
INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of County of St. Paul No. 19, which comprise the statement of financial position as at December 31, 2012, and the statements of revenues and expenditures, change 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

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Independent Auditor's Report to the Members of County of St. Paul No. 19 *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of County of St. Paul No. 19 as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Vegreville, Alberta
April 9, 2013

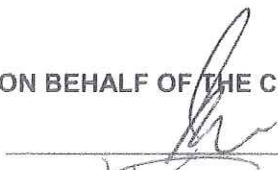
Synergy
Chartered Accountants

COUNTY OF ST. PAUL NO. 19
Statement of Financial Position
Year Ended December 31, 2012

	2012	2011
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 5,810,869	\$ 2,893,880
Restricted cash funds	71,491	80,069
Taxes and grants in place of taxes receivable (Note 3)	587,316	595,267
Receivable from other governments	90,263	322,768
Trade and other receivables	541,236	244,051
Debt charges recoverable (Note 4)	2,219,409	2,342,966
Inventory of land held for resale	58,390	62,561
Long term investments	160	160
	9,379,134	6,541,722
LIABILITIES		
Accounts payable and accrued liabilities	1,593,563	1,214,532
Trust liabilities	71,491	80,069
Deferred revenue (Note 5)	1,983,451	1,137,707
Long term debt (Note 6)	3,361,656	2,490,375
	7,010,161	4,922,683
NET FINANCIAL ASSETS	2,368,973	1,619,039
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	75,043,031	70,418,550
Inventory for consumption (Note 8)	2,180,652	1,832,157
Prepaid expenses	177,189	178,485
	77,400,872	72,429,192
ACCUMULATED SURPLUS (Note 9)	\$ 79,769,845	\$ 74,048,231

Commitments and subsequent events, and contingencies (Note 13) & (Note 14)

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


 _____ Reeve


 _____ Chief Administrative Officer

COUNTY OF ST. PAUL NO. 19
Statement of Change in Net Financial Assets
Year Ended December 31, 2012

	Budget (unaudited)	2012	2011
EXCESS OF REVENUES OVER EXPENSES	\$ 16,075,645	\$ 5,721,614	\$ 2,623,646
Amortization of tangible capital assets	2,656,039	3,033,795	2,963,098
Amortization added to tangible capital assets	554,961	305,659	247,920
Proceeds on disposal of tangible capital assets	677,500	687,500	895,160
(Gain)/loss on sale of tangible capital assets	(177,482)	(383,835)	272,418
Acquisition of tangible capital assets	(19,007,266)	(8,267,599)	(6,191,678)
Change in inventories and prepaid expenses	-	(347,199)	194,749
	779,397	749,935	1,005,313
Net financial assets, beginning of year	-	1,619,038	613,725
NET FINANCIAL ASSETS, END OF YEAR	\$ -	\$ 2,368,973	\$ 1,619,038

COUNTY OF ST. PAUL NO. 19
Statement of Revenues and Expenditures
Year Ended December 31, 2012

	Budget (unaudited)	2012	2011
REVENUE			
Net municipal taxes (<i>Schedule 1</i>)	\$ 13,937,414	\$ 13,902,824	\$ 13,209,596
User fees and sales of goods	4,578,250	1,761,976	1,573,401
Government transfers for operating (<i>Schedule 2</i>)	11,094,100	6,947,633	3,721,791
Investment income	149,730	205,381	191,667
Penalties and costs of taxes	112,000	121,780	121,824
Licenses and permits	140,000	251,519	155,189
Rentals and leases	164,250	250,714	181,818
Other	3,501,000	147,075	107,599
	33,676,744	23,588,902	19,262,885
EXPENSES			
Legislative	502,566	510,143	485,296
Administration	2,601,081	3,450,131	2,004,619
Bylaws enforcement	638,375	515,766	458,131
Roads, streets, walks, lighting	10,630,576	10,246,590	10,546,152
Water supply and distribution	303,031	318,752	479,869
Wastewater treatment and disposal	122,118	120,135	119,217
Waste management	910,238	881,603	1,149,826
Family and community support	261,895	234,852	236,676
Agriculture services	600,627	559,953	474,266
Subdivision land development	394,745	384,610	288,955
Parks and recreation	801,333	760,642	755,226
Library	188,240	182,999	167,708
	17,954,825	18,166,176	17,165,941
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	15,721,919	5,422,726	2,096,944
SCHEDULE OF GOVERNMENT TRANSFERS FOR CAPITAL (<i>Schedule 3</i>)	353,726	298,888	526,702
EXCESS OF REVENUE OVER EXPENSES	\$ 16,075,645	\$ 5,721,614	\$ 2,623,646

COUNTY OF ST. PAUL NO. 19
Statement of Cash Flows
Year Ended December 31, 2012

	2012	2011
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 5,721,614	\$ 2,623,646
Items not affecting cash:		
Amortization of tangible capital assets	3,033,795	2,963,098
Amortization added to tangible capital assets	305,659	247,920
(Gain)/loss on sale of tangible capital assets	(383,835)	272,418
	8,677,233	6,107,082
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	7,951	11,909
Receivable from other governments	232,505	344,036
Trade and other receivables	(297,185)	109,153
Inventory of land held for resale	4,171	-
Accounts payable and accrued liabilities	379,030	(258,735)
Trust liabilities	(8,578)	22,826
Deferred revenue	845,744	826,235
Inventory for consumption	(348,495)	187,711
Prepaid expenses	1,296	7,038
	816,439	1,250,173
Cash flow from operating activities	9,493,672	7,357,255
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(8,267,599)	(6,191,678)
Proceeds on disposal of tangible capital assets	687,500	895,160
Cash flow used by capital activities	(7,580,099)	(5,296,518)
FINANCING ACTIVITIES		
Proceeds from long term financing	1,000,000	-
Repayment of long term debt	(128,719)	(124,992)
Repayment of loans receivable	123,557	117,113
Cash flow from (used by) financing activities	994,838	(7,879)
INVESTING ACTIVITY		
Change in restricted cash or cash equivalents	(845,744)	(826,234)
INCREASE IN CASH FLOW	2,062,667	1,226,624
Cash - beginning of year	1,836,242	609,618
CASH - END OF YEAR	\$ 3,898,909	\$ 1,836,242
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	\$ (139,825)	\$ (173,058)

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COUNTY OF ST. PAUL NO. 19
Statement of Cash Flows *(continued)*
Year Ended December 31, 2012

	2012	2011
CASH CONSISTS OF:		
Restricted cash funds	\$ 71,491	\$ 80,069
Cash and cash equivalents <i>(Note 2)</i>	5,810,869	2,893,880
Less: restricted cash or cash equivalents <i>(Note 2)</i>	(1,983,451)	(1,137,707)
	\$ 3,898,909	\$ 1,836,242

COUNTY OF ST. PAUL NO. 19
Schedule of Property and Other Taxes
Year Ended December 31, 2012

(Schedule 1)

	Budget (unaudited)	2012	2011
TAXATION			
Residential land and improvements	\$ 4,375,257	\$ 4,290,352	\$ 4,174,190
Farmland	1,176,744	1,176,945	1,144,854
Non-residential land and improvements	1,107,419	1,120,621	1,120,698
Machinery and equipment	2,779,526	2,741,521	2,545,268
Linear property	8,106,613	8,173,185	7,776,897
	17,545,559	17,502,624	16,761,907
REQUISITIONS			
Alberta School Foundation	3,322,602	3,314,251	3,160,475
M.D. of St. Paul Foundation	285,543	285,549	391,836
	3,608,145	3,599,800	3,552,311
	\$ 13,937,414	\$ 13,902,824	\$ 13,209,596

COUNTY OF ST. PAUL NO. 19**Schedule of Government Transfers for Operating
Year Ended December 31, 2012****(Schedule 2)**

	Budget (unaudited)	2012	2011
TRANSFERS FOR OPERATING			
Provincial grants-operating	\$ 10,336,862	\$ 6,224,317	\$ 3,638,335
Local government grants-operating	-	2,920	-
Federal grants-operating	757,238	720,396	83,456
	\$ 11,094,100	\$ 6,947,633	\$ 3,721,791

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

	Budget (unaudited)	2012	2011
TRANSFERS FOR CAPITAL			
Provincial grants-capital	\$ 353,726	\$ 298,888	\$ 422,306
Local government grants-capital	-	-	104,396
	\$ 353,726	\$ 298,888	\$ 526,702

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

	Budget (unaudited)	2012	2011
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 6,411,307	\$ 6,129,964	\$ 6,124,110
Contracted and general services	2,396,677	2,666,976	2,467,429
Purchases from other governments	4,500	9,682	4,386
Materials, goods, supplies and utilities	5,319,475	4,519,098	4,355,179
Provision for allowances	25,000	30,851	8,345
Transfers to other governments	316,600	1,295,994	190,699
Transfers to local boards and agencies	670,746	723,826	607,219
Bank charges and short term interest	60,000	10,648	37,183
Interest on capital long term debt	150,233	7,447	7,700
Interest on operating long term debt	121,730	121,730	128,175
Amortization of tangible capital assets	2,656,039	3,033,795	2,963,098
(Gain)/loss on sale of tangible capital assets	(177,482)	(383,835)	272,418
	\$ 17,954,825	\$ 18,166,176	\$ 17,165,941

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2012

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 Canadian Institute of Chartered Accountants. 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 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.

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

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.

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COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

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 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 and the gas system 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.

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.

Inventories 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.

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COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

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.

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.

(*continues*)

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

2. CASH AND CASH EQUIVALENTS

	2012	2011
Cash	\$ 5,810,869	\$ 2,893,880

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, 2012 was NIL (2011 - NIL)

Council has designated funds of \$190,195 (2011 - \$177,253) included in the above amounts for future expenditures.

Included in cash is a restricted amount of \$1,983,451 (2011 - \$1,137,707) received from various sources and held exclusively for approved projects (Note 5).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2012	2011
Current	\$ 426,931	\$ 368,789
Arrears	197,656	249,413
Subtotal	624,587	618,202
Less: allowance for doubtful accounts	(37,271)	(22,935)
	\$ 587,316	\$ 595,267

4. DEBT CHARGES RECOVERABLE

	2012	2011
Current debt charges recoverable	\$ 130,360	\$ 123,557
Non-current debt charges recoverable	2,089,049	2,219,409
	\$ 2,219,409	\$ 2,342,966

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COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2012

4. DEBT CHARGES RECOVERABLE

Principal and interest repayments are as follows:

	Principal	Interest	Total
2013	\$ 130,360	\$ 114,928	\$ 245,288
2014	137,539	107,749	245,288
2015	106,628	100,170	206,798
2016	112,414	94,405	206,819
2017	118,516	88,283	206,799
Thereafter	1,613,952	563,349	2,177,301
	\$ 2,219,409	\$ 1,068,884	\$ 3,288,293

In prior years, the County 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 of \$245,288 and mature on September 1, 2021.

5. 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.

	2012	2011
Water For Life - Ashmont/Lottie Lake	\$ 333,776	\$ 674,908
Bridges grant	3,514	3,514
Subdivision warranty	10,000	34,217
Regional partnership initiative grant	7,489	48,026
Federal gas tax fund	-	377,042
New Horizons Grant - FCSS	11,842	-
Resource Road Grant - AT - Northern Valley Road	125,905	-
CNRL - Capital Contribution - Northern Valley Road	1,477,425	-
Customer Deposits - Iron Horse Trail Water Line	13,500	-
	\$ 1,983,451	\$ 1,137,707

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 2013.

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2012

6. LONG TERM DEBT

	2012	2011
Utility supported debentures	\$ 142,247	\$ 147,409
Self supported debentures	3,219,409	2,342,966
	\$ 3,361,656	\$ 2,490,375

Principal and interest repayments are as follows:

	Principal	Interest	Total
2013	\$ 226,124	\$ 143,589	\$ 369,713
2014	235,605	134,092	369,697
2015	207,056	124,137	331,193
2016	215,265	115,932	331,197
2017	223,854	107,306	331,160
Thereafter	2,253,752	629,704	2,883,456
	\$ 3,361,656	\$ 1,254,760	\$ 4,616,416

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.226 to 5.875% per annum, and matures in periods 2014 through 2032. The average annual interest rate is 3.99% for 2012 (5.27% for 2011).

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

Interest on long term debt in 2012 amounted to \$129,177 (2011 - \$135,875).

The municipality's total cash payments for interest in 2012 were \$139,825 (2011 - \$173,058).

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2012

7. TANGIBLE CAPITAL ASSETS

	2012 Opening Balance	Additions / Amortization	Disposals / Adjustments	2012 Closing Balance
<u>COST</u>				
Land	\$ 7,693,582	\$ 68,509	\$ -	\$ 7,762,091
Land improvements	403,708	23,970	-	427,678
Buildings	4,969,140	32,288	-	5,001,428
Machinery and equipment	16,854,263	2,028,409	1,123,981	17,758,691
Vehicles	6,225,190	190,826	-	6,416,016
Engineered structures	87,748,862	2,696,968	120,687	90,325,143
Work in progress	739,553	3,226,629	-	3,966,182
	124,634,298	8,267,599	1,244,668	131,657,229
<u>ACCUMULATED AMORTIZATION</u>				
Land improvements	80,629	22,496	-	103,125
Buildings	790,255	85,262	-	875,517
Machinery and equipment	4,864,725	978,445	672,280	5,170,890
Vehicles	2,282,352	444,539	-	2,726,891
Engineered structures	46,197,787	1,808,712	268,724	47,737,775
	54,215,748	3,339,454	941,004	56,614,198
	\$ 70,418,550	\$ 4,928,145	\$ 303,664	\$ 75,043,031

8. INVENTORY FOR CONSUMPTION

	2012	2011
Public Works gravel	\$ 1,241,551	\$ 999,526
Public Works coldmix	199,087	39,300
Public Works sand & salt	83,300	113,400
Public Works parts	184,844	193,127
Public Works culverts & couplers	156,304	171,957
Public Works fuel	25,005	35,551
Public Works miscellaneous	236,209	244,940
Agricultural services	54,352	34,356
	\$ 2,180,652	\$ 1,832,157

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2012

9. ACCUMULATED SURPLUS

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

	2012	2011
Unrestricted surplus		
Unrestricted surplus, beginning of year	\$ 3,599,837	\$ 2,790,685
Excess of revenues over expenses	5,721,614	2,623,646
Unrestricted funds designated for future use	(14,942)	(8,914)
Funds contributed from restricted surplus	2,000	12,410
Repayment of capital debt	(5,162)	(4,908)
Increase in tangible capital assets	(4,624,481)	(1,813,082)
Unrestricted surplus, end of year	4,678,866	3,599,837
Restricted surplus		
Restricted surplus, beginning of year	177,253	180,749
Unrestricted funds designated for future use	14,942	8,914
Funds released for operating	(2,000)	(12,410)
Restricted surplus, end of year	190,195	177,253
Equity in tangible capital assets		
Equity in tangible capital assets, beginning of year	70,271,141	68,453,151
Current funds used for tangible capital assets	8,267,599	6,191,678
Proceeds on sale	(687,500)	(895,160)
(Gain)/loss on sale of tangible capital assets	383,836	(272,418)
Amortization of tangible capital assets	(3,339,454)	(3,211,018)
Repayment of capital long term debt	5,162	4,908
Equity in tangible capital assets, end of year	74,900,784	70,271,141
	\$ 79,769,845	\$ 74,048,231
Equity in tangible capital assets consists of the following:		
Tangible capital assets	\$ 75,043,031	\$ 70,418,550
Capital long term debt	(142,247)	(147,409)
	\$ 74,900,784	\$ 70,271,141

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2012

10. 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:

	2012	2011
Total debt limit	\$ 35,831,685	\$ 29,684,381
Total debt (including loan guarantees)	(1,280,103)	(294,635)
Amount of debt limit unused	\$ 34,551,582	\$ 29,389,746
Debt servicing limit	\$ 5,971,948	\$ 4,947,397
Debt servicing	(124,705)	(15,580)
Amount of debt servicing limit unused	\$ 5,847,243	\$ 4,931,817

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 Financial Statements
Year Ended December 31, 2012

11. 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	2012	2011
Reeve	Upham	\$ 67,210	\$ 6,102	\$ 73,312	\$ 75,755
Councillors	Corbiere	47,345	3,574	50,919	50,372
	Dach	61,120	4,253	65,373	61,624
	Fodness	48,010	5,018	53,028	53,049
	Martin	54,370	5,393	59,763	56,317
	Ockerman	36,740	4,458	41,198	45,033
	Sloan	43,790	4,120	47,910	47,165
Administrator	Kitz	150,000	27,646	177,646	156,086
Assessor		92,836	19,843	112,679	108,550
Agriculture		34,051	7,038	41,089	38,867
Subdivision		35,083	7,250	42,333	38,867
Development		80,187	17,936	98,123	92,310
Deputy Development		57,124	14,154	71,278	55,116

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 Financial Statements
Year Ended December 31, 2012

12. 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 Alberta Public Sector Pension Plans Act. The LAPP serves about 214,328 people and 423 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 municipality is required to make current service contributions to the LAPP of 9.91% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.74% on pensionable earnings above this amount. Employees of the municipality are required to make current service contributions of 8.91% of pensionable salary up to the year's maximum pensionable salary and 12.74% on pensionable salary above this amount.

Total current service contributions by the municipality to the LAPP in 2012 were \$526,790 (2011 - \$485,000). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2012 were \$479,117 (2011 - \$439,213).

At December 31, 2011, the LAPP disclosed an actuarial deficiency of \$4.635 billion.

13. COMMITMENTS AND SUBSEQUENT EVENTS

Subsequent to year end, the County purchased and disposed of equipment at a net cost of \$951,283.

The County has committed to contracted resource road projects for total tendered cost of \$4,942,527. As of December 31, 2012 costs related to these projects totalling \$629,545 have been disbursed.

The County of St. Paul is a member of the Elk Point/St. Paul Regional Water Commission. This Commission was formed to construct a water line from St. Paul Water Treatment Plant to the Elk Point Water Treatment Plant. Provincial grant funding is expected to cover 92% of the cost for this project and the Commission will borrow funds to cover the remaining 8%. The County will be responsible for 20% of that 8% of the annual debenture payment which is estimated in the Business Plan at \$8,579 per annum.

The County has committed to the construction of new fire halls located in Ashmont and Mallaig for a combined cost of \$2,198,000.

The County is committed to leases for office equipment. The future minimum payments under these operating leases is as follows:

2013	\$	12,360
2014		14,460
		<hr/>
	\$	26,820

COUNTY OF ST. PAUL NO. 19
Notes to Financial Statements
Year Ended December 31, 2012

14. 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, 2012 the loan balance was \$39,231, therefore the County's guarantee would be limited to \$25,893. 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, 2012, the line of credit balance was \$223,926, therefore the County's guarantee would be limited to \$111,963.

15. FINANCIAL INSTRUMENTS

The municipality's financial instruments consist of cash and cash equivalents, accounts receivable, investments, debt charges recoverable, 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.

16. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

17. COMPARATIVE FIGURES

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