

**TOWN OF ST. PAUL**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2017**



INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of the Town of St. Paul, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations, change in net financial assets, cash flows and schedules 1 to 6 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 auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of St. Paul as at December 31, 2017, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

ST. PAUL, ALBERTA  
April 23, 2018

JMD Group LLP  
CHARTERED ACCOUNTANTS

**TOWN OF ST. PAUL  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>Financial assets</b>		
Cash	\$ 5,399,293	\$ 6,026,291
Taxes and grants in place receivable (note 2)	345,918	289,568
Trade and other receivables	833,641	886,288
Receivables from other governments	1,650,135	206,675
Loans receivable (note 3)	546,463	600,428
Land held for resale	983,438	983,438
Inventory for resale	29,403	14,939
Credit union shares	<u>18,389</u>	<u>17,771</u>
	<u>9,806,680</u>	<u>9,025,398</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	2,370,147	1,596,403
Deposit liabilities	2,369	244
Deferred revenue (note 5)	270,066	1,436,987
Long-term debt (note 6)	<u>5,092,137</u>	<u>4,764,543</u>
	<u>7,734,719</u>	<u>7,798,177</u>
<b>Net financial assets</b>	<u>2,071,961</u>	<u>1,227,221</u>
<b>Non-financial assets</b>		
Tangible capital assets (schedule 2)	64,099,091	59,535,707
Consumable inventory	215,206	175,089
Prepaid expenses	<u>36,009</u>	<u>3,831</u>
	<u>64,350,306</u>	<u>59,714,627</u>
<b>Accumulated surplus (note 9)</b>	<u>\$ 66,422,267</u>	<u>\$ 60,941,848</u>
<b>Contingency (note 12)</b>		

APPROVED BY:

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Chief Administrative Officer

**TOWN OF ST. PAUL  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget</u> (unaudited)	<u>2017</u>	<u>2016</u>
<b>Revenue</b>			
Net municipal taxes (schedule 3)	\$ 6,922,824	\$ 6,873,690	\$ 6,898,930
Sales and user fees	3,846,605	3,804,825	3,608,816
Government transfers for operating (schedule 4)	3,414,518	3,579,715	1,172,508
Franchise and concession contracts	900,000	907,326	838,590
Investment income	154,700	140,849	108,466
Penalties and costs on taxes	75,310	85,302	110,139
Rental revenue	653,340	624,195	604,326
Licenses and permits	121,643	96,138	205,155
Fines issued	182,000	129,974	236,176
Donations and costs recovered	<u>9,200</u>	<u>35,883</u>	<u>21,429</u>
	<b><u>16,280,140</u></b>	<b><u>16,277,897</u></b>	<b><u>13,804,535</u></b>
<b>Expenses</b>			
Legislative	300,835	302,160	300,150
Administration	1,714,791	1,864,669	1,313,482
Protective services	2,886,359	2,606,419	2,553,988
Transportation	4,072,450	5,972,408	3,556,071
Water and wastewater	1,494,206	1,568,327	1,474,071
Waste management	465,825	896,523	433,745
Public health and welfare	654,338	669,718	616,303
Planning and development	167,961	37,629	74,032
Recreation and culture	<u>3,859,129</u>	<u>3,822,634</u>	<u>3,571,849</u>
	<b><u>15,615,894</u></b>	<b><u>17,740,487</u></b>	<b><u>13,893,691</u></b>
<b>Excess (deficiency) of revenues over expenses before other</b>	<b>664,246</b>	<b>(1,462,590)</b>	<b>(89,156)</b>
<b>Other</b>			
Contributed tangible capital assets	--	5,607,276	756,975
Government transfers for capital (schedule 4)	<u>1,325,733</u>	<u>1,335,733</u>	<u>534,490</u>
<b>Excess of revenues over expenses</b>	<b>1,989,979</b>	<b>5,480,419</b>	<b>1,202,309</b>
<b>Accumulated surplus, beginning of year</b>	<b><u>60,941,848</u></b>	<b><u>60,941,848</u></b>	<b><u>59,739,539</u></b>
<b>Accumulated surplus, end of year</b>	<b>\$ <u>62,931,827</u></b>	<b>\$ <u>66,422,267</u></b>	<b>\$ <u>60,941,848</u></b>

**TOWN OF ST. PAUL  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget</u> (unaudited)	<u>2017</u>	<u>2016</u>
<b>Excess of revenues over expenses</b>	<b>\$ <u>1,989,979</u></b>	<b>\$ <u>5,480,419</u></b>	<b>\$ <u>1,202,309</u></b>
Acquisition of tangible capital assets	(2,885,042)	(1,999,095)	(3,046,770)
Contributed tangible capital asset	--	(5,607,276)	(756,975)
Expense construction in progress	--	560,968	--
Amortization of tangible capital assets	<u>2,308,465</u>	<u>2,482,019</u>	<u>2,422,703</u>
	<u>(576,577)</u>	<u>(4,563,384)</u>	<u>(1,381,042)</u>
Acquisition of consumable inventory	(100,000)	(127,662)	(80,075)
Use of consumable inventory	<u>100,000</u>	<u>87,545</u>	<u>138,439</u>
	--	<u>(40,117)</u>	<u>58,364</u>
Acquisition of prepaid expenses	--	(36,009)	(3,831)
Use of prepaid expenses	<u>3,831</u>	<u>3,831</u>	<u>53,401</u>
	<u>3,831</u>	<u>(32,178)</u>	<u>49,570</u>
<b>Increase (decrease) in net financial assets</b>	<b>1,417,233</b>	<b>844,740</b>	<b>(70,799)</b>
<b>Net financial assets, beginning of year</b>	<b><u>1,227,221</u></b>	<b><u>1,227,221</u></b>	<b><u>1,298,020</u></b>
<b>Net financial assets, end of year</b>	<b>\$ <u>2,644,454</u></b>	<b>\$ <u>2,071,961</u></b>	<b>\$ <u>1,227,221</u></b>

**TOWN OF ST. PAUL  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Excess of revenues over expenses	\$ 5,480,419	\$ 1,202,309
Non-cash item included:		
Amortization of tangible capital assets	2,482,019	2,422,703
Expense construction in progress	560,968	--
Contributed tangible capital asset	(5,607,276)	(756,975)
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes and grants in place receivable	(56,350)	(14,941)
Trade and other receivables	52,647	(7,975)
Receivables from other governments	(1,443,460)	1,599,098
Consumable inventory	(40,117)	58,364
Inventory for resale	(14,464)	(14,939)
Prepaid expenses	(32,178)	49,570
Increase (decrease) in		
Accounts payable and accrued liabilities	773,744	190,416
Deposit liabilities	2,125	(316)
Deferred revenue	(1,166,921)	1,273,843
	<u>991,156</u>	<u>6,001,157</u>
<b>Investing</b>		
Increase in Credit Union shares	<u>(618)</u>	<u>(598)</u>
<b>Capital</b>		
Acquisition of tangible capital assets	(1,999,095)	(3,046,770)
<b>Financing</b>		
Loans receivable collected	53,965	51,229
Proceeds from loans	897,000	815,000
Long-term debt repaid	<u>(569,406)</u>	<u>(531,893)</u>
	<u>381,559</u>	<u>334,336</u>
<b>Change in cash during the year</b>	(626,998)	3,288,125
<b>Cash, beginning of year</b>	<u>6,026,291</u>	<u>2,738,166</u>
<b>Cash, end of year</b>	<u>\$ 5,399,293</u>	<u>\$ 6,026,291</u>

**TOWN OF ST. PAUL**  
**SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017	2016
<b>Balance, beginning of year</b>	\$ <u>3,572,061</u>	\$ <u>1,752,488</u>	\$ <u>55,617,299</u>	\$ <u>60,941,848</u>	\$ <u>59,739,539</u>
Excess of revenues over expenses	5,480,419	--	--	5,480,419	1,202,309
Funds designated for future use	(1,312,676)	1,312,676	--	--	--
Restricted funds used for tangible capital assets	--	(196,026)	196,026	--	--
Current year funds used for tangible capital assets	(345,100)	--	345,100	--	--
Contributed tangible capital assets	(5,607,276)	--	5,607,276	--	--
Annual amortization expense	2,482,019	--	(2,482,019)	--	--
Capital long-term debt repaid	<u>(437,399)</u>	<u>--</u>	<u>437,399</u>	<u>--</u>	<u>--</u>
<b>Change in accumulated surplus</b>	<u>259,987</u>	<u>1,116,650</u>	<u>4,103,782</u>	<u>5,480,419</u>	<u>1,202,309</u>
<b>Balance, end of year</b>	\$ <u>3,832,048</u>	\$ <u>2,869,138</u>	\$ <u>59,721,081</u>	\$ <u>66,422,267</u>	\$ <u>60,941,848</u>

**TOWN OF ST. PAUL  
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Cost	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery &amp; Equipment</u>	<u>Vehicles</u>	<u>Construction In Progress</u>	<u>Total</u>
Balance, beginning of year	\$ 2,723,792	\$ 3,370,494	\$ 25,244,415	\$ 77,199,568	\$ 3,593,751	\$ 3,308,278	\$ 560,968	\$ 116,001,266
Acquisitions	321,475	22,403	628,158	5,781,295	535,804	317,236	--	7,606,371
Disposals	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(560,968)</u>	<u>(560,968)</u>
Balance, end of year	<u>3,045,267</u>	<u>3,392,897</u>	<u>25,872,573</u>	<u>82,980,863</u>	<u>4,129,555</u>	<u>3,625,514</u>	<u>--</u>	<u>123,046,669</u>
<b>Accumulated amortization</b>								
Balance, beginning of year	--	1,417,898	9,652,727	42,435,593	1,489,570	1,469,771	--	56,465,559
Annual amortization	--	205,811	502,514	1,415,668	160,721	197,305	--	2,482,019
Accumulated amortization on disposals	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Balance, end of year	<u>--</u>	<u>1,623,709</u>	<u>10,155,241</u>	<u>43,851,261</u>	<u>1,650,291</u>	<u>1,667,076</u>	<u>--</u>	<u>58,947,578</u>
<b>Net book value of tangible capital assets</b>	<u>\$ 3,045,267</u>	<u>\$ 1,769,188</u>	<u>\$ 15,717,332</u>	<u>\$ 39,129,602</u>	<u>\$ 2,479,264</u>	<u>\$ 1,958,438</u>	<u>\$ --</u>	<u>\$ 64,099,091</u>
<b>2016 Net book value of tangible capital assets</b>	<u>\$ 2,723,792</u>	<u>\$ 1,952,596</u>	<u>\$ 15,591,688</u>	<u>\$ 34,763,975</u>	<u>\$ 2,104,181</u>	<u>\$ 1,838,507</u>	<u>\$ 560,968</u>	<u>\$ 59,535,707</u>



**TOWN OF ST. PAUL  
SCHEDULE 3 - PROPERTY TAXES LEVIED  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget</u> (Unaudited)	<u>2017</u>	<u>2016</u>
<b>Taxation</b>			
Real property taxes	\$ 8,604,188	\$ 8,549,677	\$ 8,507,244
Government grants in place of taxes	219,985	229,183	237,411
Linear property taxes	<u>177,000</u>	<u>176,787</u>	<u>178,818</u>
	<u>9,001,173</u>	<u>8,955,647</u>	<u>8,923,473</u>
<b>Requisitions</b>			
Alberta School Foundation	1,975,486	1,979,095	1,916,538
M.D. of St. Paul Foundation	<u>102,863</u>	<u>102,862</u>	<u>108,005</u>
	<u>2,078,349</u>	<u>2,081,957</u>	<u>2,024,543</u>
<b>Net taxes for general municipal purposes</b>	<b>\$ <u>6,922,824</u></b>	<b>\$ <u>6,873,690</u></b>	<b>\$ <u>6,898,930</u></b>

**SCHEDULE 4 - GOVERNMENT TRANSFERS**

<b>Transfers for operations</b>			
Federal	\$ 4,000	\$ 58,351	\$ 4,960
Provincial	2,771,702	2,838,203	689,066
Local government	<u>638,816</u>	<u>683,161</u>	<u>478,482</u>
	<u>3,414,518</u>	<u>3,579,715</u>	<u>1,172,508</u>
<b>Transfers for capital</b>			
Provincial	1,325,733	1,325,733	534,490
Local government	<u>--</u>	<u>10,000</u>	<u>--</u>
	<u>1,325,733</u>	<u>1,335,733</u>	<u>534,490</u>
	<b>\$ <u>4,740,251</u></b>	<b>\$ <u>4,915,448</u></b>	<b>\$ <u>1,706,998</u></b>

**SCHEDULE 5 - EXPENSES BY TYPE**

<b>Expenses</b>			
Salaries, wages and benefits	\$ 5,569,261	\$ 5,523,450	\$ 4,995,818
Contracted and general services	1,734,438	2,511,020	1,462,027
Materials, goods, supplies and utilities	3,529,091	5,115,374	3,033,884
Contracts with other governments	1,709,540	1,566,799	1,496,345
Transfers to other governments	35,068	130,006	98,249
Transfers to local boards and agencies	34,690	22,793	24,739
Transfers to individuals and organizations	283,452	110,013	150,548
Bank charges	2,500	5,270	2,191
Interest on long-term debt	337,984	128,195	143,376
Other expenses and tax rebates	71,405	145,548	63,811
Amortization	<u>2,308,465</u>	<u>2,482,019</u>	<u>2,422,703</u>
<b>Total expenses</b>	<b>\$ <u>15,615,894</u></b>	<b>\$ <u>17,740,487</u></b>	<b>\$ <u>13,893,691</u></b>

**TOWN OF ST. PAUL**  
**SCHEDULE 6 – SEGMENTED DISCLOSURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	General Government	Protective Services	Transportation Services	Environment Services	Public Health, Planning and Development	Recreation and Culture	Total
<b>Revenue</b>							
Net municipal taxes	\$ 6,873,690	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 6,873,690
Sales and user fees	54,895	41,266	125,793	2,828,477	42,936	711,458	3,804,825
Government transfers for operations	141,563	631,915	1,873,614	189,474	287,135	456,014	3,579,715
Government transfers for capital	--	--	762,620	31,577	532,058	9,478	1,335,733
Rental revenue	13,146	--	14,625	--	255,974	340,450	624,195
Investment income	140,728	--	--	--	--	121	140,849
Other revenues for operations	1,061,166	143,523	--	--	27,480	22,454	1,254,623
Contributed tangible capital asset	--	--	--	5,607,276	--	--	5,607,276
	<u>8,285,188</u>	<u>816,704</u>	<u>2,776,652</u>	<u>8,656,804</u>	<u>1,145,583</u>	<u>1,539,975</u>	<u>23,220,906</u>
<b>Expenses</b>							
Salaries, wages and benefits	966,408	568,048	1,556,853	444,099	242,136	1,745,906	5,523,450
Contract and general services	804,956	1,715,469	304,084	853,772	133,118	266,420	4,077,819
Materials, goods, supplies and utilities	116,452	113,295	2,921,713	554,560	128,981	1,280,373	5,115,374
Transfers to others	79,381	130,006	15,529	--	37,896	--	262,812
Interest on long-term debt	29,397	--	51,991	21,790	4,059	20,958	128,195
Other expenses	<u>150,818</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>150,818</u>
	<u>2,147,412</u>	<u>2,526,818</u>	<u>4,850,170</u>	<u>1,874,221</u>	<u>546,190</u>	<u>3,313,657</u>	<u>15,258,468</u>
<b>Net revenue before amortization</b>	6,133,717	(1,710,114)	(2,073,518)	6,782,583	603,452	(1,773,682)	7,962,438
Amortization expense	<u>(19,417)</u>	<u>(79,601)</u>	<u>(1,122,238)</u>	<u>(590,629)</u>	<u>(161,157)</u>	<u>(508,977)</u>	<u>(2,482,019)</u>
<b>Net revenue</b>	<u>\$ 6,114,300</u>	<u>\$ (1,789,715)</u>	<u>\$ (3,195,756)</u>	<u>\$ 6,191,954</u>	<u>\$ 442,295</u>	<u>\$ (2,282,659)</u>	<u>\$ 5,480,419</u>

**TOWN OF ST. PAUL  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. Significant Accounting Policies**

The consolidated financial statements of the Town of St. Paul are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the town are as follows:

**(a) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, 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 town and are, therefore, accountable to the town Council for the administration of their financial affairs and resources. These statements include the St. Paul Municipal Library.

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

The statements exclude trust assets that are administered for the benefit of external parties.

Interdepartmental and organizational transactions and balances are eliminated.

**(b) Basis of Accounting**

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

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

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

**(c) Cash**

Cash is defined as petty cash and cash in chequing accounts adjusted for outstanding cheques and deposits.

**TOWN OF ST. PAUL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. Significant Accounting Policies – continued**

(d) Investments

Investments consist of Credit Union equity which is initially recorded at fair value and subsequently measured at amortized cost.

(e) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses 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.

(f) Inventory and Land Held for Resale

Inventory held for resale is recorded at the lower of cost and net realizable value with cost determined by the average cost method.

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

(g) 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.

(h) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

**TOWN OF ST. PAUL  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. Significant Accounting Policies – continued**

**(i) 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.

**(j) 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.

**(i) Tangible Capital Assets**

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

	<u>Years</u>
Land improvements	10-25
Buildings	50
Engineered structures	
Roadway system	20-30
Water distribution system	40-75
Wastewater treatment system	40-75
Storm sewers	75
Machinery and equipment	10-25
Vehicles	10-15

No amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

**(ii) Contributions of Tangible Capital Assets**

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

**(iii) Consumable Inventory**

Consumable inventory is recorded at the lower of cost and replacement cost.

**TOWN OF ST. PAUL  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. Significant Accounting Policies – continued**

(k) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

<b>2. Taxes and Grants in Place Receivable</b>	<u>2017</u>	<u>2016</u>
Current taxes and grants in place	\$ 270,925	\$ 287,856
Non-current taxes and grants in place	86,993	13,712
Less: allowance	<u>(12,000)</u>	<u>(12,000)</u>
	<u>\$ 345,918</u>	<u>\$ 289,568</u>
<b>3. Loans Receivable</b>	<u>2017</u>	<u>2016</u>
5.875% debenture due from the M.D. of St. Paul Foundation payable in equal annual installments of \$41,339 including principal and interest, maturing on March 17, 2023.	\$ 204,076	\$ 231,797
4.726% debenture due from the M.D. of St. Paul Foundation payable in equal semi-annual installments of \$21,680 including principal and interest, maturing on December 17, 2027.	<u>342,387</u>	<u>368,631</u>
Total loans receivable	546,463	600,428
Less: current portion	<u>(56,849)</u>	<u>(53,965)</u>
	<u>\$ 489,614</u>	<u>\$ 546,463</u>
<b>4. Accounts Payable and Accrued Liabilities</b>	<u>2017</u>	<u>2016</u>
Wages and benefits payable	\$ 178,901	\$ 169,824
Vacation and overtime liability	282,522	261,686
Trade payables	1,875,204	1,128,775
Accrued debenture interest	<u>33,520</u>	<u>36,118</u>
	<u>\$ 2,370,147</u>	<u>\$ 1,596,403</u>

The vacation and overtime liability is comprised of the vacation and overtime that employees have earned and are deferring to future years. The wages and benefits payable is the wages and benefits accrued from the last pay period to December 31.

**TOWN OF ST. PAUL  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>5. Deferred Revenue</b>	<u>2017</u>	<u>2016</u>
Fire Training Grant	\$ 8,449	\$ --
FCSS Funding and project revenue	40,841	24,892
Early Child Development Mapping	12,195	22,500
Donations for skateboard park	17,281	16,341
Alberta Community Partnership - skateboard park	50,000	--
ACP - Parks and recreation needs assessment	72,000	--
Golf memberships	29,692	--
Other revenue	39,608	--
MSI - Capital	--	927,893
MSI - Operating	--	153,380
ACP Area Structural Plan	--	122,220
Alberta Innovates – Waste to Value	--	120,471
Federal Gas Tax	--	32,768
Donations for protective services equipment	--	9,242
Donations for driving range	--	7,280
	<u>\$ 270,066</u>	<u>\$ 1,436,987</u>

Funding from various grant programs, organizations and individuals in the amount of \$270,066 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 2018.

<b>6. Long-Term Debt</b>	<u>2017</u>	<u>2016</u>
Tax supported debentures - capital	\$ 2,530,260	\$ 1,830,050
Self-supported debenture - operating	546,463	600,428
Tax supported mortgage - operating	167,664	245,707
Tax supported Credit Union loan – capital	689,823	765,013
Tax supported supplier loans - capital	<u>1,157,927</u>	<u>1,323,345</u>
	<u>\$ 5,092,137</u>	<u>\$ 4,764,543</u>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 613,723	\$ 146,725	\$ 760,448
2019	630,507	129,941	760,448
2020	572,160	112,914	685,074
2021	582,029	96,192	678,221
2022	599,456	78,765	678,221
Thereafter	<u>2,094,262</u>	<u>255,780</u>	<u>2,350,042</u>
	<u>\$ 5,092,137</u>	<u>\$ 820,317</u>	<u>\$ 5,912,454</u>

**TOWN OF ST. PAUL  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**6. Long-Term Debt (continued)**

Debenture debt is repayable to Alberta Capital Finance Authority, bears interest at rates ranging from 2.915% to 5.875% per annum, and matures in periods 2023 through 2037.

The 2% private mortgage is repayable in blended monthly payments of principal and interest of \$6,852 and matures in 2020.

The prime rate Credit Union loan is repayable in blended monthly payments of principal and interest of \$8,000 and matures in March 2021.

The supplier loans are non-interest bearing and are repayable in equal annual payments of \$135,418 and \$30,000.

The average annual interest rate is 5.2228% for 2017 (5.1436% for 2016).

Debt is issued on the credit and security of the Town of St. Paul at large.

Interest on long-term debt amounted to \$128,195 (2016 - \$143,376).

The town's total cash payment for interest on long-term debt was \$130,794 (2016 - \$145,428).

**7. 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 Town of St. Paul be disclosed as follows:

	<u>2017</u>	<u>2016</u>
Total debt limit	\$ 24,418,930	\$ 21,842,265
Total debt	<u>(4,545,674)</u>	<u>(4,164,115)</u>
Amount under total debt limit	\$ <u>19,873,256</u>	\$ <u>17,678,150</u>
Debt servicing limit	\$ 4,069,822	\$ 3,640,377
Debt servicing	<u>(675,750)</u>	<u>(615,502)</u>
Amount under debt servicing limit	\$ <u>3,394,072</u>	\$ <u>3,024,875</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.



**TOWN OF ST. PAUL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>8. Equity in Tangible Capital Assets</b>	<u>2017</u>	<u>2016</u>
Tangible capital assets (schedule 2)	\$ 123,046,669	\$ 116,001,266
Accumulated amortization (schedule 2)	(58,947,578)	(56,465,559)
Debentures – capital (note 6)	(2,530,260)	(1,830,050)
Credit Union loan – capital (note 6)	(689,823)	(765,013)
Supplier loans - capital (note 6)	<u>(1,157,927)</u>	<u>(1,323,345)</u>
	<u>\$ 59,721,081</u>	<u>\$ 55,617,299</u>

**9. Accumulated Surplus**

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

	<u>2017</u>	<u>2016</u>
Unrestricted surplus	\$ <u>3,832,048</u>	\$ <u>3,572,061</u>
Restricted surplus		
General capital	2,086,707	1,000,000
Land use bylaw	23,000	23,000
Public works	10,501	--
Water	336,384	336,384
Sewer	10,000	10,000
Fire truck and equipment	115,594	106,351
Fire equipment – joint use	162,515	152,316
Safety	43,177	43,177
Parks	<u>81,260</u>	<u>81,260</u>
	<u>2,869,138</u>	<u>1,752,488</u>
Equity in tangible capital assets (note 8)	<u>59,721,081</u>	<u>55,617,299</u>
	<u>\$ 66,422,267</u>	<u>\$ 60,941,848</u>

**10. Segmented Disclosure**

The Town of St. Paul provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

Refer to Schedule 6 – Segmented Disclosure.

**TOWN OF ST. PAUL  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**11. Salary and Benefits Disclosure**

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

		<u>2017</u>			<u>2016</u>
		Salary <sup>(a)</sup>	Benefits & Allowances <sup>(b)</sup>	Total	Total
Mayor -	Miller	\$ 10,950	\$ 2,188	\$ 13,138	\$ --
	Anderson	37,070	5,036	42,106	53,551
Councillors -	Noel	28,130	5,643	33,773	32,645
	Taylor	8,030	2,557	10,587	--
	Eamon	7,581	2,430	10,011	--
	Ward	8,387	2,822	11,209	--
	deMoissac	8,295	1,949	10,244	--
	Boisvert	8,385	2,214	10,599	--
	Wiebe	24,180	5,100	29,280	36,980
	Kwiatkowski	22,785	4,970	27,755	36,016
	Padlesky	23,010	5,451	28,461	35,841
	Bogdan	21,885	5,326	27,211	30,726
	Gervais	<u>26,115</u>	<u>5,527</u>	<u>31,642</u>	<u>43,112</u>
		<u>\$ 234,803</u>	<u>\$ 51,213</u>	<u>\$ 286,016</u>	<u>\$ 268,871</u>
CAO -	Habiak	\$ 148,612	\$ 29,738	\$ 178,350	\$ 132,587
	Filger	--	--	--	63,457
		<u>\$ 148,612</u>	<u>\$ 29,738</u>	<u>\$ 178,350</u>	<u>\$ 196,044</u>

(a) Salary includes regular base pay, lump sum payments, gross honoraria and any other direct cash remuneration.

(b) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, accidental disability and dismemberment insurance, and long and short term disability plans, professional memberships and tuition and council travel.

**12. Contingency**

The Town of St. Paul is a member of the Evergreen Regional Waste Management Services Commission. Each participating municipality funds a portion of the Commission's deficit based on their proportionate tippage for the year. The expense is accounted for as a current transaction in the year the deficit is incurred.

**TOWN OF ST. PAUL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**13. Commitment**

The Town has signed an agreement with North East Muni-Corr Ltd. for the purchase of two parcels of land. The agreement is non-interest bearing and is being paid in annual installments of \$30,000. Although title for the properties will not be transferred to the Town until the final payment is made, the Town has recorded the land as an asset and the payable as a long-term debt.

**14. Local Authorities Pension Plan**

Employees of the town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 253,862 people and 417 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The town 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. Employees of the town are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the town to the LAPP in 2017 were \$340,594 (2016 - \$313,986). Total current service contributions by the employees of the town to the LAPP in 2017 were \$301,694 (2016 - \$287,830).

At December 31, 2016, the LAPP disclosed an actuarial deficiency of \$637 million.

**15. Financial Instruments**

The town's financial instruments consist of cash, credit union shares, receivables, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the town is not exposed to significant currency risks arising from these financial instruments.

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

The town is subject to interest rate risk with respect to its long term debt. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates.

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

**TOWN OF ST. PAUL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**16. Contaminated Sites Liability**

The town has adopted PS3260 Liability for Contaminated Sites. The town did not identify any financial liabilities in 2017 (2016 – nil) as a result of this standard.

**17. Approval of Financial Statements**

These financial statements were approved by Council and management.

**18. Budget Amounts**

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

**19. Comparative Figures**

Certain of the 2016 comparative figures have been reclassified to conform to the current year's financial statement presentation.

**20. Recent Accounting Pronouncements Published But Not Yet Adopted**

(a) PSAB Section 1201, Financial Statement Presentation

Revised standard is effective in 2019, when Sections PS2601 and PS 3450 are adopted.

(b) PSAB Section 2601, Foreign Currency Transactions

PS2601 establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statements and is effective in 2019.

(c) PSAB Section 3041, Portfolio Investments

This standard is effective for the 2019 fiscal year and addresses the distinction between temporary and portfolio investments.

(d) PSAB Section 3280, Asset Retirement Obligations

This standard is intended to provide guidance on accounting for asset retirement obligations and will apply in years beginning on or after April 1, 2021.

(e) PSAB Section 3450, Financial Instruments

PS3450 establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments, effective for the 2019 fiscal year.