

COUNTY OF ST PAUL NO. 19
Financial Statements
Year Ended December 31, 2020

COUNTY OF ST. PAUL NO. 19
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Year Ended December 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the County of St. Paul No. 19 is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Municipality's financial position as at December 31, 2020, and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Municipality's Council is responsible for review of the consolidated financial statements. Council meets regularly with management and annually with the external auditors to discuss the results of audit examinations and financial reporting matters.

Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Synergy Chartered Professional Accountants, independent external auditors appointed by Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Mr Steve Upham, Reeve



Mr Tim Mahdiuk, Interim CAO

St. Paul, Alberta
April 13, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of County of St. Paul No. 19 (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2020, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 17 to the financial statements concerning the worldwide spread of a novel coronavirus known as COVID-19 during the year. Our opinion is not modified in respect of this matter

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Vegreville, Alberta
April 13, 2021

Synergy
Chartered Professional Accountants

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Financial Position
December 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 15,270,778	\$ 12,716,661
Investments (Note 3)	15,000	-
Taxes and grants in place of taxes receivable (Note 4)	758,279	854,591
Receivable from other governments	282,609	690,534
Trade and other receivables	884,760	1,360,370
Debt charges recoverable (Note 5)	1,218,354	1,357,258
Notes receivable (Note 6)	81,389	49,500
Inventory of land held for resale	33,364	33,364
	18,544,533	17,062,278
LIABILITIES		
Accounts payable and accrued liabilities	1,727,981	1,719,699
Employee benefit obligations (Note 7)	146,736	237,429
Deposit liabilities (Note 8)	62,789	62,789
Deferred revenue (Note 9)	835,643	378,258
Gravel reclamation liability (Note 10)	392,844	124,000
Long term debt (Note 11)	8,949,775	9,809,099
	12,115,768	12,331,274
NET FINANCIAL ASSETS	6,428,765	4,731,004
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	117,827,686	119,303,947
Inventory for consumption (Note 12)	3,396,561	2,910,710
Prepaid expenses	362,814	70,553
	121,587,061	122,285,210
ACCUMULATED SURPLUS (Note 13)(Schedule 2)	\$128,015,826	\$127,016,214

COMMITMENTS AND CONTINGENCIES (Note 14) (Note 15)

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


 _____ Reeve

 _____ Interim Chief Administrative Officer

See notes to financial statements

COUNTY OF ST. PAUL NO. 19**Consolidated Statement of Operations and Accumulated Surplus****Year Ended December 31, 2020**

	Budget (Unaudited)	2020	2019
REVENUES			
Net municipal taxes <i>(Schedule 3)</i>	\$ 21,721,559	\$ 21,694,227	\$ 22,402,158
User fees and sales of goods	1,578,063	2,055,383	2,332,890
Government transfers for operating <i>(Schedule 4)</i>	1,231,846	1,167,257	948,680
Investment income	120,166	193,698	333,018
Penalties and costs of taxes	117,908	162,718	174,842
Licenses and permits	88,808	138,293	127,999
Rentals and leases	79,046	86,696	86,627
Other	298,400	350,776	642,555
	25,235,796	25,849,048	27,048,769
EXPENSES			
Legislative	549,362	495,085	617,437
Administration	3,196,187	2,799,065	3,324,172
Bylaws enforcement	1,492,281	1,430,051	1,215,108
Roads, streets, walks, lighting	17,140,146	17,303,115	17,576,201
Water supply and distribution	909,031	808,053	1,170,367
Wastewater treatment and disposal	578,377	303,074	378,476
Waste management	1,599,473	1,380,075	1,404,753
Family and community support	432,418	400,427	400,656
Agriculture services	812,869	703,297	822,643
Subdivision land development	399,006	226,757	286,033
Parks and recreation	1,352,088	1,503,474	1,132,801
Library	246,935	231,965	244,773
	28,708,173	27,584,438	28,573,420
SHORTFALL OF REVENUE OVER EXPENSES - BEFORE OTHER	(3,472,377)	(1,735,390)	(1,524,651)
OTHER			
Contributed assets	-	-	220,000
Government transfers for capital <i>(Schedule 5)</i>	2,706,239	2,735,002	3,628,342
	2,706,239	2,735,002	3,848,342
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	(766,138)	999,612	2,323,691
ACCUMULATED SURPLUS - BEGINNING OF YEAR	127,016,214	127,016,214	124,692,523
ACCUMULATED SURPLUS - END OF YEAR	\$126,250,076	\$128,015,826	\$127,016,214

See notes to financial statements

COUNTY OF ST. PAUL NO. 19**Consolidated Statement of Changes in Net Financial Assets (Debt)****Year Ended December 31, 2020**

	Budget (Unaudited)	2020	2019
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (766,138)	\$ 999,612	\$ 2,323,691
Acquisition of tangible capital assets	(5,914,920)	(5,016,319)	(8,896,685)
Contributed tangible capital assets	-	-	(220,000)
Proceeds on disposal of tangible capital assets	-	265,115	637,020
Loss/(gain) on disposal of tangible capital assets	(20,156)	162,920	150,544
Amortization of tangible capital assets	5,466,847	5,769,859	5,393,992
Amortization added to tangible capital assets	348,774	294,685	416,637
	(119,455)	1,476,259	(2,518,492)
Decrease (increase) in prepaid expenses	-	(292,260)	192,018
Decrease (increase) in inventory for consumption	-	(485,851)	774,923
	-	(778,111)	966,941
	(119,455)	698,149	(1,551,551)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(885,593)	1,697,761	772,140
NET FINANCIAL ASSETS - BEGINNING OF YEAR	4,731,004	4,731,004	3,958,864
NET FINANCIAL ASSETS - END OF YEAR	\$ 3,845,411	\$ 6,428,765	\$ 4,731,004

See notes to financial statements

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 999,612	\$ 2,323,691
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	5,769,859	5,393,992
Amortization added to tangible capital assets	294,685	416,637
Loss/(gain) on disposal of tangible capital assets	162,920	150,544
Contributed tangible capital assets	-	(220,000)
	7,227,076	8,064,864
Non-cash charges to operations (net change):		
Taxes and grants in place of taxes receivable	96,312	(97,345)
Receivable from other governments	407,925	4,444,957
Trade and other receivables	475,610	160,730
Accounts payable and accrued liabilities	8,282	(1,061,354)
Employee benefit obligations	(90,693)	15,489
Deferred revenue	457,385	49,620
Gravel reclamation liability	268,844	-
Inventory for consumption	(485,851)	774,923
Prepaid expenses	(292,261)	192,018
	845,553	4,479,038
Cash provided by operating transactions	8,072,629	12,543,902
CAPITAL		
Purchase of tangible capital assets	(5,016,319)	(8,896,685)
Proceeds on disposal of tangible capital assets	265,115	637,020
Cash applied to capital transactions	(4,751,204)	(8,259,665)
FINANCING		
Repayment of long term debt	(859,324)	(934,323)
Debt charges recoverable	138,904	131,742
Notes receivable	(31,889)	(49,500)
Cash applied to financing transactions	(752,309)	(852,081)
INVESTING		
Change in restricted cash or cash equivalents	(457,384)	(49,621)
Investments	(15,000)	-
Cash applied to investing transactions	(472,384)	(49,621)
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	2,096,732	3,382,535
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,275,614	8,893,079
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 14,372,346	\$ 12,275,614
CASH FLOWS SUPPLEMENTARY INFORMATION		

(continues)

COUNTY OF ST. PAUL NO. 19**Consolidated Statement of Cash Flows** *(continued)***Year Ended December 31, 2020**

	2020	2019
Interest received	\$ 190,661	\$ 330,471
Interest paid	\$ 359,087	\$ 406,197
CASH CONSISTS OF:		
Cash and cash equivalents <i>(Note 2)</i>	\$ 15,270,778	\$ 12,716,661
Restricted cash or cash equivalents <i>(Note 2)</i>	(898,432)	(441,047)
	\$ 14,372,346	\$ 12,275,614

See notes to financial statements

COUNTY OF ST. PAUL NO. 19
Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2020

(Schedule 1)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2020	2019
COST								
BALANCE, BEGINNING OF YEAR	\$ 8,823,981	\$ 751,949	\$ 9,072,875	\$ 145,708,390	\$ 25,816,263	\$ 9,530,005	\$ 199,703,463	\$ 192,855,719
Acquisition of tangible capital assets	-	-	-	2,411,856	1,587,117	604,905	4,603,878	8,335,287
Construction-in-progress additions	-	-	-	412,441	-	-	412,441	561,398
Contributed tangible capital assets	-	-	-	-	-	-	-	220,000
Disposal of tangible capital assets	-	-	-	(186,852)	(492,900)	(565,724)	(1,245,476)	(2,268,941)
BALANCE, END OF YEAR	\$ 8,823,981	\$ 751,949	\$ 9,072,875	\$ 148,345,835	\$ 26,910,480	\$ 9,569,186	\$ 203,474,306	\$ 199,703,463
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	\$ -	\$ 285,522	\$ 1,896,132	\$ 63,566,497	\$ 10,090,844	\$ 4,560,521	\$ 80,399,516	\$ 76,070,264
Annual amortization	-	35,467	185,746	3,698,786	1,589,900	554,645	6,064,544	5,810,629
Accumulated amortization on disposals	-	-	-	(152,508)	(272,043)	(392,889)	(817,440)	(1,481,377)
BALANCE, END OF YEAR	\$ -	\$ 320,989	\$ 2,081,878	\$ 67,112,775	\$ 11,408,701	\$ 4,722,277	\$ 85,646,620	\$ 80,399,516
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 8,823,981	\$ 430,960	\$ 6,990,997	\$ 81,233,060	\$ 15,501,779	\$ 4,846,909	\$ 117,827,686	\$ 119,303,947
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 8,823,981	\$ 466,427	\$ 7,176,743	\$ 81,877,803	\$ 15,725,419	\$ 4,969,484	\$ 119,303,947	\$ -

See notes to financial statements

COUNTY OF ST. PAUL NO. 19

Consolidated Schedule of Changes in Accumulated Surplus

(Schedule 2)

Year Ended December 31, 2020

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
BALANCE BEGINNING OF YEAR	\$ 6,707,311	\$ 9,133,230	\$111,175,673	\$127,016,214	\$124,692,523
Excess of revenues over expenses	999,612	-	-	999,612	2,323,691
Unrestricted funds designated for future use	(1,761,720)	1,761,720	-	-	-
Restricted funds used for operations	1,000	(1,000)	-	-	-
Current year funds used for tangible capital assets	(5,016,319)	-	5,016,319	-	-
Long term debt repaid	(614,943)	-	614,943	-	-
Annual amortization expense	6,064,544	-	(6,064,544)	-	-
Disposal of tangible capital assets	265,115	-	(265,115)	-	-
Loss/(gain) on disposal of tangible capital assets	162,920	-	(162,920)	-	-
CHANGE IN ACCUMULATED SURPLUS	100,209	1,760,720	(861,317)	999,612	2,323,691
BALANCE END OF YEAR	\$ 6,807,520	\$ 10,893,950	\$110,314,356	\$128,015,826	\$127,016,214

See notes to financial statements

COUNTY OF ST. PAUL NO. 19**Consolidated Schedule of Property and Other Taxes****(Schedule 3)****Year Ended December 31, 2020**

	Budget (Unaudited)	2020	2019
TAXATION			
Residential land and improvements	\$ 6,251,689	\$ 6,061,652	\$ 6,174,307
Farmland	1,251,108	1,251,438	1,235,336
Non-residential land and improvements	2,249,050	2,320,309	2,189,889
Machinery and equipment	7,566,400	7,648,802	7,992,657
Linear property	9,191,125	9,189,658	9,747,423
	26,509,372	26,471,859	27,339,612
REQUISITIONS			
Alberta School Foundation	4,312,403	4,302,223	4,524,617
M.D. of St. Paul Foundation	410,783	410,782	342,185
Designated Industrial Property	64,627	64,627	70,652
	4,787,813	4,777,632	4,937,454
NET MUNICIPAL TAXES	\$ 21,721,559	\$ 21,694,227	\$ 22,402,158

COUNTY OF ST. PAUL NO. 19**Consolidated Schedule of Government Transfers for Operating
Year Ended December 31, 2020****(Schedule 4)**

	Budget (Unaudited)	2020	2019
TRANSFERS FOR OPERATING			
Provincial grants	\$ 963,807	\$ 925,787	\$ 716,080
Local government grants	243,205	219,184	228,232
Federal grants	24,834	22,286	4,368
	\$ 1,231,846	\$ 1,167,257	\$ 948,680

Consolidated Schedule of Government Transfers for Capital**(Schedule 5)**

	Budget (Unaudited)	2020	2019
TRANSFERS FOR CAPITAL			
Provincial grants	\$ 2,325,925	\$ 2,358,087	\$ 2,577,086
Federal grants	378,314	376,915	1,051,256
Local government grants	2,000	-	-
	\$ 2,706,239	\$ 2,735,002	\$ 3,628,342

Consolidated Schedule of Consolidated Expenses by Object**(Schedule 6)**

	Budget (Unaudited)	2020	2019
EXPENSES			
Salaries, wages and benefits	\$ 9,951,938	\$ 9,526,724	\$ 9,501,828
Contract and general services	4,526,701	3,383,472	4,823,985
Goods and supplies	5,996,162	6,267,486	6,421,717
Provision for allowances (recovery)	44,136	(15,912)	50,800
Transfers to other governments	1,143,164	1,103,852	548,992
Transfers to local boards	1,212,224	1,034,192	1,282,729
Bank charges and short term interest	14,711	18,971	14,931
Interest on capital long term debt	297,932	259,034	300,617
Interest on operating long term debt	74,514	73,840	83,285
Amortization of tangible capital assets	5,466,847	5,769,859	5,393,992
Loss/(gain) on disposal of tangible capital assets	(20,156)	162,920	150,544
	\$ 28,708,173	\$ 27,584,438	\$ 28,573,420

COUNTY OF ST. PAUL NO. 19
Consolidated Schedule of Segmented Disclosures
Year Ended December 31, 2020

(Schedule 7)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation, Culture & Family	Environmental Services	2020
REVENUES							
Net municipal taxes	\$ 21,694,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,694,227
User fees and sales of goods	14,545	117,165	962,253	25,435	189,754	746,231	2,055,383
Government transfers	283,893	148,303	2,748,152	123,907	494,200	103,804	3,902,259
Investment income	193,698	-	-	-	-	-	193,698
Other revenues	425,163	92,376	99,398	121,546	-	-	738,483
	22,611,526	357,844	3,809,803	270,888	683,954	850,035	28,584,050
EXPENSES							
Salaries and wages	1,648,633	240,159	5,880,649	497,638	445,056	814,589	9,526,724
Contract and general services	1,314,008	212,413	1,092,011	81,947	323,221	359,872	3,383,472
Goods and supplies	78,554	124,338	5,251,280	280,390	131,262	401,662	6,267,486
Transfers to local boards/other governments	115,216	515,335	49,103	-	1,166,637	291,753	2,138,044
Long-term debt interest	-	47,894	137,172	-	-	73,968	259,034
Other expenses	76,897	109,437	54,707	1,000	-	(2,222)	239,819
	3,233,308	1,249,576	12,464,922	860,975	2,066,176	1,939,622	21,814,579
	19,378,218	(891,732)	(8,655,119)	(590,087)	(1,382,222)	(1,089,587)	6,769,471
Amortization expense	60,841	180,476	4,838,192	69,080	69,691	551,579	5,769,859
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ 19,317,377	\$ (1,072,208)	\$ (13,493,311)	\$ (659,167)	\$ (1,451,913)	\$ (1,641,166)	\$ 999,612

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

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 include 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 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 tangible capital assets are put into use.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles for local governments established by the Canadian public sector accounting standards 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.

- a) Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

(continues)

COUNTY OF ST. PAUL NO. 19

Notes to Consolidated Financial Statements

Year Ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

- b) The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets are areas where management makes significant estimates and assumptions in determining the amount to be recorded in the financial statements.
- c) 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.
- d) 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.
- e) Gravel reclamation liabilities are based on estimates and assumptions using the information available at the end of the reporting period. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total liabilities and will be recognized prospectively, as a change in estimate, when applicable.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are temporary investments in Guaranteed Investment Certificate's valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Investments

Investments consist of guaranteed investment certificates, valued at cost. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than a year.

Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long term debt.

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.

(continues)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventory of land held for resale

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

Tax revenue

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

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

Property tax revenue is based on market value of assessments determined in accordance with the Municipal Government Act. Tax rates are established annually. Taxation revenues are recorded at the time tax notices are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property tax assessment during the period of the related borrowings. These levies are collectible from property owners for work performed by the Municipality and are recognized as revenue in the year they are levied.

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.

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.

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 (Debt) for the year.

(continues)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

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 recorded in the year of acquisition, or in the year the asset is put into service or constructed. No amortization is calculated in the year of disposal.

b) Contributions of Tangible Capital Assets

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

c) Leases

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

d) Inventories

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

Impairment of long lived assets

The Municipality tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

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, 2020

2. CASH AND CASH EQUIVALENTS

	2020	2019
Cash	\$ 15,270,778	\$ 12,716,661

The Municipality has an authorized revolving loan with a limit of \$7,000,000 and bears interest at prime plus 0.5%. The balance outstanding at December 31, 2020 was NIL (2019 - NIL)

Council has designated funds of \$10,893,950 (2019 - \$9,133,230) included in the above amounts for restricted surplus.

Included in cash is a restricted amount of \$898,432 (2019 - \$441,047) comprised of \$62,789 (2019 - \$62,789) of deposit liabilities, \$835,643 (2019 - \$378,258) of deferred revenue received from various sources and held exclusively for approved projects (Note 8) and (Note 9) respectively.

3. INVESTMENTS

Guaranteed investment certificate of \$15,000 has an effective interest rate of 0.5% with a maturity date of November 27, 2021.

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2020	2019
Current	\$ 488,899	\$ 621,729
Arrears	414,711	437,034
	903,610	1,058,763
Less: allowance for doubtful accounts	(145,331)	(204,172)
	\$ 758,279	\$ 854,591

5. DEBT CHARGES RECOVERABLE

	2020	2019
Current debt charges recoverable	\$ 146,458	\$ 138,904
Non-current debt charges recoverable	1,071,896	1,218,354
	\$ 1,218,354	\$ 1,357,258

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

Principal and interest repayments are as follows:

	Principal	Interest	Total
2021	\$ 146,458	\$ 60,340	\$ 206,798
2022	154,428	52,371	206,799
2023	162,835	43,964	206,799
2024	68,962	35,095	104,057
2025	72,282	31,775	104,057
Thereafter	613,389	115,009	728,398
	\$ 1,218,354	\$ 338,554	\$ 1,556,908

In prior years, the Municipality has assumed debenture financing on behalf of the M.D. of St. Paul Foundation totaling \$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 maturing between December 1, 2023 and December 17, 2032.

6. NOTES RECEIVABLE

	2020	2019
St. Paul Quarterback Club - site renovations	\$ 44,000	\$ 49,500
Mallaig & District Agricultural Society - equipment	21,000	-
Mallaig & District Agricultural Society - renovations	16,389	-
	\$ 81,389	\$ 49,500

Repayment terms are approximately:

2021	\$ 9,239
2022	9,239
2023	9,239
2024	9,239
2025	9,239
Thereafter	35,194
	\$ 81,389

The Municipality has provided funding to local not-for-profit organizations, to assist with equipment purchases and site renovations. The notes receivable are non-interest bearing and receivable in equal annual instalments. The notes will be fully repaid in 2028 and 2030.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

7. EMPLOYEE BENEFIT OBLIGATIONS

	2020	2019
Vacation	\$ 64,715	\$ 109,957
Overtime	82,021	127,472
	\$ 146,736	\$ 237,429

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year. The Municipality has accumulating non-vesting sick leave benefits.

8. DEPOSIT LIABILITIES

	2020	2019
Tax sale surplus	\$ 62,789	\$ 62,789

Tax sale surplus 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.

9. DEFERRED REVENUE

	2020	2019
Alberta Community Partnership - Rural Intermunicipal Collaboration Framework	\$ 7,383	\$ 65,371
MCS Net prepaid lease	34,125	45,500
Subdivision warranty	10,000	10,000
FCSS Early Childhood Coalition	-	8,776
Bridges grant	3,514	3,514
Prepaid land lease	1,516	1,993
Alberta Community Partnership - Regional Economic Development	91,000	125,000
STIP - Moosehills Slide	65,141	71,607
Civil Forfeiture Grant	-	46,497
MOST - Municipal Operating Support Transfer	468,040	-
ACP - Stormwater Management	135,327	-
New Horizons Grant	2,548	-
FCSS January 21 funding	17,049	-
	\$ 835,643	\$ 378,258

Deferred revenue is comprised of funding from various grant programs, organizations and individuals, that are 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. This revenue is recognized in the period when the related expenses are incurred, services performed or tangible capital assets are put into use.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

10. GRAVEL RECLAMATION LIABILITY

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Municipality is required to fund the reclamation of certain land used for the extraction of aggregate material. Reclamation requirements have been defined in accordance with industry standards and includes re-vegetation of sites and backsloping required upon closure. The Municipality owns and operates aggregate extraction sites. The aggregate is used for road maintenance and construction projects within the Municipality. An amount of \$392,844 (2019 - \$124,000) has been accrued.

Gravel reclamation liabilities are based on pits which are ready for reclamation and do not take into account undisturbed sites. Liabilities are based on estimates and assumptions by management using information available at the end of the reporting period, actual results may vary.

11. LONG TERM DEBT

	2020	2019
Self supported debentures	\$ 7,731,421	\$ 8,451,841
Debentures recoverable (Note 5)	1,218,354	1,357,258
	\$ 8,949,775	\$ 9,809,099

Principal and interest repayments are as follows:

	Principal	Interest	Total
2021	\$ 890,674	\$ 308,268	\$ 1,198,942
2022	923,247	275,696	1,198,943
2023	844,372	242,475	1,086,847
2024	774,278	209,827	984,105
2025	802,214	181,891	984,105
Thereafter	4,714,990	829,802	5,544,792
	\$ 8,949,775	\$ 2,047,959	\$ 10,997,734

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.226% to 5.875% per annum, matures in periods 2022 through 2048. The average annual interest rate is 3.508% (2019 - 3.66%).

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

Interest on long term debt amounted to \$332,874 (2019 - \$383,902).

The Municipality's total cash payments for interest were \$351,844 (2019 - \$398,833).

(continues)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

10. LONG TERM DEBT (continued)

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:

	2020	2019
Total debt limit	\$ 38,773,572	\$ 40,573,154
Total debt (including loan guarantees)	(7,798,781)	(8,567,224)
Amount of debt limit unused	\$ 30,974,791	\$ 32,005,930
Debt servicing limit	\$ 6,462,262	\$ 6,762,192
Debt servicing	(992,144)	(992,145)
Amount of debt servicing limit unused	\$ 5,470,118	\$ 5,770,047

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.

12. INVENTORY FOR CONSUMPTION

Municipal inventories consist of the following:

	2020	2019
Public Works gravel	\$ 2,563,805	\$ 2,225,844
Public Works coldmix	149,511	60,341
Public Works sand and salt	111,845	48,695
Public Works miscellaneous	527,664	519,149
Agricultural services	43,736	56,681
	\$ 3,396,561	\$ 2,910,710

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

13. ACCUMULATED SURPLUS

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

	2020	2019
Unrestricted surplus	\$ 6,807,520	\$ 6,707,311
Restricted surplus		
Reserve for future expenditures	8,905,000	7,480,000
FCSS	121,842	105,813
Debt reduction	96,034	96,034
Transportation	35,147	36,147
Community reserve	694,059	694,059
Fire	221,630	172,389
Fire capital replacement	504,000	368,000
Waste management	120,000	-
Public reserve trust	196,238	180,788
Restricted surplus	10,893,950	9,133,230
Equity in tangible capital assets		
Tangible capital assets (<i>Schedule 1</i>)	203,474,306	199,703,463
Accumulated amortization (<i>Schedule 1</i>)	(85,646,620)	(80,399,516)
Long term debt - capital	(7,513,330)	(8,128,274)
Equity in tangible capital assets	110,314,356	111,175,673
	\$128,015,826	\$127,016,214

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

14. COMMITMENTS

The Municipality has a five year gravel agreement, effective November 1, 2019, for the provision of sand and gravel at a minimum of \$60,000 annually, for a minimum of 20,000 yards at \$3.00 per cubic yard.

The Municipality through joint agreement provides funds for operations of the Family and Community Support services. The amounts presented in the financial statement represent only the County portion of contributions made to F.C.S.S.

The Municipality has a five year contract, effective March 15, 2021, for the provision of managed information technology services at a minimum of \$69,120 annually.

The Municipality has long term leases with respect to its office equipment and vehicles. The leases contain renewal options and provides maintenance service and minor maintenance. Future minimum lease payments as at December 31, 2020, are as follows:

2021	\$	103,495
2022		66,535
2023		40,714
2024		21,021
2025		6,485
		<hr/>
		\$ 238,250

15. CONTINGENCIES

The Municipality 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, 2020, the line of credit balance was NIL (2019 - NIL), therefore the Municipality's guarantee would be limited to NIL (2019 - NIL).

The Municipality 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, 2020, the loan balance was \$134,719 (2019 - \$155,767), therefore the Municipality's guarantee would be limited to \$67,360 (2019 - \$77,844).

16. CONTAMINATED SITES LIABILITY

The Municipality did not identify any financial liabilities related to contaminated sites in 2020 (2019 - nil).

17. COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

COVID-19 has not had a significant impact on the Municipality. The Municipality has recorded funding received under the Municipal Operating Support Transfer grant, in the amount of \$191,903.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

18. RELATED PARTY TRANSACTIONS

There were no reportable related party transactions for the 2020 year.

19. SALARY, CONTRACTS AND BENEFITS DISCLOSURE

Disclosure of salaries, contracts 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	2020	2019
Reeve	Upham	\$ 72,598	\$ 8,054	\$ 80,652	\$ 87,654
Deputy Reeve	Fodness	61,059	7,916	68,975	74,268
Councilors	Amyotte	68,132	7,873	76,005	75,075
	Hedrick	55,350	7,523	62,873	62,277
	Martin	50,345	7,170	57,515	61,251
	Wirsta	57,044	7,973	65,017	76,659
	Youngmans	42,392	6,655	49,047	52,685
CAO	Sheila Kitz	181,999	35,747	217,746	128,266
Interim CAO	Tim Mahdiuk	-	-	-	129,646
Designated Officers	6 positions	529,617	58,345	587,962	629,096

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, 2020

20. 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 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount.

Total current service contributions by the Municipality to the LAPP in 2020 were \$751,485 (2019 - \$691,127). Total current service contributions by the employees of the Municipality to the Local Authorities Pension Plan in 2020 were \$680,217 (2019 - \$626,036).

At December 31, 2019, the LAPP disclosed an actuarial deficiency of \$7.91 billion.

21. SEGMENTED DISCLOSURE

The Municipality 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 the Schedule of Segmented Disclosure (Schedule 7).

22. FINANCIAL INSTRUMENTS

The Municipality initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The Municipality's financial instruments consist of all financial assets and liabilities. 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 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.

23. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.