

7

TOWN OF ST. PAUL

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2008

TOWN OF ST. PAUL

INDEX

	Page
Auditors' Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Financial Activities & Change in Fund Balances	4
Consolidated Statement of Changes in Financial Position	5
Schedule of Operating Revenue and Expenditures	6
Schedule of Property Taxes Levied	7
Schedule of Government Transfers	7
Schedule of Expenditures by Type	7
Notes to the Consolidated Financial Statements	8-15

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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, 2008 and the consolidated statements of financial activities and changes in fund balances, and changes in financial position 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, 2008, and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

ST. PAUL, ALBERTA
March 4, 2009


CHARTERED ACCOUNTANTS

TOWN OF ST. PAUL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
Assets		
Financial assets		
Cash and cash equivalents	\$ 2,618,636	\$ 5,419,738
Taxes and grants in place receivable (note 2)	138,438	96,665
Trade and other receivables	2,364,231 ✓	464,743
Receivables from other governments	2,274,052 ✓	257,020
Loans receivable (note 3) <i>MD Foundation</i>	1,005,353 ✓	1,049,306
Land held for resale	<u>375,613</u>	<u>384,731</u>
Total financial assets	<u>8,776,323</u>	<u>7,672,203</u>
Physical assets		
Capital assets (note 4) <i>Sanitary Sewer, G.A. Staging Area, Loader, Grader</i>	65,109,022	60,786,105
Consumable inventory	<u>164,441</u>	<u>137,305</u>
Total physical assets	<u>65,273,463</u>	<u>60,923,410</u>
Total assets	<u>\$ 74,049,786</u>	<u>\$ 68,595,613</u>
Liabilities and municipal equity		
Liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 2,597,712	\$ 1,955,501
Deposit liabilities	14,300	68,925
Deferred revenue (note 6)	1,310,522	939,526
Tax sale surplus	--	21,654
Long-term debt (note 7)	<u>1,112,116</u>	<u>1,252,692</u>
Total liabilities	<u>5,034,650</u>	<u>4,238,298</u>
Municipal equity		
Fund balances		
Capital fund	(73,161)	(300,568)
Reserve fund (note 9)	1,625,693	1,625,958
Operating fund	<u>2,521,145</u>	<u>2,520,139</u>
Total fund balances	4,073,677	3,845,529
Equity in physical assets	<u>64,941,459</u>	<u>60,511,786</u>
Total municipal equity	<u>69,015,136</u>	<u>64,357,315</u>
Total liabilities and municipal equity	<u>\$ 74,049,786</u>	<u>\$ 68,595,613</u>
Contingencies (note 11)		

APPROVED BY:

MAYOR

CHIEF ADMINISTRATIVE OFFICER

TOWN OF ST. PAUL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Capital	Reserves	Operating	2008 Actual	2008 Budget (unaudited)	2007 Actual
Revenues						
Net property taxes (page 7)	\$ --	\$ --	\$ 4,155,136	\$ 4,155,136	\$ 4,175,096	\$ 3,467,127
Sales and user fees	--	--	2,591,954	2,591,954	2,229,173	2,720,263
Government transfers (page 7)	2,245,458	--	2,030,011	4,275,469	2,317,547	2,155,216
Franchise and concession contracts	--	--	453,118	453,118	440,000	427,886
Investment income	6,200	--	247,487	253,687	230,879	254,678
Fines issued	--	--	64,335	64,335	50,000	59,536
Penalties and costs on taxes	--	--	35,341	35,341	35,000	31,937
Licenses and permits	--	--	79,019	79,019	54,500	103,134
Donations and costs recovered	1,672,217	--	32,822	1,705,039	34,000	42,691
Total revenue	3,923,875	--	9,689,223	13,613,098	9,566,195	9,262,468
Expenditures (page 7)						
Legislative	--	--	188,254	188,254	172,200 ✓	155,967
Administration	--	--	1,655,492	1,655,492	1,217,487 ✓	896,897
Protective services	98,568	--	1,322,930	1,421,498	1,434,773	2,014,022
Transportation	711,934	--	2,531,230	3,243,164	2,360,378	2,320,849
Water and wastewater	3,171,815	--	877,027	4,048,842	1,380,635	849,774
Waste management	--	--	420,759	420,759	366,000	418,868
Public health and welfare	--	--	281,124	281,124	292,955	201,450
Economic and land development	--	--	53,266	53,266	31,800	303,449
Recreation and culture	340,600	--	1,625,195	1,965,795	1,950,763	1,827,188
	4,322,917	--	8,955,277	13,278,194	9,206,991	8,988,464
Excess (deficiency) of revenues over expenditures	(399,042)	--	733,946	334,904	359,204	274,004
Net interfund transfers						
From (to) reserves	104,329 ✓	(265)	(104,064) ✓	--	--	--
From (to) capital	522,120 ✓	--	(522,120) ✓	--	--	--
Debt repayment	--	--	(106,756)	(106,756)	(106,757)	(206,386)
Change in fund balances	227,407	(265)	1,006	228,148	252,447	67,618
Balance, beginning of year	(300,568)	1,625,958	2,520,139	3,845,529	3,845,529	3,777,911
Balance, end of year	\$ (73,161)	\$ 1,625,693	\$ 2,521,145	\$ 4,073,677	\$ 4,097,976	\$ 3,845,529

TOWN OF ST. PAUL
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
Cash provided by (used in):		
Operating activities		
Net operating revenue	\$ 733,946	\$ 743,632
Net changes in non-cash working capital balances		
Decrease (increase) in		
Taxes and grants in place receivable	(41,773)	11,576
Trade and other receivables	(3,916,520)	176,307
Deposit on land	--	7,500
Land held for resale	9,118	11,485
Consumable inventory	(27,136)	6,917
Increase (decrease) in		
Accounts payable and accrued liabilities	642,211	(139,765)
Deposit liabilities	(54,625)	(41,100)
Deferred revenue	370,996	780,669
Tax sale surplus	(21,654)	21,654
Net cash from operations	(2,305,437)	1,578,875
Investing activities		
Acquisition of capital assets	(4,322,917)	(1,331,015)
Government transfers for capital assets	2,245,458	805,910
Other capital revenues	1,678,417	55,477
Net cash from investing activities	(399,042)	(469,628)
Financing activities		
Loan receivable collected	43,953	25,797
Long-term debt repaid	(140,576)	(222,048)
Net cash from financing activities	(96,623)	(196,251)
Change in cash and cash equivalents during the year	(2,801,102)	912,996
Cash and cash equivalents, beginning of year	5,419,738	4,506,742
Cash and cash equivalents, end of year	\$ 2,618,636	\$ 5,419,738
Supplementary disclosure		
Interest on long-term debt paid in the year	\$ 74,793	\$ 70,112

TOWN OF ST. PAUL
SCHEDULE OF OPERATING REVENUE AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008			2007
	Revenues	Expenditures	Net revenue (expenditure) Budget (unaudited)	Net revenue (expenditure)
General Municipal Revenues to fund Municipal Operations				
Property taxes (page 7)	\$ 4,155,136	\$ --	\$ 4,155,136	\$ 3,467,127
Unconditional grants	38,489	--	38,489	16,033
Investment income	247,222	--	247,222	242,733
Franchise and concession contracts	453,118	--	453,118	427,886
Penalties and costs on taxes	<u>35,341</u>	<u>--</u>	<u>35,341</u>	<u>31,937</u>
	4,929,306	--	4,929,306	4,185,716
Municipal Operations				
Legislative	--	188,254	(188,254)	(155,967)
Administrative	360,964	1,655,492	(1,294,528)	(669,630)
Police	361,443	941,668	(580,225)	(623,448)
Fire	134,288	208,316	(74,028)	(79,133)
Ambulance	85,447	111,000	(25,553)	(86,753)
Bylaw enforcement	3,928	61,946	(58,018)	(60,073)
Safer communities	--	--	--	(6,308)
Roads, streets, walks and lighting	1,018,953	2,507,344	(1,488,391)	(1,591,483)
Airport	15,583	23,886	(8,303)	--
Water and wastewater	1,298,108	877,027	421,081	481,128
Waste management	226,597	420,759	(194,162)	(130,583)
Family and community support	254,932	267,096	(12,164)	(22,022)
Other public health	--	14,028	(14,028)	(12,717)
Municipal planning and economic development	--	31,673	(31,673)	(20,820)
Subdivision land and development	249,872	21,593	228,279	534,815
Parks and recreation	619,479	1,317,917	(698,438)	(860,056)
Culture and library	<u>130,323</u>	<u>307,278</u>	<u>(176,955)</u>	<u>(139,034)</u>
Excess of revenues over expenditures	<u>\$ 9,689,223</u>	<u>\$ 8,955,277</u>	<u>\$ 733,946</u>	<u>\$ 743,632</u>

**TOWN OF ST. PAUL
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budget</u> (Unaudited)	<u>2008</u> Actual	<u>2007</u> Actual
Taxation			
Real property taxes	\$ 5,042,268	\$ 5,051,681	\$ 4,359,957
Government grants in place of taxes	237,000	209,082	219,803
Linear property taxes	156,000	155,830	201,340
Special assessments and local improvement taxes	7,000	7,055	14,734
Mobile home taxes	9,000	8,875	6,440
Business licenses	<u>30,000</u>	<u>36,455</u>	<u>31,686</u>
	<u>5,481,268</u>	<u>5,468,978</u>	<u>4,833,960</u>
Requisitions			
Alberta School Foundation	1,225,172	1,233,387	1,290,428
M.D. of St. Paul Foundation	<u>81,000</u>	<u>80,455</u>	<u>76,405</u>
	<u>1,306,172</u>	<u>1,313,842</u>	<u>1,366,833</u>
Net taxes available for municipal purposes	\$ <u>4,175,096</u>	\$ <u>4,155,136</u>	\$ <u>3,467,127</u>

SCHEDULE OF GOVERNMENT TRANSFERS

Federal	\$ 1,500	\$ 1,800	\$ 42,493
Provincial	2,000,934	3,941,808	1,899,990
Local government	<u>315,113</u>	<u>331,861</u>	<u>212,733</u>
Total government transfers	\$ <u>2,317,547</u>	\$ <u>4,275,469</u>	\$ <u>2,155,216</u>

SCHEDULE OF EXPENDITURES BY TYPE

Salaries, wages and benefits	\$ 2,754,740	\$ 2,701,815	\$ 2,538,413
Contracted and general services	1,837,395	2,712,920	2,107,676
Materials, goods, supplies and utilities	2,184,795	2,016,690	1,842,181
Transfers to other governments	850,000	808,486	841,217
Transfers to local boards and agencies	179,000	158,321	191,072
Transfers to individuals and organizations	143,808	338,066	51,138
Bank charges	--	181	158
Interest on long-term debt	74,795	66,427	59,297
Provision for allowances	40,000	152,371	26,297
Capital assets acquired	<u>1,142,458</u>	<u>4,322,917</u>	<u>1,331,015</u>
Total expenditures	\$ <u>9,206,991</u>	\$ <u>13,278,194</u>	\$ <u>8,988,464</u>

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. Significant Accounting Policies

The consolidated financial statements of the Town of St. Paul are prepared by management 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 expenditures, and changes in fund balances and change in financial position of the reporting entity. This entity is comprised of all the organizations that are accountable for the administration of their financial affairs and resources to the Council and are owned or controlled by the municipality. These statements include the St. Paul Municipal Library.

The schedule of taxes levied also includes a requisition for education that is 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

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the municipality has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(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 expenditures 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) Fund Accounting

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments in the appropriate equity account. Proceeds from land sales are recorded as operating fund revenues.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. Significant Accounting Policies - continued

(e) 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.

(f) Capital Assets

Capital assets are reported as expenditures in the period they are acquired. Capital assets are reported at cost except for donated assets, which are recorded at estimated fair value.

Government contributions for the acquisition of capital assets are recorded as capital revenue and do not reduce the related capital asset costs.

Capital assets for government purposes are not amortized.

(h) Tangible Capital Assets

Effective January 1, 2007, The Town of St. Paul adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 – Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2008, The Town of St. Paul continued working towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008 they have drafted a policy on asset classifications, capitalization thresholds, and amortization methods and have listings of tangible capital assets owned and/or controlled by the town. They are also in the process of determining historical values and calculating accumulated amortization in order to comply with Section 3150 for the 2009 fiscal year.

(g) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. Significant Accounting Policies - continued

(h) 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.

(i) 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.

(j) Operating Fund

Operating fund represents the amounts available to offset future operational revenue requirements (or the shortfall which will be financed from future operational revenues).

(k) Capital Fund

Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.

(l) Reserve Fund

Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and/or from the reserve fund are reflected as an adjustment to the respective fund.

(m) Equity in Capital Assets

Equity in capital assets represents the town's net investment in its capital assets, after deducting the portion financed by third parties through debenture, bond and mortgage debts, long-term capital borrowings, capitalized leases and other capital liabilities which will be repaid by the municipality.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

2. Taxes and Grants in Place Receivable	<u>2008</u>	<u>2007</u>
Current taxes and grants in place	\$ 234,930	\$ 81,714
Non-current taxes and grants in place	16,508	14,951
Allowance	<u>(113,000)</u>	<u>--</u>
	<u>\$ 138,438</u>	<u>\$ 96,665</u>
3. Loans Receivable	<u>2008</u>	<u>2007</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.	\$ 60,800	\$ 70,932
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.	404,790	421,374
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>539,763</u>	<u>557,000</u>
Total loans receivable	1,005,353	1,049,306
Less current portion	<u>(45,752)</u>	<u>(43,954)</u>
	<u>\$ 959,601</u>	<u>\$ 1,005,352</u>
4. Capital Assets	<u>2008</u>	<u>2007</u>
Land	\$ 667,340	\$ 667,340
Buildings	5,850,334	5,804,613
Engineering structures	53,597,155	49,958,368
Machinery and equipment	3,412,300	3,272,476
Vehicles	<u>1,581,893</u>	<u>1,083,308</u>
	<u>\$ 65,109,022</u>	<u>\$ 60,786,105</u>

5. Employee Benefit Obligation

Included in accounts payable and accrued liabilities is a vacation and overtime liability of \$209,532 (2007 - \$206,908). 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, 2008

6. Deferred Revenue	<u>2008</u>	<u>2007</u>
Affordable housing grant	\$ 410,962	\$ --
Municipal Sustainability Initiative	384,412	332,558
New Deals for Municipalities	312,066	152,394
Street Improvement Program	120,804	21,100
Sponsorship grant	51,940	--
FCSS grants	16,704	9,061
Fire donations	6,500	--
Disaster services grant	4,000	--
FCSS programs	3,134	4,149
Alberta Municipal Infrastructure Program	--	397,890
Fire services grant	--	8,105
Alberta lotteries – staging area	--	2,390
Grant – safer community task force	--	11,879
	<u>\$ 1,310,522</u>	<u>\$ 939,526</u>

Funding from various grant programs, organizations and individuals in the amount of \$1,310,522 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 2009.

7. Long-Term Debt	<u>2008</u>	<u>2007</u>
Tax supported debentures	\$ 38,245	\$ 80,790
Self supported debentures	944,553	978,374
Utility supported debentures	129,318	193,528
	<u>\$ 1,112,116</u>	<u>\$ 1,252,692</u>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 145,780	\$ 64,598	\$ 210,378
2010	94,916	54,073	148,989
2011	39,511	45,188	84,699
2012	41,615	43,083	84,698
2013	43,833	40,865	84,698
Thereafter	<u>746,461</u>	<u>273,962</u>	<u>1,020,423</u>
	<u>\$ 1,112,116</u>	<u>\$ 521,769</u>	<u>\$ 1,633,885</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 4% to 12% per annum, before Provincial subsidy, and mature in periods 2009 through 2027. The average annual interest rate is 5.9% for 2008 (7.35% for 2007). Debenture debt is issued on the credit and security of the Town of St. Paul at large.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

8. 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>2008</u>	<u>2007</u>
Total debt limit	\$ 17,115,152	\$ 13,041,694
Total debt <i>- less MD Foundation Debt therefore only →</i>	<u>404,792</u>	<u>808,983</u>
Amount under total debt limit	\$ <u>16,710,360</u>	\$ <u>12,232,711</u>
Debt servicing limit	\$ 2,852,525	\$ 2,173,616
Debt servicing	<u>125,679</u>	<u>130,670</u>
Amount under debt servicing limit	\$ <u>2,726,846</u>	\$ <u>2,042,946</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.

9. Reserves

Reserves for operating and capital activities changed as follows:

	<u>2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>2008</u>
General capital	\$ 670,296	\$ 119,600	\$ --	\$ 789,896
Park reserve	61,140	--	--	61,140
Fire department	128,770	--	22,418	106,352
FCSS	22,201	--	339	21,862
Recreation	122,009	--	81,900	40,109
Police	31,846	--	9,195	22,651
MD of St. Paul Foundation	1,476	--	--	1,476
Public works equipment	558,444	--	--	558,444
Centennial trail	24,006	5,000	19,613	9,393
Rescue van	<u>5,770</u>	<u>8,600</u>	<u>--</u>	<u>14,370</u>
	\$ <u>1,625,958</u>	\$ <u>133,200</u>	\$ <u>133,465</u>	\$ <u>1,625,693</u>

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

10. 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:

	2008			2007
	Salary ⁽¹⁾	Benefits & Allowances ⁽²⁾	Total	Total
Mayor - Anderson	\$ 34,247	\$ 1,290	\$ 35,537	\$ 19,362
Councillors - Trafenko	21,710	--	21,710	30,305
Germain	15,166	605	15,771	12,706
Kotowich	19,713	696	20,409	12,729
Gratton	20,886	--	20,886	3,615
Wiebe	16,610	621	17,231	3,242
Kwiatkowski	21,796	753	22,549	3,198
Bear	--	--	--	9,601
O'Neil	--	--	--	11,915
Chief Administrative Officer	90,125	16,243	106,368	99,865

- (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.

11. 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, 2008 the loan balance outstanding was \$174,959 and the overdraft balance was \$34,692. 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, 2008 the loan balance was \$108,287; therefore the town's guarantee would be limited to \$27,579. 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, 2008 was \$NIL.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

12. 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 7.75% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.64% on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 6.75% of pensionable salary up to the year's maximum pensionable salary and 9.64% on pensionable salary above this amount.

Total current service contributions by the town to the LAPP in 2008 were \$124,336 (2007 - \$116,464). Total current service contributions by the employees of the town to the LAPP in 2008 were \$109,024 (2007 - \$102,100).

At December 31, 2007, the LAPP disclosed an actuarial deficiency of \$1,288.9 million.

13. 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

14. Comparative Figures

Certain of the 2007 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2008.

15. Approval of Financial Statements

These financial statements were approved by Council and management.