

TOWN OF ST. PAUL

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2009



Joly, McCarthy & Dion

**CHARTERED
ACCOUNTANTS**

B.N. 135822831

Maurice R. Joly, CA, CFP*
Barbara K. McCarthy, CA*
Claude R. Dion, CA, CMA*
Richard R. Jean, CA*

5002 - 51 Ave., St. Paul
Ph: (780) 645-4611
Fax: (780) 645-6644

*Denotes Professional Corporation

Mailing Address:
P.O. Box 1452,
St. Paul, AB. T0A 3A0

AUDITORS' REPORT

To the Mayor and Council of the Town of St. Paul

We have audited the consolidated statement of financial position of the Town of St. Paul as at December 31, 2009 and the consolidated statement of operations, the consolidated statement of change in net financial assets and the consolidated statement of cash flows for the year then ended. These financial statements are the responsibility of the town's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of St. Paul as at December 31, 2009, and the results of its operations, the change in its net financial assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ST. PAUL, ALBERTA
June 16, 2010

Joly, McCarthy & Dion
CHARTERED ACCOUNTANTS

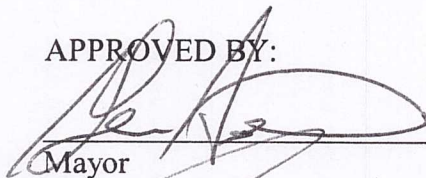


Members of
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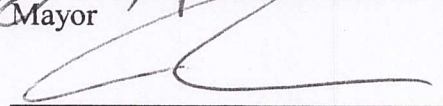
TOWN OF ST. PAUL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009

	<u>2009</u>	<u>2008</u> (restated)
Financial assets		
Cash and cash equivalents	\$ 5,695,451	\$ 2,618,636
Taxes and grants in place receivable (note 2)	279,801	138,438
Trade and other receivables	804,742	2,364,231
Receivables from other governments - <i>Grants</i>	687,890	2,274,053
Loans receivable (note 3)	959,601	1,005,353
Land held for resale	<u>373,873</u>	<u>375,613</u>
	<u>8,801,358</u>	<u>8,776,324</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	1,129,413	2,597,712
Deposit liabilities	8,050	14,300
Deferred revenue (note 5) <i>Grants not spent yet</i>	1,558,283	1,310,522
Long-term debt (note 6)	<u>3,966,337</u>	<u>1,112,116</u>
	<u>6,662,083</u>	<u>5,034,650</u>
Net financial assets - <i>as long as positive your OK.</i>	<u>2,139,275</u>	<u>3,741,674</u>
Non-financial assets		
Tangible capital assets (note 8)	42,057,788	39,376,205
Consumable inventory	182,295	164,441
Prepaid expenses	<u>6,259</u>	<u>--</u>
	<u>42,246,342</u>	<u>39,540,646</u>
Accumulated surplus (note 10) <i>equity & capital</i>	\$ <u>44,385,617</u>	\$ <u>43,282,320</u>
Contingencies (note 12)		

APPROVED BY:



 Mayor



 Chief Administrative Officer

TOWN OF ST. PAUL
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budget</u> (unaudited)	<u>2009</u>	<u>2008</u> (restated)
Revenue			
Net municipal taxes (schedule 2)	\$ 4,296,902	\$ 4,257,069	\$ 4,109,806
Sales and user fees	2,429,109	2,698,594	2,591,954
Government transfers for operating (schedule 3)	1,695,062	1,627,639	2,030,011
Franchise and concession contracts	454,000	553,709	453,118
Investment income	248,000	52,307	247,487
Penalties and costs on taxes	35,000	66,390	35,341
Mobile home licenses	9,000	6,513	8,875
Business taxes	35,000	37,045	36,455
Licenses and permits	65,500	139,072	79,019
Fines issued	60,000	78,481	64,335
Donations and costs recovered	<u>48,250</u>	<u>189,181</u>	<u>32,822</u>
	<u>9,375,823</u>	<u>9,706,000</u>	<u>9,689,223</u>
Expenses <i>by Function</i>			
Legislative	188,000	161,643	188,254
Administration <i>is department 12 -- lrg part (focus group)</i>	1,202,621	1,720,770	1,666,642
Protective services	1,383,874	1,391,442	1,348,378
Transportation	1,974,791	2,740,651	3,260,608
Water and wastewater	1,354,524	1,413,577	1,073,037
Waste management <i>-- Evergreen</i>	399,750	702,745	434,242
Public health and welfare	318,472	327,231	283,676
Planning and development	21,500	33,069	53,266
Recreation and culture <i>-- Utilities, Advertising & Costs</i>	<u>1,703,315</u>	<u>2,078,322</u>	<u>1,916,525</u>
	<u>8,546,847</u>	<u>10,569,450</u>	<u>10,224,628</u>
Excess (shortfall) of revenues over expenses before other	828,976	(863,450)	(535,405)
Other			
Fundraising/donations for capital	--	50,000	1,672,217
Interest earned on capital grants	--	--	6,200
Government transfers for capital (schedule 3)	<u>865,441</u>	<u>1,916,747</u>	<u>2,245,458</u>
Excess of revenues over expenses	1,694,417	1,103,297	3,388,470
Accumulated surplus, beginning of year	<u>43,282,320</u>	<u>43,282,320</u>	<u>39,893,850</u>
Accumulated surplus, end of year	\$ <u>44,976,737</u>	\$ <u>44,385,617</u>	\$ <u>43,282,320</u>

TOWN OF ST. PAUL
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budget</u> (unaudited)	<u>2009</u>	<u>2008</u> (restated)
Excess of revenues over expenses	\$ <u>1,694,417</u>	\$ <u>1,103,297</u>	\$ <u>3,388,470</u>
Acquisition of tangible capital assets	(1,450,000)	(4,700,035)	(4,947,826)
Amortization of tangible capital assets	<u> --</u>	<u>2,018,452</u>	<u>1,894,260</u>
	(1,450,000)	(2,681,583)	(3,053,566)
Acquisition of consumable inventory	(135,000)	(136,721)	(139,441)
Use of consumable inventory	<u>135,000</u>	<u>118,867</u>	<u>112,305</u>
	<u> --</u>	<u>(17,854)</u>	<u>(27,136)</u>
Acquisition of prepaid expenses	<u> --</u>	<u>(6,259)</u>	<u> --</u>
Increase (decrease) in net financial assets	244,417	(1,602,399)	307,768
Net financial assets, beginning of year	<u>3,741,674</u>	<u>3,741,674</u>	<u>3,433,906</u>
Net financial assets, end of year	\$ <u>3,986,091</u>	\$ <u>2,139,275</u>	\$ <u>3,741,674</u>

TOWN OF ST. PAUL
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>2009</u>	<u>2008</u>
Net inflow (outflow) of cash related to the following activities:		
Operating <i>where it came from where it went.</i>		
Excess of revenues over expenses	\$ 1,103,297	\$ 3,388,470
Non-cash item included:		
Amortization of tangible capital assets	2,018,452	1,894,260
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes and grants in place receivable	(141,363)	(41,773)
Trade and other receivables	3,145,652	(3,916,520)
Land held for resale	1,740	9,118
Consumable inventory	(17,854)	(27,136)
Prepaid expenses	(6,259)	--
Increase (decrease) in		
Accounts payable and accrued liabilities	(1,468,299)	642,211
Deposit liabilities	(6,250)	(54,625)
Deferred revenue	247,761	370,996
Tax sale surplus	<u>--</u>	<u>(21,654)</u>
	<u>4,876,877</u>	<u>2,243,347</u>
Capital		
Acquisition of tangible capital assets	(4,700,035)	(4,947,826)
Financing		
Loans receivable collected	45,752	43,953
Long-term debt repaid	(145,779)	(140,576)
Long-term debt issued	<u>3,000,000</u>	<u>--</u>
	<u>2,899,973</u>	<u>(96,623)</u>
Change in cash and cash equivalents during the year	3,076,815	(2,801,102)
Cash and cash equivalents, beginning of year	<u>2,618,636</u>	<u>5,419,738</u>
Cash and cash equivalents, end of year	\$ <u>5,695,451</u>	\$ <u>2,618,636</u>

TOWN OF ST. PAUL
SCHEDULE 1 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009

Cost	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2009	2008 (restated)
Balance, beginning of year	\$ 951,290	\$ 1,960,438	\$ 12,675,832	\$ 59,779,764	\$ 2,245,687	\$ 1,220,153	\$ 78,833,164	\$ 73,885,338
Acquisition of tangible capital assets	115,000	261,487	113,145	3,589,161	12,960	224,691	4,316,444	4,947,826
Construction-in-progress	--	--	--	383,591	--	--	383,591	--
Disposal of tangible capital assets	--	--	--	--	--	--	--	--
Balance, end of year	<u>1,066,290</u>	<u>2,221,925</u>	<u>12,788,977</u>	<u>63,752,516</u>	<u>2,258,647</u>	<u>1,444,844</u>	<u>83,533,199</u>	<u>78,833,164</u>
Accumulated amortization								
Balance, beginning of year	--	308,137	6,781,151	30,942,985	752,556	672,131	39,456,960	37,562,699
Annual amortization	--	90,690	253,517	1,493,250	113,840	67,154	2,018,451	1,894,260
Accumulated amortization on disposals	--	--	--	--	--	--	--	--
Balance, end of year	--	<u>398,827</u>	<u>7,034,668</u>	<u>32,436,235</u>	<u>866,396</u>	<u>739,285</u>	<u>41,475,411</u>	<u>39,456,959</u>
Net book value of tangible capital assets	<u>\$ 1,066,290</u>	<u>\$ 1,823,098</u>	<u>\$ 5,754,309</u>	<u>\$ 31,316,281</u>	<u>\$ 1,392,251</u>	<u>\$ 705,559</u>	<u>\$ 42,057,788</u>	<u>\$ 39,376,205</u>
2008 Net book value of tangible capital assets (restated)	\$ <u>951,290</u>	\$ <u>1,652,301</u>	\$ <u>5,894,681</u>	\$ <u>28,836,779</u>	\$ <u>1,493,131</u>	\$ <u>548,023</u>	\$ <u>39,376,205</u>	

TOWN OF ST. PAUL
SCHEDULE 2 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budget</u> (Unaudited)	<u>2009</u>	<u>2008</u> (restated)
Taxation			
Real property taxes	\$ 5,398,173	\$ 5,213,420	\$ 5,051,681
Government grants in place of taxes	221,000	226,565	209,082
Linear property taxes	150,000	144,306	155,830
Special assessments and local improvement taxes	<u>7,000</u>	<u>5,797</u>	<u>7,055</u>
	<u>5,776,173</u>	<u>5,590,088</u>	<u>5,423,648</u>
Requisitions			
Alberta School Foundation	1,344,271	1,213,952	1,233,387
M.D. of St. Paul Foundation	<u>135,000</u>	<u>119,067</u>	<u>80,455</u>
	<u>1,479,271</u>	<u>1,333,019</u>	<u>1,313,842</u>
Net taxes for general municipal purposes	<u>\$ 4,296,902</u>	<u>\$ 4,257,069</u>	<u>\$ 4,109,806</u>

SCHEDULE 3 - GOVERNMENT TRANSFERS

Transfers for operations			
Federal	\$ --	\$ 9,405	\$ 1,800
Provincial	1,431,110	1,345,212	1,738,811
Local government	<u>263,952</u>	<u>273,022</u>	<u>289,400</u>
	<u>1,695,062</u>	<u>1,627,639</u>	<u>2,030,011</u>
Transfers for capital			
Provincial	865,441	1,863,634	2,202,997
Local government	<u>--</u>	<u>53,113</u>	<u>42,461</u>
	<u>865,441</u>	<u>1,916,747</u>	<u>2,245,458</u>
	<u>\$ 2,560,503</u>	<u>\$ 3,544,386</u>	<u>\$ 4,275,469</u>

SCHEDULE 4 - EXPENSES BY TYPE

Salaries, wages and benefits	\$ 2,950,682	\$ 3,063,199	\$ 2,701,815
Contracted and general services	1,488,401	1,629,958	2,088,011
Materials, goods, supplies and utilities	2,843,719	2,292,377	2,016,690
Transfers to other governments	850,000	878,358	808,486
Transfers to local boards and agencies <i>Ambulance - that's the difference</i>	60,000	16,525	158,321
Transfers to individuals and organizations	239,942	506,993	338,066
Bank charges	--	121	181
Interest on long-term debt	74,103	92,606	66,427
Provision for allowances and tax rebates	40,000	70,861	152,371
Amortization	<u>--</u>	<u>2,018,452</u>	<u>1,894,260</u>
Total expenses	<u>\$ 8,546,847</u>	<u>\$ 10,569,450</u>	<u>\$ 10,224,628</u>

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. Significant Accounting Policies

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

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the town and are, therefore, accountable to the town Council for the administration of their financial affairs and resources. These statements include the St. Paul Municipal Library.

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

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

Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of Accounting

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

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

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

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. Significant Accounting Policies – continued

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Inventories

Inventories of materials and supplies are valued at the lower of cost or net realizable value with cost determined by the average cost method.

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

(e) 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.

(f) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the town is required to provide for post-closure care of its landfill site. Post-closure activities include surface and ground water monitoring, leachate control, and visual inspection. No liability has been accrued as no material annual costs are expected to be incurred.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. Significant Accounting Policies – continued

(g) 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.

(h) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

(i) Tangible Capital Assets

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

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

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

(ii) Contributions of Tangible Capital Assets

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

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

2. Taxes and Grants in Place Receivable

	<u>2009</u>	<u>2008</u>
Current taxes and grants in place	\$ 211,318	\$ 234,930
Non-current taxes and grants in place	181,483	16,508
Less: allowance	(113,000)	(113,000)
	<u>\$ 279,801</u>	<u>\$ 138,438</u>

3. Loans Receivable

	<u>2009</u>	<u>2008</u>
5.75% debenture due from the M.D. of St. Paul Foundation payable in annual installments of \$10,133 plus interest, maturing June, 2014.	\$ 50,667	\$ 60,800
5.875% debenture due from the M.D. of St. Paul Foundation payable in equal annual installments of \$41,339 including principal and interest, maturing on March 17, 2023.	387,233	404,790
4.726% debenture due from the M.D. of St. Paul Foundation payable in equal semi-annual installments of \$21,680 including principal and interest, maturing on December 17, 2027.	<u>521,701</u>	<u>539,763</u>
Total loans receivable	959,601	1,005,353
Less: current portion	<u>(47,647)</u>	<u>(45,752)</u>
	<u>\$ 911,954</u>	<u>\$ 959,601</u>

4. Employee Benefit Obligation

Included in accounts payable and accrued liabilities is a vacation and overtime liability of \$232,870 (2008 - \$209,532). The vacation and overtime liability is comprised of the vacation and overtime that employees have earned and are deferring to future years.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

5. Deferred Revenue

	<u>2009</u>	<u>2008</u>
Major Community Facility Program - <i>Golf Course</i>	\$ 525,564	\$ --
Municipal Sustainability Initiative	218,080	384,412
New Deals for Municipalities	11,024	312,066
Street Improvement Program	646,937	120,804
FCSS	19,838	19,838
Protective services	6,500	10,500
Alberta Municipal Infrastructure Program	79,280	--
Action Bus replacement	5,000	--
Alberta lotteries	46,060	51,940
Affordable housing grant	<u>--</u>	<u>410,962</u>
	<u>\$ 1,558,283</u>	<u>\$ 1,310,522</u>

Funding from various grant programs, organizations and individuals in the amount of \$1,558,283 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 2010.

6. Long-Term Debt

	<u>2009</u>	<u>2008</u>
Tax supported debentures	\$ 3,000,000	\$ 38,245
Self supported debentures	908,935	944,553
Utility supported debentures	<u>57,402</u>	<u>129,318</u>
	<u>\$ 3,966,337</u>	<u>\$ 1,112,116</u>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 241,885	\$ 178,961	\$ 420,846
2011	192,739	163,817	356,556
2012	201,368	155,188	356,556
2013	210,389	146,167	356,556
2014	219,819	136,737	356,556
Thereafter	<u>2,900,137</u>	<u>754,157</u>	<u>3,654,294</u>
	<u>\$ 3,966,337</u>	<u>\$ 1,535,027</u>	<u>\$ 5,501,364</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 4.214% to 12% per annum and mature in periods 2010 through 2027. The average annual interest rate is 5.4% for 2009 (5.9% for 2008).

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

Interest on long-term debt amounted to \$92,606 (2008 - \$66,427).

The town's cash payment for interest paid on long-term debt was \$64,598 (2008 - \$74,793).

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

7. Debt Limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of St. Paul be disclosed as follows:

	<u>2009</u>	<u>2008</u>
Total debt limit	\$ 14,713,668	\$ 17,115,152
Total debt	<u>3,248,523</u>	<u>404,792</u>
Amount under total debt limit	\$ <u>11,465,145</u>	\$ <u>16,710,360</u>
Debt servicing limit	\$ 2,452,278	\$ 2,852,525
Debt servicing	<u>336,148</u>	<u>125,679</u>
Amount under debt servicing limit	\$ <u>2,116,130</u>	\$ <u>2,726,846</u>

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

8. Tangible Capital Assets

	<u>2009</u>	<u>2008</u> (restated)
Land	\$ 1,066,290	\$ 951,290
Land improvements	1,823,098	1,652,301
Buildings	5,754,309	5,894,681
Engineered structures		
Roadway system	10,878,436	10,307,139
Water distribution system	11,965,537	11,542,524
Wastewater treatment system	6,476,170	5,351,904
Storm sewers	1,996,138	1,635,212
Machinery and equipment	1,392,251	1,493,131
Vehicles	<u>705,559</u>	<u>548,023</u>
Total net book value	\$ <u>42,057,788</u>	\$ <u>39,376,205</u>

TOWN OF ST. PAUL
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9. Equity in Tangible Capital Assets

	<u>2009</u>	<u>2008</u> (restated)
Tangible capital assets (schedule 1)	\$ 83,533,199	\$ 78,833,164
Accumulated amortization (schedule 1)	(41,475,411)	(39,456,959)
Capital long-term debt	<u>(3,057,402)</u>	<u>(167,563)</u>
	<u>\$ 39,000,386</u>	<u>\$ 39,208,642</u>

10. Accumulated Surplus

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

	<u>2009</u>	<u>2008</u> (restated)
Unrestricted surplus	\$ <u>3,792,160</u>	\$ <u>2,447,985</u>
Restricted surplus		
Downtown beautification	330,624	330,624
Water	525,822	558,444
General	498,772	498,772
Fire	143,373	143,373
Centennial Trail	9,393	9,393
Parks	61,140	61,140
FCSS	22,471	22,471
MD of St. Paul Foundation	<u>1,476</u>	<u>1,476</u>
	<u>1,593,071</u>	<u>1,625,693</u>
Equity in tangible capital assets (note 9)	<u>39,000,386</u>	<u>39,208,642</u>
	<u>\$ 44,385,617</u>	<u>\$ 43,282,320</u>

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. Salary and Benefits Disclosure

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

	<u>2009</u>			<u>2008</u>
	Salary ⁽¹⁾	Benefits & Allowances ⁽²⁾	Total	Total
Mayor - Anderson	\$ 29,320	\$ 3,245	\$ 32,565	\$ 35,537
Councillors - Trafenko	19,350	824	20,174	21,710
Germain	--	--	--	15,771
Kotowich	16,620	3,838	20,458	20,409
Gratton	16,550	1,884	18,434	20,886
Wiebe	16,270	2,331	18,601	17,231
Kwiatkowski	18,720	2,412	21,132	22,549
Ward	7,190	806	7,996	--
Chief Administrative Officer	94,971	15,923	110,894	106,368

⁽¹⁾ Salary includes regular base pay, 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, group life insurance, accidental disability and dismemberment insurance, and long and short term disability plans, professional memberships and tuition and council travel.

TOWN OF ST. PAUL
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12. Contingencies

- (a) The Town of St. Paul is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Town of St. Paul 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.
- (b) The town has guaranteed \$325,000 in loans at the Servus Credit Union for the St. Paul Golf Club. As at December 31, 2009 the loan balance outstanding was \$142,626 and the overdraft balance was \$25,181. The loans are in good standing.
- (c) The town has guaranteed their pro-rata share of a 5.4% Servus Credit Union loan to the M.D. of St. Paul Foundation. The town's share is calculated based on their equalized assessment. As at December 31, 2009 the loan balance was \$91,538; therefore the town's guarantee would be limited to \$23,313. The loan is in good standing.
- (d) The town has guaranteed one half of a prime less 0.25% ATB Financial \$300,000 line of credit for the St. Paul & District Ambulance. The balance at December 31, 2009 was \$NIL.

13. Local Authorities Pension Plan

Employees of the town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 133,000 people and 389 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The town is required to make current service contributions to the LAPP of 8.46% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.66% on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 7.46% of pensionable salary up to the year's maximum pensionable salary and 10.66% on pensionable salary above this amount.

Total current service contributions by the town to the LAPP in 2009 were \$152,673 (2008 - \$124,336). Total current service contributions by the employees of the town to the LAPP in 2009 were \$135,438 (2008 - \$109,024).

At December 31, 2008, the LAPP disclosed an actuarial deficiency of \$1,288.9 million.

TOWN OF ST. PAUL
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14. Financial Instruments

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

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

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

15. Prior Period Adjustments

The town has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook, which requires governments to record and amortize their tangible capital assets on their financial statements. In addition, revenue from contributed assets and government grants and transfers relating to capital acquisitions has been included in income. These adjustments are as follows:

	<u>2008</u>
Adjustments to opening accumulated surplus	
As previously reported	\$ 64,357,315
Adjustment to net book value of tangible capital assets	<u>(24,463,465)</u>
As restated	\$ <u>39,893,850</u>
Adjustments to excess (shortfall) of revenues over expenses	
As previously reported	\$ 733,946
Tangible capital assets recorded but previously expensed	624,909
Annual amortization expense	<u>(1,894,260)</u>
As restated	\$ <u>(535,405)</u>
Adjustments to tangible capital assets:	
As previously reported	\$ 65,109,022
Adjustment to historical cost of tangible capital assets	13,724,142
Accumulated amortization recorded	<u>(39,456,959)</u>
As restated	\$ <u>39,376,205</u>

Certain comparative figures have been restated to conform to the current year's presentation.

16. Approval of Financial Statements

These financial statements were approved by Council and management.