

COUNTY OF ST PAUL NO. 19
Consolidated Financial Statements
Year Ended December 31, 2022

COUNTY OF ST. PAUL NO. 19
Index to Consolidated Financial Statements
Year Ended December 31, 2022

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7 - 8
Consolidated Schedule of Tangible Capital Assets (<i>Schedule 1</i>)	9
Consolidated Schedule of Changes in Accumulated Surplus (<i>Schedule 2</i>)	10
Consolidated Schedule of Property and Other Taxes (<i>Schedule 3</i>)	11
Consolidated Schedule of Government Transfers for Operating (<i>Schedule 4</i>)	12
Consolidated Schedule of Government Transfers for Capital (<i>Schedule 5</i>)	12
Consolidated Schedule of Consolidated Expenses by Object (<i>Schedule 6</i>)	12
Consolidated Schedule of Segmented Disclosures (<i>Schedule 7</i>)	13
Notes to Consolidated Financial Statements	14 - 26

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the County of St. Paul No. 19 (the Municipality) 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, 2022, 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.

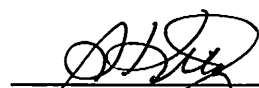
These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

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.

The external auditors have access to Council with and without the presence of management. 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. Glen Ockerman,
Reeve

Mrs. Sheila Kitz,
Chief Administrative Officer

St. Paul, Alberta
April 25, 2023

Ph: 1.780.632.6788 Fax: 1.780.632.6785 Toll Free: 1.888.515.6788
Box 157, 4918 50 Avenue, Vegreville, Alberta T9C 1R2

INDEPENDENT AUDITOR'S REPORT

To the Reeve and Council of the 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, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets 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, 2022, 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.

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.

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.

(continues)

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

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 25, 2023

Synergy
Chartered Professional Accountants

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 16,691,361	\$ 15,973,342
Taxes and grants in place of taxes receivable <i>(Note 3)</i>	716,429	661,920
Receivable from other governments	759,101	1,350,198
Trade and other receivables	741,903	973,683
Debt charges recoverable <i>(Note 4)</i>	917,468	1,071,896
Notes receivable <i>(Note 5)</i>	62,911	72,150
Inventory of land held for resale	33,364	33,364
	19,922,537	20,136,553
LIABILITIES		
Accounts payable and accrued liabilities	2,074,512	2,095,718
Employee benefit obligations <i>(Note 6)</i>	97,217	163,938
Deposit liabilities <i>(Note 7)</i>	43,307	43,307
Deferred revenue <i>(Note 8)</i>	1,473,300	1,722,013
Gravel reclamation liability <i>(Note 9)</i>	449,607	399,401
Long term debt <i>(Note 10)</i>	7,135,853	8,059,100
	11,273,796	12,483,477
NET FINANCIAL ASSETS	8,648,741	7,653,076
NON-FINANCIAL ASSETS		
Tangible capital assets(Schedule 1)	115,914,423	117,438,560
Inventory for consumption <i>(Note 11)</i>	4,176,895	3,272,100
Prepaid expenses	527,098	526,519
	120,618,416	121,237,179
ACCUMULATED SURPLUS <i>(Note 12)</i>(Schedule 2)	\$129,267,157	\$128,890,255
COMMITMENTS <i>(Note 13)</i>		
CONTINGENCIES <i>(Note 14)</i>		
SUBSEQUENT EVENTS <i>(Note 15)</i>		

COUNTY OF ST. PAUL NO. 19**Consolidated Statement of Operations and Accumulated Surplus****Year Ended December 31, 2022**

	Budget (Unaudited)	2022	2021
REVENUE			
Net municipal taxes (Schedule 3)	\$ 21,172,960	\$ 21,175,889	\$ 20,035,864
User fees and sales of goods	1,808,483	3,055,130	4,699,631
Government transfers for operating (Schedule 4)	1,299,866	1,090,365	2,271,287
Investment income	103,370	512,172	196,668
Penalties and costs of taxes	123,149	155,417	173,603
Licenses and permits	68,850	89,671	97,949
Rentals and leases	92,107	93,892	86,010
Other	408,295	514,968	458,005
	25,077,080	26,687,504	28,019,017
EXPENSES			
Legislative	568,883	464,324	496,763
Administration	3,743,266	3,399,514	3,087,371
Bylaws enforcement	1,714,311	1,530,683	1,537,889
Roads, streets, walks, lighting	17,800,844	17,375,800	18,742,413
Water supply and distribution	1,013,836	880,095	1,077,969
Wastewater treatment and disposal	381,329	372,534	522,568
Waste management	1,395,115	1,395,586	1,374,042
Family and community support	389,440	381,477	332,194
Agriculture services	877,699	851,432	895,580
Subdivision land development	276,385	252,996	209,557
Parks and recreation	1,564,606	1,469,451	1,415,513
Library	235,822	226,739	221,833
	29,961,536	28,600,631	29,913,692
SHORTFALL OF REVENUES OVER EXPENSES BEFORE TRANSFERS FOR CAPITAL			
	(4,884,456)	(1,913,127)	(1,894,675)
Government transfers for capital (Schedule 5)	2,434,058	2,290,029	2,769,104
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES			
	(2,450,398)	376,902	874,429
ACCUMULATED SURPLUS - BEGINNING OF YEAR			
	128,890,255	128,890,255	128,015,826
ACCUMULATED SURPLUS - END OF YEAR			
	\$126,439,857	\$129,267,157	\$128,890,255

See notes to financial statements

COUNTY OF ST. PAUL NO. 19**Consolidated Statement of Changes in Net Financial Assets****Year Ended December 31, 2022**

	Budget (Unaudited)	2022	2021
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (2,450,398)	\$ 376,902	\$ 874,429
Acquisition of tangible capital assets	(5,660,683)	(4,996,883)	(6,514,867)
Proceeds on disposal of tangible capital assets	-	471,246	516,871
Loss / (gain) on disposal of tangible capital assets	7,194	(66,246)	339,471
Amortization of tangible capital assets	5,728,261	5,908,524	5,712,872
Amortization added to tangible capital assets	347,860	207,496	334,779
	422,632	1,524,137	389,127
Use (acquisition) in prepaid expenses	-	(579)	(163,703)
Use (acquisition) in inventory for consumption	-	(904,795)	124,460
	-	(905,374)	(39,243)
	422,632	618,763	349,883
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(2,027,766)	995,665	1,224,311
NET FINANCIAL ASSETS - BEGINNING OF YEAR	7,653,076	7,653,076	6,428,765
NET FINANCIAL ASSETS - END OF YEAR	\$ 5,625,310	\$ 8,648,741	\$ 7,653,076

See notes to financial statements

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 376,902	\$ 874,429
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	5,908,524	5,712,872
Amortization added to tangible capital assets	207,496	334,779
Loss / (gain) on disposal of tangible capital assets	(66,246)	339,471
	6,426,676	7,261,551
Non-cash charges to operations (net change):		
Taxes and grants in place of taxes receivable	(54,509)	96,359
Receivable from other governments	591,097	(723,198)
Trade and other receivables	231,780	(433,314)
Accounts payable and accrued liabilities	(21,206)	414,236
Employee benefit obligations	(66,721)	17,202
Deferred revenue	(248,713)	839,870
Deposit liabilities	-	(19,482)
Gravel reclamation liability	50,206	6,557
Inventory for consumption	(904,795)	124,461
Prepaid expenses	(579)	(163,705)
	(423,440)	158,986
Cash provided by operating transactions	6,003,236	7,420,537
CAPITAL		
Acquisition of tangible capital assets	(4,996,883)	(6,514,867)
Proceeds on disposal of tangible capital assets	471,246	516,871
Cash applied to capital transactions	(4,525,637)	(5,997,996)
FINANCING		
Repayment of long term debt	(923,247)	(890,674)
Debt charges recoverable	154,428	146,458
Notes receivable	9,239	9,239
Cash applied to financing transactions	(759,580)	(734,977)
INVESTING		
Change in restricted cash or cash equivalents	248,713	(866,888)
Investments	-	15,000
Cash applied to investing transactions	248,713	(851,888)
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	966,732	(164,324)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,208,022	14,372,346
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 15,174,754	\$ 14,208,022

(continues)

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Cash Flows *(continued)*
Year Ended December 31, 2022

	2022	2021
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ 508,523	\$ 191,669
Interest paid	\$ 289,085	\$ 319,092
CASH CONSISTS OF:		
Cash and cash equivalents <i>(Note 2)</i>	\$ 16,691,361	\$ 15,973,342
Restricted cash or cash equivalents <i>(Note 2)</i>	(1,516,607)	(1,765,320)
	\$ 15,174,754	\$ 14,208,022

See notes to financial statements

COUNTY OF ST. PAUL NO. 19
Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2022

(Schedule 1)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2022	2021
COST								
BALANCE, BEGINNING OF YEAR	\$ 8,823,981	\$ 878,081	\$ 9,072,875	\$ 150,723,808	\$ 27,162,067	\$ 9,419,415	\$ 206,080,227	\$ 203,474,306
Acquisition of tangible capital assets	-	-	-	1,361,750	1,925,356	760,398	4,047,504	6,182,006
Construction-in-progress additions	-	-	-	778,974	-	170,405	949,379	332,861
Disposal of tangible capital assets	-	-	-	(141,582)	(964,389)	(58,743)	(1,164,714)	(3,908,946)
BALANCE, END OF YEAR	\$ 8,823,981	\$ 878,081	\$ 9,072,875	\$ 152,722,950	\$ 28,123,034	\$ 10,291,475	\$ 209,912,396	\$ 206,080,227
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	\$ -	\$ 351,034	\$ 2,267,625	\$ 68,571,068	\$ 12,419,087	\$ 5,032,853	\$ 88,641,667	\$ 85,646,620
Annual amortization	-	43,876	184,132	3,811,475	1,518,986	557,551	6,116,020	6,047,651
Accumulated amortization on disposals	-	-	-	(141,581)	(560,389)	(57,744)	(759,714)	(3,052,604)
Accumulated amortization transfer	-	-	-	(1,864)	1,864	-	-	-
BALANCE, END OF YEAR	\$ -	\$ 394,910	\$ 2,451,757	\$ 72,239,098	\$ 13,379,548	\$ 5,532,660	\$ 93,997,973	\$ 88,641,667
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 8,823,981	\$ 483,171	\$ 6,621,118	\$ 80,483,852	\$ 14,743,486	\$ 4,758,815	\$ 115,914,423	\$ 117,438,560
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 8,823,981	\$ 527,047	\$ 6,805,250	\$ 82,152,740	\$ 14,742,980	\$ 4,386,562	\$ 117,438,560	

See notes to financial statements

COUNTY OF ST. PAUL NO. 19

Consolidated Schedule of Changes in Accumulated Surplus

(Schedule 2)

Year Ended December 31, 2022

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
BALANCE BEGINNING OF YEAR	\$ 6,850,440	\$ 11,478,207	\$110,561,608	\$128,890,255	\$128,015,826
Excess of revenues over expenses	376,902	-	-	376,902	874,429
Unrestricted funds designated for future use	(1,820,139)	1,820,139	-	-	-
Restricted funds used for operations	90,145	(90,145)	-	-	-
Restricted funds used for tangible capital assets	-	(582,565)	582,565	-	-
Current year funds used for tangible capital assets	(4,414,318)	-	4,414,318	-	-
Disposal of tangible capital assets	405,000	-	(405,000)	-	-
Annual amortization expense	6,116,020	-	(6,116,020)	-	-
Long term debt repaid	(658,567)	-	658,567	-	-
CHANGE IN ACCUMULATED SURPLUS	95,043	1,147,429	(865,570)	376,902	874,429
BALANCE END OF YEAR	\$ 6,945,483	\$ 12,625,636	\$109,696,038	\$129,267,157	\$128,890,255

See notes to financial statements

COUNTY OF ST. PAUL NO. 19**Consolidated Schedule of Property and Other Taxes****(Schedule 3)****Year Ended December 31, 2022**

	Budget (Unaudited)	2022	2021
TAXATION			
Residential land and improvements	\$ 6,689,391	\$ 6,691,148	\$ 6,327,466
Farmland	1,322,987	1,323,037	1,246,595
Non-residential land and improvements	2,495,371	2,493,025	2,231,698
Machinery and equipment	7,060,489	7,056,458	6,709,697
Linear property	8,455,042	8,451,889	8,499,590
	26,023,280	26,015,557	25,015,046
REQUISITIONS			
Alberta School Foundation	4,241,120	4,232,850	4,251,527
M.D. of St. Paul Foundation	552,000	549,663	669,924
Designated Industrial Property	57,200	57,155	57,731
	4,850,320	4,839,668	4,979,182
NET MUNICIPAL TAXES	\$ 21,172,960	\$ 21,175,889	\$ 20,035,864

COUNTY OF ST. PAUL NO. 19**Consolidated Schedule of Government Transfers for Operating
Year Ended December 31, 2022****(Schedule 4)**

	Budget (Unaudited)	2022	2021
TRANSFERS FOR OPERATING			
Provincial grants	\$ 962,926	\$ 808,994	\$ 2,038,655
Local government grants	262,102	206,533	202,727
Federal grants	74,838	74,838	29,905
	\$ 1,299,866	\$ 1,090,365	\$ 2,271,287

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

	Budget (Unaudited)	2022	2021
TRANSFERS FOR CAPITAL			
Provincial grants	\$ 1,807,750	\$ 1,663,721	\$ 2,250,481
Federal grants	626,308	626,308	518,623
	\$ 2,434,058	\$ 2,290,029	\$ 2,769,104

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

	Budget (Unaudited)	2022	2021
EXPENSES			
Salaries, wages and benefits	\$ 10,350,799	\$ 9,900,099	\$ 9,682,166
Contract and general services	4,506,961	3,659,010	4,120,722
Materials, goods and utilities	6,702,622	6,622,821	7,530,780
Provision for allowances	62,972	83,736	95,664
Transfers to other governments	1,304,448	1,280,034	1,169,222
Transfers to local boards	1,011,599	931,111	950,848
Bank charges and short term interest	11,000	12,994	11,635
Interest on capital long term debt	221,465	215,045	237,721
Interest on operating long term debt	54,215	53,503	62,591
Amortization of tangible capital assets	5,728,261	5,908,524	5,712,872
Loss/ (gain) on disposal of tangible capital assets	7,194	(66,246)	339,471
	\$ 29,961,536	\$ 28,600,631	\$ 29,913,692

See notes to financial statements

COUNTY OF ST. PAUL NO. 19
Consolidated Schedule of Segmented Disclosures
Year Ended December 31, 2022

(Schedule 7)

	General Government	Protective Services	Transportation Services	Planning, Development & ASB	Recreation, Culture & Family	Environmental Services	2022
REVENUE							
Net municipal taxes	\$ 21,175,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,175,889
User fees and sales of goods	17,143	51,028	1,896,060	30,688	275,330	784,881	3,055,130
Government transfers	283,431	110,420	2,397,917	123,907	452,368	12,351	3,380,394
Investment income	512,172	-	-	-	-	-	512,172
Other revenues	376,016	34,928	325,986	117,018	-	-	853,948
	22,364,651	196,376	4,619,963	271,613	727,698	797,232	28,977,533
EXPENSES							
Salaries and wages	1,790,004	214,435	6,072,988	499,055	472,514	851,103	9,900,099
Contract and general services	1,672,578	220,924	882,082	169,067	292,704	421,655	3,659,010
Materials, goods and utilities	101,430	124,818	5,360,382	367,790	194,609	473,792	6,622,821
Transfers to local boards/other governments	88,751	743,664	57,541	-	1,039,599	281,590	2,211,145
Long-term debt interest	-	37,829	108,344	-	-	68,872	215,045
Other expenses	150,233	-	(66,246)	-	-	-	83,987
	3,802,996	1,341,670	12,415,091	1,035,912	1,999,426	2,097,012	22,692,107
NET REVENUE BEFORE AMORTIZATION	18,561,655	(1,145,294)	(7,795,128)	(764,299)	(1,271,728)	(1,299,780)	6,285,426
Amortization expense	60,842	189,014	4,960,709	68,516	78,241	551,202	5,908,524
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ 18,500,813	\$ (1,334,308)	\$ (12,755,837)	\$ (832,815)	\$ (1,349,969)	\$ (1,850,982)	\$ 376,902

See notes to financial statements

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The consolidated financial statements of the County of St. Paul No. 19 (the Municipality) 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:

(b) 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 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.

(c) Revenue recognition

- **Tax revenue**

Tax revenues are recognized at the time tax notices are issued. Property tax revenue is based on market value of assessments determined in accordance with the Municipal Government Act. Tax rates are established annually. Assessments are subject to appeal and may change as a result of adjustments made by assessors to correct errors or omissions. Gains or losses on assessment changes or appeals are recorded as adjustments to tax revenue and tax receivables when a written decision is received from the authorized board, or a change is generated by authorized assessment staff.

Requisitions operate as a flow through and are excluded from municipal revenue. Overlevies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned. This difference is reflected in property tax revenue. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

- **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. The Municipality recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances the Municipality recognizes revenue as the liability is settled.

- **Sales of goods and services**

Sales of goods and services revenue is recognized in the period when the related expenses are incurred, services are performed or goods are acquired.

- **Penalties, investment income, licenses and permits**

(continues)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Penalties and costs of taxes, investment income and licenses and permits revenue is recognized as it is earned, measurable and receivable.

- Other revenues

Other revenue sources, such as land rent, lease revenue, donations and other miscellaneous revenue is recognized as it is earned, measurable and receivable.

(d) 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 consolidated financial statements, and the reported amounts of revenue and expenditures during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. The main estimates relate to:

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

Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(e) Valuation

The Municipality's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Notes receivable and debt charges recoverable	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long term debt	Amortized cost

(continues)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents include term deposits, if applicable, with an original maturity at date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value. There were no term deposits meeting this criteria in 2022.

(g) 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.

(h) 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.

(i) 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.

- **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.

- **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.

(continues)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

- **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.
- **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.

(j) 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.

(k) Future changes in significant accounting policies

The following accounting standards have been issued by the Chartered Professional Accountants of Canada (CPA Canada) but are not yet effective for the Municipality. The Municipality is currently evaluating the effect of adopting these standards, which it expects to do in fiscal year 2023.

Section 3280, "Asset retirement obligations (ARO)", which is effective for years, beginning on or after April 1, 2022. This Section now includes requirements on how to account and report a liability for asset retirement obligations (ARO). This Section identifies the main attributes of an ARO and provides guidance on how to establish the fair value of the ARO. This standard is effective for fiscal periods beginning on or after April 1, 2022. Early adoption is permitted.

Section 3450, "Financial instruments", which is effective for years, beginning on or after April 1, 2022. This Section now includes requirements to recognize and measure financial assets, financial liabilities and non-financial derivatives. In conjunction with this new section, section PS1201, section PS 2601 and section 3041 have been amended as a consequence of the introduction of new financial instruments standards. These amendments were required to present the associated gains and losses with financial instruments recognized under the new section.

Section 3400, "Revenue", which is effective for years, beginning on or after April 1, 2023. This Section now establishes standards on how to account for and report on revenue. This section differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. The new section applies to fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.

(l) 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, 2022

2. CASH AND CASH EQUIVALENTS

	2022	2021
Cash	\$ 16,691,361	\$ 15,973,342

The Municipality has an authorized revolving loan with a limit of \$7,000,000 and bears interest at prime plus 0.50% (2021 - 0.50%). The balance outstanding at December 31, 2022 was NIL (2021 - NIL)

Council has designated funds of \$12,625,636 (2021 - \$11,478,207) included in the above amounts for restricted surplus.

Included in cash is a restricted amount of \$1,516,607 (2021 - \$1,765,320) comprised of \$43,307 (2021 - \$43,307) of deposit liabilities, \$1,473,300 (2021 - \$1,722,013) of deferred revenue received from various sources and held exclusively for approved projects (Note 7) and (Note 8) respectively.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2022	2021
Current	\$ 487,162	\$ 483,668
Arrears	398,527	337,229
	885,689	820,897
Less: allowance for doubtful accounts	(169,260)	(158,977)
	\$ 716,429	\$ 661,920

4. DEBT CHARGES RECOVERABLE

	2022	2021
Current debt charges recoverable	\$ 162,835	\$ 154,428
Non-current debt charges recoverable	754,633	917,468
	\$ 917,468	\$ 1,071,896

Principal and interest repayments are as follows:

	Principal	Interest	Total
2023	\$ 162,835	\$ 43,964	\$ 206,799
2024	68,962	35,095	104,057
2025	72,282	31,775	104,057
2026	75,762	28,295	104,057
2027	79,410	24,647	104,057
Thereafter	458,217	62,065	520,282
	\$ 917,468	\$ 225,841	\$ 1,143,309

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.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

5. NOTES RECEIVABLE

	2022	2021
St. Paul Quarterback Club - site renovations	\$ 33,000	\$ 38,500
Mallaig & District Agricultural Society - equipment	13,111	18,900
Mallaig & District Agricultural Society - renovations	16,800	14,750
	\$ 62,911	\$ 72,150

Repayment terms are approximately:

2023	\$ 9,239
2024	9,239
2025	9,239
2026	9,239
2027	9,239
Thereafter	16,716

\$ 62,911

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.

6. EMPLOYEE BENEFIT OBLIGATIONS

	2022	2021
Vacation	\$ 33,391	\$ 67,889
Overtime	63,826	96,049
	\$ 97,217	\$ 163,938

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.

7. DEPOSIT LIABILITIES

	2022	2021
Tax sale surplus	\$ 43,307	\$ 43,307

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.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

8. DEFERRED REVENUE

	2022	2021
Capital Grants		
Municipal Sustainability Initiative - Capital	\$ 1,126,608	\$ 1,282,000
Strategic Transportation Infrastructure Program -		
Moosehills Slide	56,807	59,238
Bridge Upgrades	3,514	3,514
	1,186,929	1,344,752
Operating Grants		
Labour Market Partnership - Education Development	65,000	75,000
Alberta Community Partnership - Area Structure Elk Point	57,681	144,892
Alberta Community Partnership - Regional Rec Feasibility	39,000	-
Alberta Community Partnership - Municipal Intern	33,333	-
AUMA - MEM Program	22,118	22,118
FCSS January - March 2022	-	51,145
Alberta Community Partnership - Stormwater		
Management	-	3,862
	217,132	297,017
Other Deferred Revenue		
Subdivision approach deposits	46,500	46,500
MCS Net prepaid	11,375	22,750
Subdivision warranty	10,000	10,000
Road, gravel and utility deposits	1,364	-
Prepaid land lease	-	994
	69,239	80,244
	\$ 1,473,300	\$ 1,722,013

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.

9. 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 \$449,607 (2021 - \$399,401) 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.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

10. LONG TERM DEBT

	2022	2021
Self supported debentures	\$ 6,218,385	\$ 6,987,204
Debentures recoverable (Note 4)	917,468	1,071,896
	\$ 7,135,853	\$ 8,059,100

Principal and interest repayments are as follows:

	Principal	Interest	Total
2023	\$ 844,372	\$ 242,475	\$ 1,086,847
2024	774,278	209,827	984,105
2025	802,214	181,891	984,105
2026	831,177	152,928	984,105
2027	861,205	122,900	984,105
Thereafter	3,022,607	553,974	3,576,581
	\$ 7,135,853	\$ 1,463,995	\$ 8,599,848

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 2023 through 2048. The average annual interest rate is 3.508% (2021 - 3.508%).

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

Interest on long term debt amounted to \$268,548 (2021 - \$301,638).

The Municipality's total cash payments for interest were \$281,543 (2021 - \$311,948).

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:

	2022	2021
Total debt limit	\$ 40,031,256	\$ 42,028,526
Total debt (including loan guarantees)	(6,207,761)	(7,042,872)
Amount of debt limit unused	\$ 33,823,495	\$ 34,985,654
Debt servicing limit	\$ 6,671,876	\$ 7,004,754
Debt servicing	(880,048)	(992,144)
Amount of debt servicing limit unused	\$ 5,791,828	\$ 6,012,610

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

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

11. INVENTORY FOR CONSUMPTION

Municipal inventories consist of the following:

	2022	2021
Public Works gravel	\$ 3,206,518	\$ 2,364,872
Public Works coldmix	31,061	147,799
Public Works sand and salt	105,755	73,703
Public Works miscellaneous	816,231	662,150
Agricultural services	17,330	23,576
	\$ 4,176,895	\$ 3,272,100

12. ACCUMULATED SURPLUS

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

	2022	2021
Unrestricted surplus	\$ 6,945,483	\$ 6,850,440
Restricted surplus		
Reserve for future expenditures	9,330,000	9,330,000
Operating reserve	121,842	121,842
Debt reduction	96,034	96,034
Transportation	33,147	35,147
Community reserve	652,390	654,890
Fire	197,991	179,620
Fire capital replacement	1,353,248	505,795
Waste management	610,000	240,000
Public reserve trust	38,308	192,529
Gravel levy	192,676	122,350
Restricted surplus	12,625,636	11,478,207
Equity in tangible capital assets		
Tangible capital assets (<i>Schedule 1</i>)	209,912,396	206,080,227
Accumulated amortization (<i>Schedule 1</i>)	(93,997,973)	(88,641,667)
Long term debt - capital	(6,218,385)	(6,876,952)
Equity in tangible capital assets	109,696,038	110,561,608
	\$129,267,157	\$128,890,255

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

13. COMMITMENTS

The Municipality has committed to purchasing equipment for a total cost of \$1,971,104 plus GST.

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, 2022, are as follows:

2023	\$ 297,712
2024	155,352
2025	130,616
2026	44,461
2027	9,471
	<u>\$ 637,612</u>

14. 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, 2022, the line of credit balance was NIL (2021 - NIL), therefore the Municipality's guarantee would be limited to NIL (2021 - 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, 2022, the loan balance was \$86,750 (2021 - \$111,335), therefore the Municipality's guarantee would be limited to \$43,375 (2021 - \$55,668).

15. SUBSEQUENT EVENTS

Effective January 1, 2023, administration and operational oversight for Family and Community Support Services (FCSS), in the County of St. Paul No. 19 and areas including the Towns of St. Paul and Elk Point, will be administered by the Town of St. Paul. The County funding requirements remain unchanged with one exception. The County of St. Paul No. 19 now directly funds the FCSS program through the Town of St. Paul.

There is no anticipated net impact to overall FCSS funding.

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

16. RELATED PARTY TRANSACTIONS

There were no related party transactions for the 2022 year.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

17. 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	2022	2021
Reeve	Ockerman	\$ 52,630	\$ 7,067	\$ 59,697	\$ 11,678
	Upham	-	-	-	65,254
Deputy Reeve	Fodness	66,862	8,142	75,004	72,277
Councilors	Dechaine	44,208	6,404	50,612	9,118
	Hedrick	64,925	7,645	72,570	63,008
	Krekoski	51,934	6,980	58,914	13,631
	Wirsta	57,395	8,137	65,532	66,629
	Younghans	52,598	6,897	59,495	55,119
	Amyotte	-	-	-	56,914
	Martin	-	-	-	46,054
CAO	Kitz	184,868	31,541	216,409	210,278
Designated Officers	6 positions	399,675	33,192	432,867	478,212

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, 2022

18. 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 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount.

Total current service contributions by the Municipality to the LAPP in 2022 were \$678,640 (2021 - \$751,549). Total current service contributions by the employees of the Municipality to the Local Authorities Pension Plan in 2022 were \$606,562 (2021 - \$671,489).

At December 31, 2021 the LAPP disclosed an actuarial surplus of \$11.9 billion.

19. 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 consolidated financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 7).

General government includes council and other legislative, and general administration. Protective services includes fire. Transportation services includes roads, streets, walks and lighting. Planning, development and ASB includes land use planning, zoning and subdivision land and development and Agricultural Service Board. Recreation, culture and family includes parks and recreation, libraries, and Family and Community Support Services. Environmental services includes water supply and distribution, wastewater treatment and disposal, and waste management.

20. 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.

- Taxes and grants in place of taxes receivable is \$169,260 (2021 - \$158,977)
- Trade and other receivables - municipal is \$112,382 (2021 - \$70,051)

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

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

21. COMPARATIVE FIGURES

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

22. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these consolidated financial statements.