SYNERGY
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

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, 2013 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.

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, 2013 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Vegreville, Alberta
April 8, 2014

Synergy
Chartered Accountants

COUNTY OF ST. PAUL NO. 19
Statement of Financial Position
Year Ended December 31, 2013

	2013	2012
FINANCIAL ASSETS		
Cash and cash equivalents *(Note 2)*	**$ 6,035,158**	$ 5,882,360
Taxes and grants in place of taxes receivable *(Note 3)*	**516,672**	587,316
Receivable from other governments	**805,854**	90,263
Trade and other receivables	**356,578**	541,236
Debt charges recoverable *(Note 4)*	**2,089,049**	2,219,409
Inventory of land held for resale	**45,877**	58,390
Long term investments	**160**	160
	9,849,348	9,379,134
LIABILITIES		
Accounts payable and accrued liabilities	**1,658,617**	1,592,221
Trust liabilities	**70,984**	72,833
Deferred revenue *(Note 5)*	**652,597**	1,983,451
Long term debt *(Note 6)*	**12,735,060**	3,361,656
	15,117,258	7,010,161
NET FINANCIAL ASSETS	**(5,267,910)**	2,368,973
NON-FINANCIAL ASSETS		
Tangible capital assets *(Note 7)*	**88,581,935**	75,043,031
Inventory for consumption *(Note 8)*	**2,078,819**	2,180,652
Prepaid expenses	**237,842**	177,189
	90,898,596	77,400,872
ACCUMULATED SURPLUS *(Note 9)*	**$ 85,630,686**	$ 79,769,845

Commitments and subsequent events, and contingencies *(Note 13)* and *(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, 2013

	Budget (unaudited)	2013	2012
EXCESS OF REVENUES OVER EXPENSES	$ 7,024,271	**$ 5,860,842**	$ 5,721,614
Amortization of tangible capital assets	3,335,749	**3,586,865**	3,033,795
Amortization added to tangible capital assets	-	**232,273**	305,659
Proceeds on disposal of tangible capital assets	-	**1,797,451**	687,500
(Gain)/loss on sale of tangible capital assets	18,862	**102,587**	(383,835)
Acquisition of tangible capital assets	(21,089,158)	**(19,967,649)**	(8,267,599)
Change in inventories and prepaid expenses	-	**41,180**	(347,199)
Writedown of tangible capital assets	-	**709,568**	-
	(10,710,276)	**(7,636,883)**	749,935
Net financial assets, beginning of year	-	**2,368,973**	1,619,038
NET FINANCIAL ASSETS, END OF YEAR	$ -	**$ (5,267,910)**	$ 2,368,973

COUNTY OF ST. PAUL NO. 19
Statement of Revenues and Expenditures
Year Ended December 31, 2013

	Budget (unaudited)	2013	2012
REVENUE			
Net municipal taxes *(Schedule 1)*	$ 14,590,219	**$ 14,616,439**	$ 13,902,824
User fees and sales of goods	1,447,723	**1,487,042**	1,722,093
Government transfers for operating *(Schedule 2)*	2,406,246	**1,847,341**	3,270,101
Investment income	132,428	**254,195**	205,381
Penalties and costs of taxes	121,500	**117,958**	121,780
Licenses and permits	184,500	**391,671**	277,834
Rentals and leases	42,050	**54,510**	40,532
Other	1,796,000	**1,891,861**	360,524
	20,720,666	**20,661,017**	19,901,069
EXPENSES			
Legislative	531,092	**447,353**	510,143
Administration	2,509,971	**2,471,519**	3,450,131
Bylaws enforcement	557,629	**548,171**	515,766
Roads, streets, walks, lighting	11,257,274	**11,420,623**	10,246,590
Water supply and distribution	460,224	**1,445,480**	318,752
Wastewater treatment and disposal	148,579	**164,652**	120,135
Waste management	953,464	**969,439**	881,603
Family and community support	246,260	**233,468**	234,852
Agriculture services	618,459	**626,756**	559,953
Subdivision land development	366,507	**439,545**	384,610
Parks and recreation	801,920	**798,320**	760,642
Library	226,974	**223,647**	182,999
	18,678,353	**19,788,973**	18,166,176
EXCESS OF REVENUES OVER EXPENSES BEFORE TRANSFERS FOR CAPITAL	2,042,313	**872,044**	1,734,893
Government transfers for capital *(Schedule 3)*	4,981,958	**4,988,798**	3,986,721
EXCESS OF REVENUE OVER EXPENSES	$ 7,024,271	**$ 5,860,842**	$ 5,721,614

COUNTY OF ST. PAUL NO. 19
Statement of Cash Flows
Year Ended December 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Excess of revenue over expenses	**$ 5,860,842**	$ 5,721,614
Items not affecting cash:		
Amortization of tangible capital assets	**3,586,865**	3,033,795
Amortization added to tangible capital assets	**232,273**	305,659
(Gain)/loss on sale of tangible capital assets	**102,587**	(383,835)
Writedown of capital assets	**709,569**	-
	10,492,136	8,677,233
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	**70,644**	7,951
Receivable from other governments	**(715,591)**	232,505
Trade and other receivables	**184,658**	(297,185)
Inventory of land held for resale	**12,513**	4,171
Accounts payable and accrued liabilities	**66,396**	377,687
Trust liabilities	**(1,849)**	(7,236)
Deferred revenue	**(1,330,854)**	845,744
Inventory for consumption	**101,833**	(348,495)
Prepaid expenses	**(60,653)**	1,296
	(1,672,903)	816,438
Cash flow from operating activities	**8,819,233**	9,493,671
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	**(19,967,649)**	(8,267,599)
Proceeds on disposal of tangible capital assets	**1,797,451**	687,500
Cash flow used by capital activities	**(18,170,198)**	(7,580,099)
FINANCING ACTIVITIES		
Proceeds from long term financing	**9,715,000**	1,000,000
Repayment of long term debt	**(341,596)**	(128,719)
Repayment of loans receivable	**130,360**	123,557
Cash flow from financing activities	**9,503,764**	994,838
INVESTING ACTIVITY		
Change in restricted cash or cash equivalents	**1,330,853**	(845,743)
INCREASE IN CASH FLOW	**1,483,652**	2,062,667
Cash - beginning of year	**3,898,909**	1,836,242
CASH - END OF YEAR	**$ 5,382,561**	$ 3,898,909
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	**$ (313,482)**	$ (139,825)
CASH CONSISTS OF:		
Cash and cash equivalents *(Note 2)*	**$ 6,035,158**	$ 5,882,360
Less: restricted cash or cash equivalents *(Note 2)*	**(652,597)**	(1,983,451)
	$ 5,382,561	$ 3,898,909

COUNTY OF ST. PAUL NO. 19
Schedule of Property and Other Taxes ***(Schedule 1)***
Year Ended December 31, 2013

	Budget (unaudited)	**2013**	2012
TAXATION			
Residential land and improvements	$ 4,625,073	**$ 4,708,497**	$ 4,290,352
Farmland	1,192,013	**1,192,165**	1,176,945
Non-residential land and improvements	1,153,649	**1,165,606**	1,120,621
Machinery and equipment	2,902,893	**2,902,446**	2,741,521
Linear property	8,727,283	**8,658,004**	8,173,185
	18,600,911	**18,626,718**	17,502,624
REQUISITIONS			
Alberta School Foundation	3,591,666	**3,591,666**	3,314,251
M.D. of St. Paul Foundation	419,026	**418,613**	285,549
	4,010,692	**4,010,279**	3,599,800
	$ 14,590,219	**$ 14,616,439**	$ 13,902,824

COUNTY OF ST. PAUL NO. 19

Schedule of Government Transfers for Operating *(Schedule 2)*

Year Ended December 31, 2013

	Budget (unaudited)	2013	2012
TRANSFERS FOR OPERATING			
Provincial grants-operating	$ 2,246,602	**$ 1,782,698**	$ 3,188,664
Local government grants-operating	148,848	**52,801**	68,284
Federal grants-operating	10,796	**11,842**	13,153
	$ 2,406,246	**$ 1,847,341**	$ 3,270,101

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

	Budget (unaudited)	2013	2012
TRANSFERS FOR CAPITAL			
Provincial grants-capital	$ 4,651,757	**$ 4,568,597**	$ 3,279,478
Federal grants-capital	330,201	**330,201**	707,243
Local government grants-capital	-	**90,000**	-
	$ 4,981,958	**$ 4,988,798**	$ 3,986,721

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

	Budget (unaudited)	2013	2012
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	$ 6,898,686	**$ 6,949,767**	$ 6,142,926
Contract and general services	2,525,668	**3,418,337**	2,586,478
Goods and supplies	4,629,145	**4,441,741**	4,597,806
Provision for allowances	11,500	**(2,494)**	30,851
Transfers to other governments	312,000	**285,105**	1,375,098
Transfers to local boards	701,952	**693,583**	643,232
Bank charges and short term interest	40,000	**10,109**	10,648
Interest on capital long term debt	89,863	**160,844**	7,447
Interest on operating long term debt	114,928	**142,529**	121,730
Amortization expense	3,335,749	**3,586,865**	3,033,795
(Gain)/loss on sale of tangible capital assets	18,862	**102,587**	(383,835)
	$ 18,678,353	**$ 19,788,973**	$ 18,166,176

COUNTY OF ST. PAUL No. 19
Schedule of Segmented Disclosures
Year Ended December 31, 2013

(Schedule 5)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation, Culture & Family	Environmental Services	2013 Total
REVENUE							
Net municipal taxes	$ 14,616,439	$ -	$ -	$ -	$ -	$ -	**$ 14,616,439**
User fees and sales of goods	30,317	108,198	770,623	11,129	241,616	325,159	**1,487,042**
Government transfers	181,894	92,920	4,898,798	168,360	524,914	969,253	**6,836,139**
Investment income	254,195	-	-	-	-	-	**254,195**
Other revenues	317,915	-	1,630,211	507,874	-	-	**2,456,000**
	15,400,760	201,118	7,299,632	687,363	766,530	1,294,412	**25,649,815**
EXPENSES							
Salaries and wages	1,460,032	-	4,027,768	507,154	488,852	465,961	**6,949,767**
Contract and general services	1,034,401	82,532	492,678	236,988	111,900	1,459,838	**3,418,337**
Goods and supplies	164,360	96,696	3,467,060	268,419	113,344	331,862	**4,441,741**
Transfers to local boards	111,349	234,188	48,744	-	486,574	97,833	**978,688**
Long-term debt interest	-	22,324	131,033	-	-	7,487	**160,844**
Other expenses	132,517	-	120,214	-	-	-	**252,731**
	2,902,659	435,740	8,287,497	1,012,561	1,200,670	2,362,981	**16,202,108**
NET REVENUE, BEFORE AMORTIZATION	12,498,101	(234,622)	(987,865)	(325,198)	(434,140)	(1,068,569)	**9,447,707**
Amortization expense	16,213	112,431	3,133,126	53,740	54,765	216,590	**3,586,865**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 12,481,888	$ (347,053)	$ (4,120,991)	$ (378,938)	$ (488,905)	$ (1,285,159)	**$ 5,860,842**

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 polices 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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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, 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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1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventory

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. Gravel inventory is valued at the amount of royalty as well as the costs of crushing.

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.

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1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) **Inventories**
Inventory of materials and supplies for consumption are valued at the lower of cost or net realizable value with the cost being determined by the average cost method.

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

Budget figures

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

2. CASH AND CASH EQUIVALENTS

	2013	2012
Cash	**$ 6,035,158**	$ 5,882,360

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, 2013 was NIL (2012 - NIL)

Council has designated funds of $1,793,962 (2012 - $190,195) included in the above amounts for reserves.

Included in cash is a restricted amount of $723,581 (2012 - $2,056,284) comprised of $70,984 (2012 - $72,833) of trust liabilities and $652,597 (2012 - $1,983,451) of deferred revenue received from various sources and held exclusively for approved projects (Note 5).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2013	2012
Current	**$ 376,973**	$ 426,931
Arrears	**171,758**	197,656
Subtotal	**548,731**	624,587
Less: allowance for doubtful accounts	**(32,059)**	(37,271)
	$ 516,672	$ 587,316

4. DEBT CHARGES RECOVERABLE

	2013	2012
Current debt charges recoverable	**$ 137,539**	$ 130,360
Non-current debt charges recoverable	**1,951,510**	2,089,049
	$ 2,089,049	$ 2,219,409

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4. DEBT CHARGES RECOVERABLE (continued)

Principal and interest repayments are as follows:

	Principal	Interest	Total
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
2018	124,953	81,846	206,799
Thereafter	1,488,999	481,502	1,970,501
	$ 2,089,049	$ 953,955	$ 3,043,004

In prior years, the County has assumed debenture financing on behalf of the M.D. of St. Paul Foundation totalling $3,016,983. However, $3,016,983 plus interest is recoverable from the M.D. of St. Paul Foundation with respect to this financing. Amounts are recoverable in annual blended instalments and begin to mature on June 15, 2014.

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.

	2013	2012
CNRL - Capital Contribution - Northern Valley Road	**$ -**	$ 1,477,425
Water For Life - Ashmont/Lottie Lake	**-**	333,776
Rural Broadband Grant	**227,500**	-
Resource Road Grant - AT - Northern Valley Road	-	125,905
MCS Net prepaid lease	**113,750**	-
Enbridge - Murphy Road Overlay	**100,000**	-
Interpipeline - Murphy Road Overlay	**100,000**	-
Interpipeline - Township Road 612	**50,000**	-
E Construction - Murphy Road Overlay	**20,000**	-
Internship grant	**14,333**	-
Customer Deposits - Iron Horse Trail Water Line	**13,500**	13,500
New Horizons Grant - FCSS	**-**	11,842
Subdivision warranty	**10,000**	10,000
Regional partnership initiative grant	**-**	7,489
Bridges grant	**3,514**	3,514
	$ 652,597	$ 1,983,451

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 2014.

6. LONG TERM DEBT

	2013	2012
Utility supported debentures	**$ 136,819**	$ 142,247
Self supported debentures	**12,598,241**	3,219,409
	$ 12,735,060	$ 3,361,656

Principal and interest repayments are as follows:

	Principal	Interest	Total
2014	$ 944,035	$ 462,546	$ 1,406,581
2015	939,467	428,610	1,368,077
2016	972,410	395,670	1,368,080
2017	1,006,705	361,339	1,368,044
2018	905,077	326,509	1,231,586
Thereafter	7,967,366	1,713,781	9,681,147
	$ 12,735,060	$ 3,688,455	$ 16,423,515

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 3.70% (2012 - 3.99%).

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

Interest on long term debt in 2013 amounted to $303,373 (2012 - $129,177).

The municipality's total cash payments for interest in 2013 were $313,482 (2012 - $139,825).

7. TANGIBLE CAPITAL ASSETS

	Opening Balance	Additions / Amortization	Disposals / Adjustments	**Closing Balance**
COST				
Land	$ 7,762,091	$ -	$ 16,226	**$ 7,745,865**
Land improvements	427,678	5,070	(3,923)	**436,671**
Buildings	5,001,428	61,365	-	**5,062,793**
Machinery and equipment	17,758,691	3,733,460	2,214,576	**19,277,575**
Vehicles	6,416,016	163,765	-	**6,579,781**
Engineered structures	90,325,143	13,256,698	(2,803,141)	**106,384,982**
Work in progress	3,966,182	2,747,291	3,670,911	**3,042,562**
	131,657,229	19,967,649	3,094,649	**148,530,229**
ACCUMULATED AMORTIZATION				
Land improvements	103,125	23,515	-	**126,640**
Buildings	875,517	87,702	-	**963,219**
Machinery and equipment	5,170,890	1,071,675	342,246	**5,900,319**
Vehicles	2,726,891	453,371	-	**3,180,262**
Engineered structures	47,737,775	2,182,874	142,795	**49,777,854**
	56,614,198	3,819,137	485,041	**59,948,294**
	$ 75,043,031	$ 16,148,512	$ 2,609,608	**$ 88,581,935**

8. INVENTORY FOR CONSUMPTION

	2013	2012
Public Works gravel	**$ 1,005,636**	$ 1,241,550
Public Works coldmix	**497,225**	199,087
Public Works sand and salt	**82,225**	90,300
Public Works miscellaneous	**457,981**	595,363
Agricultural services	**35,752**	54,352
	$ 2,078,819	$ 2,180,652

9. ACCUMULATED SURPLUS

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

	2013	2012
Unrestricted surplus		
Unrestricted surplus, beginning of year	**$ 4,678,866**	$ 3,599,837
Excess of revenues and expenses	**5,860,842**	5,721,614
Unrestricted funds designated for future use	**(1,605,767)**	(14,942)
Funds contributed from restricted surplus	**2,000**	2,000
Capital debt proceeds	**9,715,000**	-
Repayment of capital debt	**(120,902)**	(5,162)
Increase in tangible capital assets	**(13,538,904)**	(4,624,481)
Unrestricted surplus, end of year	**4,991,135**	4,678,866
Restricted surplus		
Restricted surplus, beginning of year	**190,195**	177,253
Unrestricted funds designated for future use	**1,605,767**	14,942
Funds released for operating	**(2,000)**	(2,000)
Restricted surplus, end of year	**1,793,962**	190,195
Equity in tangible capital assets		
Equity in tangible capital assets, beginning of year	**74,900,784**	70,271,141
Current funds used for tangible capital assets	**19,967,649**	8,267,599
Proceeds on sale of tangible capital assets	**(1,797,451)**	(687,500)
(Gain/loss) on sale of tangible capital assets	**(102,587)**	383,836
Writedown of capital assets	**(709,570)**	-
Amortization of tangible capital assets	**(3,819,137)**	(3,339,454)
Proceeds from long term capital financing	**(9,715,000)**	-
Repayment of capital long term debt	**120,901**	5,162
Equity in tangible capital assets, end of year	**78,845,589**	74,900,784
	$ 85,630,686	$ 79,769,845
Equity in tangible capital assets consists of the following:		
Tangible capital assets	**$ 88,581,935**	$ 75,043,031
Long term debt - capital	**(9,736,346)**	(142,247)
	$ 78,845,589	$ 74,900,784

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:

	2013	2012
Total debt limit	**$ 38,474,723**	$ 35,831,685
Total debt (including loan guarantees)	**(10,747,557)**	(1,280,103)
Amount of debt limit unused	**$ 27,727,166**	$ 34,551,582
Debt servicing limit	**$ 6,412,454**	$ 5,971,948
Debt servicing	**(1,161,293)**	(124,705)
Amount of debt servicing limit unused	**$ 5,251,161**	$ 5,847,243

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.

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	**2013**	2012
Reeve	Upham	$ 62,370	$ 5,758	**$ 68,128**	$ 73,312
Councilors	Amyotte	7,895	518	**8,413**	-
Councilors	Corbiere	36,470	3,870	**40,340**	50,919
	Dach	54,305	3,714	**58,019**	65,373
	Fodness	42,610	4,725	**47,335**	53,028
	Martin	48,145	5,067	**53,212**	59,763
	Ockerman	35,320	4,403	**39,723**	41,198
	Sloan	40,660	3,621	**44,281**	47,910
Administrator	Kitz	153,000	28,996	**181,996**	177,646
Assessor		94,042	20,551	**114,593**	112,679
Agriculture		35,435	7,442	**42,877**	41,089
Subdivision		36,509	7,668	**44,177**	42,333
Development		84,342	19,019	**103,361**	98,123
Deputy Development		59,115	14,828	**73,943**	71,278

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.

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 223,643 people and 428 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 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% on pensionable earnings above this amount. Employees of the municipality are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.

Total current service contributions by the municipality to the LAPP in 2013 were $584,513 (2013 - $526,790). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2013 were $534,313 (2012 - $479,117).

At December 31, 2012, the LAPP disclosed an actuarial deficiency of $4.98 billion.

13. COMMITMENTS AND SUBSEQUENT EVENTS

Subsequent to year end, the County has committed to purchase and dispose of equipment at a net cost of $1,810,704.

The County has committed to completing the construction of new fire halls located in Ashmont and Mallaig for a combined cost of $380,000.

The County has lease agreements with respect to equipment. The future minimum payments for the operating leases are as follows:

2014	$	112,668
2015		102,368
2016		102,368
2017		8,400
2018		6,300
Thereafter		169,264
	$	501,368

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, 2013 the loan balance was $20,588, therefore the County's guarantee would be limited to $13,732. 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, 2013, the line of credit balance was $175,628, therefore the County's guarantee would be limited to $87,814.

The County is currently engaged in two employment standards claims against former employees. The County's legal representatives estimate that the settlement amounts for these claims will total approximately $11,500.

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.