest	-	65,987	196,051	-	-	20,634	282,682
Other expenses	151,433	-	(63,611)	(11,126)	-	-	76,696
	3,270,867	1,021,620	11,224,839	1,165,178	1,522,686	2,924,780	21,129,970
	19,546,585	(537,734)	(7,006,110)	(663,946)	(797,896)	2,833,383	13,374,280
Amortization expense	57,326	174,886	3,948,247	54,600	64,002	274,424	4,573,485
<b>INCOME (LOSS) FROM OPERATIONS</b>	\$ 19,489,259	\$ (712,620)	\$ (10,954,357)	\$ (718,546)	\$ (961,900)	\$ 2,558,959	\$ 8,800,795



**COUNTY OF ST. PAUL NO. 19**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2016**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

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

Reporting entity

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

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

The statements 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.

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**COUNTY OF ST. PAUL NO. 19**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2016**

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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.

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**COUNTY OF ST. PAUL NO. 19**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2016**

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**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, 2016**

**2. CASH AND CASH EQUIVALENTS**

	2016	2015
Cash	\$ 10,349,286	\$ 8,610,326

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, 2016 was NIL (2015 - NIL)

Council has designated funds of \$5,284,387 (2015 - \$4,310,299) included in the above amounts for reserves.

Included in cash is a restricted amount of \$1,030,093 (2015 - \$330,336) comprised of \$64,022 (2015 - \$70,039) of trust liabilities and \$966,071 (2015 - \$260,297) 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**

	2016	2015
Current	\$ 546,294	\$ 428,485
Arrears	203,416	185,958
Subtotal	749,710	614,443
Less: allowance for doubtful accounts	(68,707)	(44,858)
	\$ 681,003	\$ 569,585

**4. DEBT CHARGES RECOVERABLE**

	2016	2015
Current debt charges recoverable	\$ 118,516	\$ 112,414
Non-current debt charges recoverable	1,613,952	1,732,468
	\$ 1,732,468	\$ 1,844,882

(continues)

**COUNTY OF ST. PAUL NO. 19**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2016**

**4. DEBT CHARGES RECOVERABLE (continued)**

Principal and interest repayments are as follows:

	Principal	Interest	Total
2017	\$ 118,516	\$ 88,282	\$ 206,798
2018	124,953	81,845	206,798
2019	131,742	75,056	206,798
2020	138,904	67,894	206,798
2021	146,458	60,340	206,798
Thereafter	1,071,895	278,213	1,350,108
	<b>\$ 1,732,468</b>	<b>\$ 651,630</b>	<b>\$ 2,384,098</b>

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**

	2016	2015
Tax sale surplus	\$ 64,022	\$ 70,039

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.

	2016	2015
WFLG - Ashmont/Spedden Line	\$ 440,911	\$ 64,241
MSI - Capital	393,761	57,218
MCS Net prepaid lease	79,625	91,000
FCSS ECD Coalition grant 2017	22,500	-
Enbridge pipelines	15,000	-
Subdivision warranty	10,000	10,000
Bridges grant	3,514	3,514
FCSS ECD Coalition grant 2016	760	22,500
FCSS 2016 funding - Town of Elk Point	-	733
ACP - Municipal Intern	-	11,091
	<b>\$ 966,071</b>	<b>\$ 260,297</b>

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 2017.

**COUNTY OF ST. PAUL NO. 19**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2016**

**7. LONG TERM DEBT**

	2016	2015
Self supported debentures	\$ 10,521,154	\$ 11,248,863
Utility supported debentures	903,796	125,108
	<b>\$ 11,424,950</b>	<b>\$ 11,373,971</b>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2017	\$ 814,656	\$ 411,568	\$ 1,226,224
2018	843,061	374,352	1,217,413
2019	836,209	343,147	1,179,356
2020	840,162	313,336	1,153,498
2021	871,044	282,454	1,153,498
Thereafter	7,219,818	1,353,321	8,573,139
	<b>\$ 11,424,950</b>	<b>\$ 3,078,178</b>	<b>\$ 14,503,128</b>

Debenture debt is repayable to the Alberta Capital Finance Authority and the Toronto-Dominion Bank and bears interest at rates ranging from 1.45% to 5.875% per annum, matures in periods 2019 through 2046. The average annual interest rate is 3.60% (2015 - 3.68%).

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

Interest on long term debt amounted to \$391,998 (2015 - \$435,679).

The municipality's total cash payments for interest were \$407,054 (2015 - \$456,553).

**COUNTY OF ST. PAUL NO. 19**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2016**

**8. TANGIBLE CAPITAL ASSETS**

	Opening Balance	Additions / Amortization	Disposals / Adjustments	Closing Balance
<b><u>COST</u></b>				
Land	\$ 7,745,865	\$ 248,198	\$ (47,734)	\$ 7,946,329
Land improvements	475,794	100,484	-	576,278
Buildings	8,238,105	669,763	(119,519)	8,788,349
Machinery and equipment	21,518,961	4,313,426	(2,712,610)	23,119,777
Vehicles	7,557,226	1,279,132	(630,092)	8,206,266
Engineered structures	112,932,182	248,012	-	113,180,194
Work in progress	657,607	7,896,900	(57,659)	8,496,848
	159,125,740	14,755,915	(3,567,614)	170,314,041
<b><u>ACCUMULATED AMORTIZATION</u></b>				
Land improvements	175,212	26,460	-	201,672
Buildings	1,211,421	169,804	(35,509)	1,345,716
Machinery and equipment	7,177,753	1,320,921	(979,012)	7,519,662
Vehicles	3,580,254	513,922	(558,177)	3,535,999
Engineered structures	52,418,676	2,886,863	-	55,305,539
	64,563,316	4,917,970	(1,572,698)	67,908,588
	\$ 94,562,424	\$ 9,837,945	\$ (1,994,916)	\$102,405,453

**9. INVENTORY FOR CONSUMPTION**

	2016	2015
Public Works gravel	\$ 2,472,773	\$ 933,040
Public Works coldmix	54,530	97,850
Public Works sand and salt	148,103	124,355
Public Works miscellaneous	391,243	409,638
Agricultural services	22,400	28,122
	\$ 3,089,049	\$ 1,593,005

**COUNTY OF ST. PAUL NO. 19**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2016**

**10. ACCUMULATED SURPLUS**

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

	2016	2015
<b>Unrestricted surplus</b>		
Unrestricted surplus, beginning of year	\$ 6,050,585	\$ 5,573,950
Excess of revenues and expenses	8,800,795	5,055,292
Unrestricted funds designated for future use	(1,529,196)	(2,727,352)
Funds contributed from restricted surplus	555,108	2,438,194
Capital debt proceeds	1,897,525	-
Repayment of capital debt	(1,637,594)	(3,553,772)
Increase in tangible capital assets	(7,843,029)	(735,727)
Unrestricted surplus, end of year	6,294,194	6,050,585
<b>Restricted surplus</b>		
Restricted surplus, beginning of year	4,310,299	4,021,141
Unrestricted funds designated for future use	1,529,196	2,727,352
Funds released for operating	(555,108)	(2,438,194)
Restricted surplus, end of year	5,284,387	4,310,299
<b>Equity in tangible capital assets</b>		
Equity in tangible capital assets, beginning of year	85,756,216	81,466,717
Current funds used for tangible capital assets	14,755,915	5,947,066
Proceeds on sale of tangible capital assets	(2,069,653)	(345,491)
(Loss)/gain on sale of tangible capital assets	74,737	(122,609)
Amortization of tangible capital assets	(4,917,970)	(4,743,239)
Proceeds from long term capital financing	(1,897,525)	-
Repayment of capital long term debt	1,637,594	3,553,772
Equity in tangible capital assets, end of year	93,339,314	85,756,216
	<b>\$104,917,895</b>	<b>\$ 96,117,100</b>

**Equity in tangible capital assets consists of the following:**

Tangible capital assets (Note 8)	\$102,405,453	\$ 94,562,424
Long term debt - capital	(9,066,139)	(8,806,208)
	<b>\$ 93,339,314</b>	<b>\$ 85,756,216</b>



**COUNTY OF ST. PAUL NO. 19**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2016**

**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:

	2016	2015
Total debt limit	\$ 51,756,375	\$ 42,696,677
Total debt (including loan guarantees)	(9,814,185)	(9,636,530)
Amount of debt limit unused	\$ 41,942,190	\$ 33,060,147
Debt servicing limit	\$ 8,626,063	\$ 7,116,113
Debt servicing	(1,019,426)	(2,190,076)
Amount of debt servicing limit unused	\$ 7,606,637	\$ 4,926,037

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, 2016**

**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	2016	2015
Reeve	Upham	\$ 61,886	\$ 6,233	\$ 68,119	\$ 70,177
Councillors	Amyotte	49,441	5,514	54,955	49,878
	Dach	58,951	4,210	63,161	68,064
	Fodness	49,666	5,547	55,213	56,110
	Martin	50,336	5,597	55,933	59,060
	Ockerman	32,106	4,663	36,769	40,019
	Sloan	35,531	3,173	38,704	45,653
Administrator	Kitz	170,000	33,543	203,543	201,473
Assessor		-	-	-	104,733
Agriculture		37,793	8,532	46,325	45,860
Subdivision		38,938	8,790	47,728	47,250
Development		94,300	22,478	116,778	113,204
Deputy					
Development		70,807	18,893	89,700	87,792
Emergency					
Management		111,269	24,279	135,548	-

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 Consolidated Financial Statements**  
**Year Ended December 31, 2016**

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**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 2016 were \$717,212 (2015 - \$681,284). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2016 were \$660,510 (2015 - \$627,614).

At December 31, 2015, the LAPP disclosed an actuarial deficiency of \$923,416 million.

**14. COMMITMENTS AND SUBSEQUENT EVENTS**

Subsequent to year end, the County has committed to purchase equipment at a net cost of \$621,659.

The County has committed to completing a new water transmission line from Spedden to Ashmont. As of December 31, 2016, the project is estimated to be 90% complete. An additional \$440,000 in expenditures has been budgeted to complete the project. No further borrowing will be required.

The County has committed to completing a lagoon refurbishment. As of December 31, 2016, the project is estimated to be 85% complete. An additional \$450,000 in expenditures has been budgeted to complete the project. No further borrowing will be required.

The County has received a grant to complete a water transmission line from Ashmont to Mallaig. The County is currently working on the requirements for an inter-basin transfer as the water that currently comes to Ashmont is from the North Saskatchewan River Basin, and Mallaig is in the Beaver River Water Basin. The County has signed agreements for engineering the water line and consulting for the inter-basin transfer estimated at \$505,000 for 2017.

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, 2016, are as follows:

2017	\$	21,794
2018		19,239
2019		12,744
2020		11,520
2021		404
		<hr/>
	\$	65,701

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

### **Notes to Consolidated Financial Statements**

**Year Ended December 31, 2016**

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#### **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, 2016, the line of credit balance was \$32,710 (2015 - \$214,883), therefore the County's guarantee would be limited to \$16,355.

The County has guaranteed one half of a prime plus 2.0% Servus Credit Union term loan for the Elk Point Regional Allied Arts Society. As at December 31, 2016, the loan balance was \$210,696, therefore the County's guarantee would be limited to \$105,348.

#### **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.

#### **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.