
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 statement of financial position as at December 31, 2014, and the 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

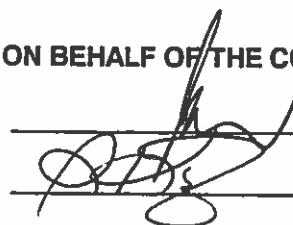
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of County of St. Paul No. 19 as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Financial Position
Year Ended December 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 4,232,716	\$ 6,035,158
Taxes and grants in place of taxes receivable (Note 3)	564,425	516,672
Receivable from other governments	1,270,263	805,854
Trade and other receivables	3,606,000	356,738
Debt charges recoverable (Note 4)	1,951,510	2,089,049
Inventory of land held for resale	45,877	45,877
	11,670,791	9,849,348
LIABILITIES		
Accounts payable and accrued liabilities	929,721	1,511,577
Wages payable	125,059	147,040
Trust liabilities (Note 5)	96,038	70,984
Deferred revenue (Note 6)	121,139	652,597
Long term debt (Note 7)	15,128,796	12,735,060
	16,400,753	15,117,258
NET FINANCIAL ASSETS	(4,729,962)	(5,267,910)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	93,826,697	88,581,935
Inventory for consumption (Note 9)	1,710,161	2,078,819
Prepaid expenses	254,912	237,842
	95,791,770	90,898,596
ACCUMULATED SURPLUS (Note 10)	\$ 91,061,808	\$ 85,630,686

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, 2014**

	Budget (Unaudited)	2014	2013
EXCESS OF REVENUES OVER EXPENSES	\$ 4,091,355	\$ 5,431,122	\$ 5,860,842
Amortization of tangible capital assets	3,614,101	4,126,040	3,586,865
Amortization added to tangible capital assets	250,000	248,582	232,273
Proceeds on disposal of tangible capital assets	9,755	571,677	1,797,451
Gain on sale of tangible capital assets	-	516,711	102,587
Acquisition of tangible capital assets	(11,807,895)	(10,707,772)	(19,967,649)
Change in inventories and prepaid expenses	-	351,588	41,180
Writedown of tangible capital assets	-	-	709,568
	(3,842,684)	537,948	(7,636,883)
Net financial assets, beginning of year	-	(5,267,910)	2,368,973
NET FINANCIAL ASSETS, END OF YEAR	\$ (3,842,684)	\$ (4,729,962)	\$ (5,267,910)

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Operations
Year Ended December 31, 2014

	Budget (Unaudited)	2014	2013
REVENUE			
Net municipal taxes <i>(Schedule 1)</i>	\$ 17,254,376	\$ 16,851,511	\$ 14,616,439
User fees and sales of goods	1,528,450	2,823,180	1,487,042
Government transfers for operating <i>(Schedule 2)</i>	1,109,297	1,116,928	1,847,341
Investment income	125,248	274,173	254,195
Penalties and costs of taxes	121,500	123,061	117,958
Licenses and permits	267,500	515,403	391,671
Rentals and leases	54,338	44,070	54,510
Other	2,233,500	4,730,013	1,891,861
	22,694,209	26,478,339	20,661,017
EXPENSES			
Legislative	503,851	483,300	447,353
Administration	2,808,810	2,762,815	2,471,519
Bylaws enforcement	778,518	872,483	548,171
Roads, streets, walks, lighting	12,856,763	15,155,998	11,420,623
Water supply and distribution	520,508	552,890	1,445,480
Wastewater treatment and disposal	457,403	423,803	164,652
Waste management	999,716	1,075,276	969,439
Family and community support	275,161	272,878	233,468
Agriculture services	668,793	651,693	626,756
Subdivision land development	448,107	514,147	439,545
Parks and recreation	826,500	855,546	798,320
Library	272,457	272,421	223,647
	21,416,587	23,893,250	19,788,973
EXCESS OF REVENUE OVER EXPENSES BEFORE TRANSFERS FOR CAPITAL			
	1,277,622	2,585,089	872,044
Government transfers for capital <i>(Schedule 3)</i>	2,813,733	2,846,033	4,988,798
EXCESS OF REVENUE OVER EXPENSES			
	\$ 4,091,355	\$ 5,431,122	\$ 5,860,842

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Cash Flows
Year Ended December 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 5,431,122	\$ 5,860,842
Items not affecting cash:		
Amortization of tangible capital assets	4,126,040	3,586,865
Amortization added to tangible capital assets	248,582	232,273
Gain on sale of tangible capital assets	516,711	102,587
Writedown of capital assets	-	709,569
	10,322,455	10,492,136
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	(47,753)	70,644
Receivable from other governments	(464,409)	(715,591)
Trade and other receivables	(3,249,262)	184,658
Inventory of land held for resale	-	12,513
Wages payable	(21,981)	23,913
Trust liabilities	25,054	(1,849)
Deferred revenue	(531,458)	(1,330,854)
Inventory for consumption	368,658	101,833
Prepaid expenses	(17,070)	(60,653)
Accounts payable and accrued liabilities	(581,856)	42,483
	(4,520,077)	(1,672,903)
Cash flow from operating activities	5,802,378	8,819,233
CAPITAL ACTIVITIES		
Purchase of property, plant and equipment	(10,707,772)	(19,967,649)
Proceeds on disposal of property, plant and equipment	571,677	1,797,451
Cash flow used by capital activities	(10,136,095)	(18,170,198)
FINANCING ACTIVITIES		
Proceeds from long term financing	5,000,000	9,715,000
Repayment of long term debt	(2,606,264)	(341,596)
Repayment of loans receivable	137,539	130,360
Cash flow from financing activities	2,531,275	9,503,764
INVESTING ACTIVITY		
Change in restricted cash or cash equivalents	506,403	1,332,703
INCREASE (DECREASE) IN CASH FLOW	(1,296,039)	1,485,502
Cash - beginning of year	5,311,578	3,826,076
CASH - END OF YEAR	\$ 4,015,539	\$ 5,311,578
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	\$ (499,289)	\$ (313,482)

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COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Cash Flows *(continued)*
Year Ended December 31, 2014

	2014	2013
CASH CONSISTS OF:		
Cash and cash equivalents <i>(Note 2)</i>	\$ 4,232,716	\$ 6,035,158
Less: restricted cash or cash equivalents <i>(Note 2)</i>	(217,177)	(723,580)
	\$ 4,015,539	\$ 5,311,578

COUNTY OF ST. PAUL NO. 19

Consolidated Schedule of Property and Other Taxes

(Schedule 1)

Year Ended December 31, 2014

	Budget (Unaudited)	2014	2013
TAXATION			
	\$ -	\$ 2	\$ -
Residential land and improvements	4,816,079	4,816,932	4,708,497
Farmland	1,213,670	1,213,782	1,192,165
Non-residential land and improvements	1,596,798	1,586,735	1,165,606
Machinery and equipment	3,796,114	3,919,260	2,902,446
Linear property	9,744,441	9,227,526	8,658,004
	21,167,102	20,764,237	18,626,718
REQUISITIONS			
Alberta School Foundation	3,654,934	3,654,934	3,591,666
M.D. of St. Paul Foundation	257,792	257,792	418,613
	3,912,726	3,912,726	4,010,279
	\$ 17,254,376	\$ 16,851,511	\$ 14,616,439

COUNTY OF ST. PAUL NO. 19

**Consolidated Schedule of Government Transfers for Operating
Year Ended December 31, 2014**

(Schedule 2)

	Budget (Unaudited)	2014	2013
TRANSFERS FOR OPERATING			
Provincial grants-operating	\$ 1,024,941	\$ 1,037,009	\$ 1,782,698
Local government grants-operating	59,428	53,245	52,801
Federal grants-operating	24,928	26,674	11,842
	\$ 1,109,297	\$ 1,116,928	\$ 1,847,341

Consolidated Schedule of Government Transfers for Capital

(Schedule 3)

	Budget (Unaudited)	2014	2013
TRANSFERS FOR CAPITAL			
Provincial grants-capital	\$ 2,483,532	\$ 2,510,832	\$ 4,568,597
Federal grants-capital	330,201	335,201	330,201
Local government grants-capital	-	-	90,000
	\$ 2,813,733	\$ 2,846,033	\$ 4,988,798

Consolidated Schedule of Consolidated Expenses by Object

(Schedule 4)

	Budget (Unaudited)	2014	2013
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 7,332,653	\$ 7,401,665	\$ 6,949,767
Contract and general services	3,306,279	3,600,010	3,418,337
Goods and supplies	5,444,509	6,506,043	4,441,741
Provision for allowances	10,000	9,775	(2,494)
Transfers to other governments	270,500	393,054	285,105
Transfers to local boards	886,518	840,663	693,583
Bank charges and short term interest	40,000	16,537	10,109
Interest on capital long term debt	394,296	355,859	160,844
Interest on operating long term debt	127,486	126,893	142,529
Amortization expense	3,614,101	4,126,040	3,586,865
Gain on sale of tangible capital assets	(9,755)	516,711	102,587
	\$ 21,416,587	\$ 23,893,250	\$ 19,788,973

COUNTY OF ST. PAUL NO. 19
 Consolidated Schedule of Segmented Disclosures
 Year Ended December 31, 2014

(Schedule 5)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation, Culture & Family	Environmental Services	2014 Total
REVENUE							
Net municipal taxes	\$ 16,851,509	\$ -	\$ (4)	\$ -	\$ -	\$ -	\$ 16,851,505
User fees and sales of goods	25,393	144,664	1,988,838	26,318	277,834	360,133	2,823,180
Government transfers	305,310	68,546	2,905,822	168,359	427,409	87,516	3,962,962
Investment income	274,173	-	-	-	-	-	274,173
Other revenues	379,651	100	4,552,719	470,079	10,000	-	5,412,549
	17,836,036	213,310	9,447,375	664,756	715,243	447,649	29,324,369
EXPENSES							
Salaries and wages	1,495,298	-	4,162,606	592,969	534,224	616,567	7,401,664
Contract and general services	1,246,401	153,426	1,021,511	250,361	133,183	795,127	3,600,009
Goods and supplies	142,288	243,818	5,474,265	292,706	133,720	219,246	6,506,043
Transfers to local boards	192,837	267,257	65,095	-	542,676	165,852	1,233,717
Long-term debt interest	-	74,121	274,850	-	-	6,888	355,859
Other expenses	134,705	-	557,534	(22,324)	-	-	669,915
	3,211,529	738,622	11,555,861	1,113,712	1,343,803	1,803,680	19,767,207
NET REVENUE, BEFORE AMORTIZATION	14,624,507	(525,312)	(2,108,486)	(448,956)	(628,560)	(1,356,031)	9,557,162
Amortization expense	(34,586)	(133,861)	(3,600,136)	(52,127)	(57,041)	(248,289)	(4,126,040)
	\$ 14,589,921	\$ (659,173)	\$ (5,708,622)	\$ (501,083)	\$ (685,601)	\$ (1,604,320)	\$ 5,431,122

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

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, 2014

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, 2014

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, 2014

2. CASH AND CASH EQUIVALENTS

	2014	2013
Cash	\$ 4,232,716	\$ 6,035,158

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, 2014 was NIL (2013 - NIL)

Council has designated funds of \$4,021,141 (2013 - \$1,793,962) included in the above amounts for reserves.

Included in cash is a restricted amount of \$217,177 (2013 - \$723,580) comprised of \$96,038 (2013 - \$70,984) of trust liabilities and \$121,139 (2013 - \$652,597) of deferred revenue received from various sources and held exclusively for approved projects (Note 6).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2014	2013
Current	\$ 402,097	\$ 376,973
Arrears	201,171	171,758
Subtotal	603,268	548,731
Less: allowance for doubtful accounts	(38,843)	(32,059)
	\$ 564,425	\$ 516,672

4. DEBT CHARGES RECOVERABLE

	2014	2013
Current debt charges recoverable	\$ 106,628	\$ 137,539
Non-current debt charges recoverable	1,844,882	1,951,510
	\$ 1,951,510	\$ 2,089,049

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COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

4. DEBT CHARGES RECOVERABLE (continued)

Principal and interest repayments are as follows:

	Principal	Interest	Total
2015	\$ 106,628	\$ 100,170	\$ 206,798
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
Thereafter	1,357,257	406,447	1,763,704
	\$ 1,951,510	\$ 846,207	\$ 2,797,717

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

	2014	2013
Tax sale surplus	\$ 96,038	\$ 70,984

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.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

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.

	2014	2013
RCP Joint Lagoon Feasibility Study	\$ 5,250	\$ -
MCS Net prepaid lease	102,375	113,750
Subdivision warranty	10,000	10,000
Bridges grant	3,514	3,514
Rural Broadband Grant	-	227,500
Enbridge - Murphy Road Overlay	-	100,000
Interpipeline - Murphy Road Overlay	-	100,000
Interpipeline - Township Road 612	-	50,000
E Construction - Murphy Road Overlay	-	20,000
Internship grant	-	14,333
Customer Deposits - Iron Horse Trail Water Line	-	13,500
	\$ 121,139	\$ 652,597

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 2015.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

7. LONG TERM DEBT

	2014	2013
Self supported debentures	\$ 14,997,685	\$ 12,598,241
Utility supported debentures	131,111	136,819
	\$ 15,128,796	\$ 12,735,060

Principal and interest repayments are as follows:

	Principal	Interest	Total
2015	\$ 1,621,464	\$ 492,423	\$ 2,113,887
2016	1,661,094	443,884	2,104,978
2017	1,702,228	393,403	2,095,631
2018	1,744,465	342,313	2,086,778
2019	1,178,366	299,352	1,477,718
Thereafter	7,221,178	1,416,148	8,637,326
	\$ 15,128,795	\$ 3,387,523	\$ 18,516,318

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 1.6000 to 5.875% per annum, and matures in periods 2015 through 2032. The average annual interest rate is 3.94% (2013 - 3.70%).

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

Interest on long term debt in 2014 amounted to \$482,752 (2013 - \$303,373).

The municipality's total cash payments for interest in 2014 were \$499,289 (2013 - \$313,482).

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

8. TANGIBLE CAPITAL ASSETS

	Opening Balance	Additions / Amortization	Disposals / Adjustments	Closing Balance
<u>COST</u>				
Land	\$ 7,745,865	\$ -	\$ -	\$ 7,745,865
Land improvements	436,671	9,313	29,810	475,794
Buildings	5,062,793	672,052	2,504,178	8,239,023
Machinery and equipment	19,277,575	1,643,755	(1,030,669)	19,890,661
Vehicles	6,579,781	647,673	(79,472)	7,147,982
Engineered structures	106,384,982	7,106,572	(3,018,487)	110,473,067
Work in progress	3,042,562	628,407	(2,920,076)	750,893
	148,530,229	10,707,772	(4,514,716)	154,723,285
<u>ACCUMULATED AMORTIZATION</u>				
Land improvements	126,640	24,571	-	151,211
Buildings	963,219	123,337	-	1,086,556
Machinery and equipment	5,900,319	1,148,901	(678,971)	6,370,249
Vehicles	3,180,262	476,223	(74,256)	3,582,229
Engineered structures	49,777,854	2,601,590	(2,673,101)	49,706,343
	59,948,294	4,374,622	(3,426,328)	60,896,588
	\$ 88,581,935	\$ 6,333,150	\$ (1,088,388)	\$ 93,826,697

9. INVENTORY FOR CONSUMPTION

	2014	2013
Public Works gravel	\$ 993,817	\$ 1,005,636
Public Works coldmix	13,300	497,225
Public Works sand and salt	111,948	82,225
Public Works miscellaneous	568,297	457,981
Agricultural services	22,799	35,752
	\$ 1,710,161	\$ 2,078,819

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

10. ACCUMULATED SURPLUS

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

	2014	2013
Unrestricted surplus		
Unrestricted surplus, beginning of year	\$ 4,991,135	\$ 4,678,866
Excess of revenues and expenses	5,431,122	5,860,842
Unrestricted funds designated for future use	(3,795,665)	(1,605,767)
Funds contributed from restricted surplus	1,568,486	2,000
Capital debt proceeds	5,000,000	9,715,000
Repayment of capital debt	(2,376,367)	(120,902)
Increase in tangible capital assets	(5,244,761)	(13,538,904)
Unrestricted surplus, end of year	5,573,950	4,991,135
Restricted surplus		
Restricted surplus, beginning of year	1,793,962	190,195
Unrestricted funds designated for future use	3,795,665	1,605,767
Funds released for operating	(1,568,486)	(2,000)
Restricted surplus, end of year	4,021,141	1,793,962
Equity in tangible capital assets		
Equity in tangible capital assets, beginning of year	78,845,589	74,900,784
Current funds used for tangible capital assets	10,707,772	19,967,649
Proceeds on sale of tangible capital assets	(571,677)	(1,797,451)
Loss on sale of tangible capital assets	(516,711)	(102,587)
Writedown of capital assets	-	(709,570)
Amortization of tangible capital assets	(4,374,622)	(3,819,137)
Proceeds from long term capital financing	(5,000,000)	(9,715,000)
Repayment of capital long term debt	2,376,366	120,901
Equity in tangible capital assets, end of year	81,466,717	78,845,589
	\$ 91,061,808	\$ 85,630,686

Equity in tangible capital assets consists of the following:

Tangible capital assets	\$ 93,826,697	\$ 88,581,935
Long term debt - capital	(12,359,980)	(9,736,346)
	\$ 81,466,717	\$ 78,845,589

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2014

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:

	2014	2013
Total debt limit	\$ 43,986,558	\$ 38,474,723
Total debt (including loan guarantees)	(13,281,773)	(10,747,557)
Amount of debt limit unused	\$ 30,704,785	\$ 27,727,166
Debt servicing limit	\$ 7,335,593	\$ 6,412,454
Debt servicing	(1,907,089)	(1,161,293)
Amount of debt servicing limit unused	\$ 5,428,504	\$ 5,251,161

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, 2014

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	2014	2013
Reeve	Upham	\$ 63,699	\$ 5,422	\$ 69,121	\$ 68,128
Councilors	Amyotte	41,814	4,381	46,195	8,413
Councilors	Corbiere	-	-	-	40,340
	Dach	62,549	3,756	66,305	58,019
	Fodness	49,424	4,732	54,156	47,335
	Martin	50,774	4,828	55,602	53,212
	Ockerman	34,714	4,125	38,839	39,723
	Sloan	41,499	2,836	44,335	44,281
Administrator	Kitz	154,100	31,064	185,164	181,996
Assessor		96,142	12,058	108,200	114,593
Agriculture		36,425	7,885	44,310	42,877
Subdivision		37,529	8,124	45,653	44,177
Development		87,342	20,081	107,423	103,361
Deputy Development		67,421	16,593	84,014	73,943

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 2014 were \$660,961 (2013 - \$584,513). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2014 were \$617,703 (2013 - \$534,313).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$4.86 billion.

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Notes to Consolidated Financial Statements
Year Ended December 31, 2014

14. COMMITMENTS AND SUBSEQUENT EVENTS

Subsequent to year end, the County has committed to purchase and dispose of equipment at a net cost of \$1,948,146.

The County has committed to completing a new water transmission line from Spedden to Ashmont. The initial engineering costs committed are \$870,000.

The municipality has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at December 31, 2014, are as follows:

2015	\$ 102,368
2016	102,368
2017	177,664
2018	<u>6,300</u>
	<u>\$ 388,700</u>

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 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, 2014 the loan balance was \$1,041, therefore the County's guarantee would be limited to \$694. 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, 2014, the line of credit balance was \$207,585, therefore the County's guarantee would be limited to \$103,793.

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, 2014

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.