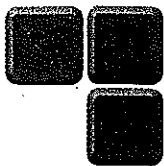


TOWN OF ST. PAUL

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2015



INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Town of St. Paul, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of St. Paul as at December 31, 2015, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

ST. PAUL, ALBERTA
April 11, 2015

JMD Group LLP
CHARTERED ACCOUNTANTS

TOWN OF ST. PAUL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Financial assets		
Cash	\$ 2,738,166	\$ 4,589,268
Taxes and grants in place receivable (note 2)	274,627	200,712
Trade and other receivables	878,313	900,982
Receivables from other governments	1,805,773	30,877
Loans receivable (note 3)	651,657	700,291
Land held for resale	983,438	983,438
Credit union shares	<u>17,173</u>	<u>16,555</u>
	<u>7,349,147</u>	<u>7,422,123</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	1,405,987	1,776,309
Deposit liabilities	560	--
Deferred revenue (note 5)	163,144	350,652
Long-term debt (note 6)	<u>4,481,436</u>	<u>4,651,528</u>
	<u>6,051,127</u>	<u>6,778,489</u>
Net financial assets	<u>1,298,020</u>	<u>643,634</u>
Non-financial assets		
Tangible capital assets (schedule 2)	58,154,665	57,529,119
Consumable inventory	233,453	222,992
Prepaid expenses	<u>53,401</u>	<u>8,750</u>
	<u>58,441,519</u>	<u>57,760,861</u>
Accumulated surplus (note 9)	<u>\$ 59,739,539</u>	<u>\$ 58,404,495</u>

Contingencies (note 12)

APPROVED BY:

Mayor

Chief Administrative Officer

**TOWN OF ST. PAUL
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
Revenue			
Net municipal taxes (schedule 3)	\$ 6,607,218	\$ 6,272,853	\$ 5,915,247
Sales and user fees	3,098,576	3,239,372	3,213,315
Government transfers for operating (schedule 4)	1,321,341	1,384,614	1,381,539
Franchise and concession contracts	835,000	828,202	831,032
Investment income	96,145	95,199	117,306
Penalties and costs on taxes	70,000	66,678	65,538
Rental revenue	589,160	609,435	642,538
Licenses and permits	141,700	124,199	166,420
Fines issued	105,500	353,375	107,553
Donations and costs recovered	<u>15,033</u>	<u>21,765</u>	<u>63,868</u>
	<u>12,879,673</u>	<u>12,995,692</u>	<u>12,504,356</u>
Expenses			
Legislative	261,636	278,345	233,238
Administration	1,361,321	1,250,084	1,158,806
Protective services	2,479,337	2,751,276	2,325,253
Transportation	3,979,263	3,550,765	3,772,939
Water and wastewater	1,524,082	1,412,687	1,437,916
Waste management	428,739	498,783	477,470
Public health and welfare	595,201	584,505	533,731
Planning and development	52,230	40,852	42,170
Recreation and culture	<u>3,310,905</u>	<u>3,332,271</u>	<u>2,918,155</u>
	<u>13,992,714</u>	<u>13,699,568</u>	<u>12,899,678</u>
Shortfall of revenues over expenses before other	(1,113,041)	(703,876)	(395,322)
Other			
Gain (loss) on disposal of tangible capital assets	--	(20,586)	8,803
Developer levies and other revenues for capital	--	120,731	563,448
Government transfers for capital (schedule 4)	<u>2,040,034</u>	<u>1,938,775</u>	<u>2,195,199</u>
Excess of revenues over expenses	926,993	1,335,044	2,372,128
Accumulated surplus, beginning of year	<u>58,404,495</u>	<u>58,404,495</u>	<u>56,032,367</u>
Accumulated surplus, end of year	\$ <u>59,331,488</u>	\$ <u>59,739,539</u>	\$ <u>58,404,495</u>

TOWN OF ST. PAUL
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u> (unaudited)	<u>2015</u>	<u>2014</u>
Excess of revenues over expenses	\$ <u>926,993</u>	\$ <u>1,335,044</u>	\$ <u>2,372,128</u>
Proceeds on disposal of tangible capital assets	--	188,136	14,881
Acquisition of tangible capital assets	(3,536,465)	(3,138,937)	(5,095,415)
(Gain) loss on disposal of tangible capital assets	--	20,586	(8,803)
Amortization of tangible capital assets	<u>2,265,786</u>	<u>2,304,669</u>	<u>2,265,783</u>
	<u>(1,270,679)</u>	<u>(625,546)</u>	<u>(2,823,554)</u>
Acquisition of consumable inventory	(120,000)	(121,957)	(105,205)
Use of consumable inventory	<u>120,000</u>	<u>111,496</u>	<u>117,787</u>
	<u>--</u>	<u>(10,461)</u>	<u>12,582</u>
Acquisition of prepaid expenses	--	(53,401)	(8,750)
Use of prepaid expenses	<u>--</u>	<u>8,750</u>	<u>--</u>
	<u>--</u>	<u>(44,651)</u>	<u>(8,750)</u>
Increase (decrease) in net financial assets	(343,686)	654,386	(447,594)
Net financial assets, beginning of year	<u>643,634</u>	<u>643,634</u>	<u>1,091,228</u>
Net financial assets, end of year	\$ <u>299,948</u>	\$ <u>1,298,020</u>	\$ <u>643,634</u>

TOWN OF ST. PAUL
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenues over expenses	\$ 1,335,044	\$ 2,372,128
Non-cash item included:		
Amortization of tangible capital assets	2,304,669	2,265,783
(Gain) loss on disposal of tangible capital assets	20,586	(8,803)
Non-cash charges to operations (net change):		
Decrease (increase) in		
Taxes and grants in place receivable	(73,915)	31,098
Trade and other receivables	22,669	(202,112)
Receivables from other governments	(1,774,896)	99,557
Consumable inventory	(10,461)	12,582
Land held for resale	--	(609,565)
Prepaid expenses	(44,651)	(8,750)
Increase (decrease) in		
Accounts payable and accrued liabilities	(370,322)	379,527
Deposit liabilities	560	(10,000)
Deferred revenue	(187,508)	(57,182)
	<u>1,221,775</u>	<u>4,264,263</u>
Investing		
Increase in Credit Union shares	<u>(618)</u>	<u>(635)</u>
Capital		
Acquisition of tangible capital assets	(3,138,937)	(5,095,415)
Proceeds on disposal of tangible capital assets	<u>188,136</u>	<u>14,881</u>
	<u>(2,950,801)</u>	<u>(5,080,534)</u>
Financing		
Loans receivable collected	48,634	56,304
Proceeds from loans	230,000	2,252,456
Long-term debt repaid	<u>(400,092)</u>	<u>(720,884)</u>
	<u>(121,458)</u>	<u>1,587,876</u>
Change in cash during the year	(1,851,102)	770,970
Cash, beginning of year	<u>4,589,268</u>	<u>3,818,298</u>
Cash, end of year	\$ <u>2,738,166</u>	\$ <u>4,589,268</u>

TOWN OF ST. PAUL
SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014
Balance, beginning of year	\$ <u>2,837,598</u>	\$ <u>1,591,805</u>	\$ <u>53,975,092</u>	\$ <u>58,404,495</u>	\$ <u>56,032,367</u>
Excess of revenues over expenses	1,335,044	--	--	1,335,044	2,372,128
Funds designated for future use	(79,639)	79,639	--	--	--
Current year funds used for tangible capital assets	(2,868,937)	--	2,868,937	--	--
Disposal of tangible capital assets	208,722	--	(208,722)	--	--
Annual amortization expense	2,304,669	--	(2,304,669)	--	--
Capital long-term debt repaid	(316,461)	--	316,461	--	--
Change in accumulated surplus	<u>583,398</u>	<u>79,639</u>	<u>672,007</u>	<u>1,335,044</u>	<u>2,372,128</u>
Balance, end of year	\$ <u>3,420,996</u>	\$ <u>1,671,444</u>	\$ <u>54,647,099</u>	\$ <u>59,739,539</u>	\$ <u>58,404,495</u>

TOWN OF ST. PAUL
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

Cost	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	Construction In Progress	Total
Balance, beginning of year	\$ 1,428,290	\$ 3,067,892	\$ 22,499,254	\$ 75,431,254	\$ 3,181,612	\$ 2,641,078	\$ 1,107,374	\$ 109,356,754
Acquisitions	406,460	302,602	1,579,143	1,198,775	472,197	42,298	230,896	4,232,371
Disposals	--	--	--	--	(298,169)	--	(1,093,435)	(1,391,604)
Balance, end of year	<u>1,834,750</u>	<u>3,370,494</u>	<u>24,078,397</u>	<u>76,630,029</u>	<u>3,355,640</u>	<u>2,683,376</u>	<u>244,835</u>	<u>112,197,521</u>
Accumulated amortization								
Balance, beginning of year	--	1,027,401	8,725,922	39,654,447	1,311,121	1,108,744	--	51,827,635
Annual amortization	--	180,123	447,611	1,374,737	121,239	180,959	--	2,304,669
Accumulated amortization on disposals	--	--	--	--	(89,448)	--	--	(89,448)
Balance, end of year	<u>--</u>	<u>1,207,524</u>	<u>9,173,533</u>	<u>41,029,184</u>	<u>1,342,912</u>	<u>1,289,703</u>	<u>--</u>	<u>54,042,856</u>
Net book value of tangible capital assets	<u>\$ 1,834,750</u>	<u>\$ 2,162,970</u>	<u>\$ 14,904,864</u>	<u>\$ 35,600,845</u>	<u>\$ 2,012,728</u>	<u>\$ 1,393,673</u>	<u>\$ 244,835</u>	<u>\$ 58,154,665</u>
2014 Net book value of tangible capital assets	<u>\$ 1,428,290</u>	<u>\$ 2,040,491</u>	<u>\$ 13,773,332</u>	<u>\$ 35,776,807</u>	<u>\$ 1,870,491</u>	<u>\$ 1,532,334</u>	<u>\$ 1,107,374</u>	<u>\$ 57,529,119</u>

TOWN OF ST. PAUL
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u> (Unaudited)	<u>2015</u>	<u>2014</u>
Taxation			
Real property taxes	\$ 8,118,962	\$ 7,799,380	\$ 7,379,610
Government grants in place of taxes	285,000	272,282	277,327
Linear property taxes	<u>170,000</u>	<u>174,751</u>	<u>166,823</u>
	<u>8,573,962</u>	<u>8,246,413</u>	<u>7,823,760</u>
Requisitions			
Alberta School Foundation	1,853,645	1,860,462	1,791,992
M.D. of St. Paul Foundation	<u>113,099</u>	<u>113,098</u>	<u>116,521</u>
	<u>1,966,744</u>	<u>1,973,560</u>	<u>1,908,513</u>
Net taxes for general municipal purposes	\$ <u>6,607,218</u>	\$ <u>6,272,853</u>	\$ <u>5,915,247</u>

SCHEDULE 4 - GOVERNMENT TRANSFERS

Transfers for operations			
Federal	\$ 3,000	\$ 7,998	\$ 9,776
Provincial	905,682	885,625	888,203
Local government	<u>412,659</u>	<u>490,991</u>	<u>483,560</u>
	<u>1,321,341</u>	<u>1,384,614</u>	<u>1,381,539</u>
Transfers for capital			
Provincial	2,040,034	1,938,775	2,187,699
Local government	<u>--</u>	<u>--</u>	<u>7,500</u>
	<u>2,040,034</u>	<u>1,938,775</u>	<u>2,195,199</u>
	\$ <u>3,361,375</u>	\$ <u>3,323,389</u>	\$ <u>3,576,738</u>

SCHEDULE 5 - EXPENSES BY TYPE

Expenses			
Salaries, wages and benefits	\$ 5,026,977	\$ 4,889,208	\$ 4,588,763
Contracted and general services	1,515,538	1,359,089	1,243,382
Materials, goods, supplies and utilities	3,261,303	3,001,024	2,945,693
Contracts with other governments	1,500,000	1,594,063	1,514,539
Transfers to other governments	16,800	48,732	30,375
Transfers to local boards and agencies	20,000	19,423	58,237
Transfers to individuals and organizations	132,000	125,765	105,419
Bank charges	200	77	104
Interest on long-term debt	134,110	130,558	135,451
Provision for allowances and tax rebates	120,000	78,644	11,932
Other expenses	--	148,316	--
Amortization	<u>2,265,786</u>	<u>2,304,669</u>	<u>2,265,783</u>
Total expenses	\$ <u>13,992,714</u>	\$ <u>13,699,568</u>	\$ <u>12,899,678</u>

TOWN OF ST. PAUL
SCHEDULE 6 – SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Government	Protective Services	Transportation Services	Environment Services	Public Health, Planning and Development	Recreation and Culture	Total
Revenue							
Net municipal taxes	\$ 6,272,853	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 6,272,853
Sales and user fees	44,247	189,593	124,716	2,534,001	30,563	316,252	3,239,372
Government transfers for operations	13,683	628,113	10,000	--	277,343	455,475	1,384,614
Government transfers for capital	--	--	645,013	45,815	1,247,947	--	1,938,775
Rental revenue	10,180	--	17,285	--	194,312	387,658	609,435
Investment income	95,048	--	--	--	--	151	95,199
Other revenues for operations	1,000,166	358,605	--	--	13,683	21,765	1,394,219
Other revenues for capital	--	--	--	--	25,000	95,731	120,731
Gain (loss) on disposal of assets	--	--	(20,586)	--	--	--	(20,586)
	<u>7,436,177</u>	<u>1,176,311</u>	<u>776,428</u>	<u>2,579,816</u>	<u>1,788,848</u>	<u>1,277,032</u>	<u>15,034,612</u>
Expenses							
Salaries, wages and benefits	829,224	617,620	1,463,339	417,949	207,377	1,353,699	4,889,208
Contract and general services	309,439	1,912,892	63,642	270,056	138,467	258,656	2,953,152
Materials, goods, supplies and utilities	150,462	110,668	818,432	674,398	125,727	1,121,337	3,001,024
Transfers to others	110,048	48,732	19,259	--	15,717	164	193,920
Interest on long-term debt	34,871	--	62,004	26,574	7,109	--	130,558
Other expenses	<u>78,721</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>148,316</u>	<u>227,037</u>
	<u>1,512,765</u>	<u>2,689,912</u>	<u>2,426,676</u>	<u>1,388,977</u>	<u>494,397</u>	<u>2,882,172</u>	<u>11,394,899</u>
Net revenue before amortization	5,923,412	(1,513,601)	(1,650,248)	1,190,839	1,294,451	(1,605,140)	3,639,713
Amortization expense	<u>(15,664)</u>	<u>(61,364)</u>	<u>(1,124,089)</u>	<u>(522,493)</u>	<u>(130,960)</u>	<u>(450,099)</u>	<u>(2,304,669)</u>
Net revenue	<u>\$ 5,907,748</u>	<u>\$ (1,574,965)</u>	<u>\$ (2,774,337)</u>	<u>\$ 668,346</u>	<u>\$ 1,163,491</u>	<u>\$ (2,055,239)</u>	<u>\$ 1,335,044</u>

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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.

(c) Cash

Cash is defined as petty cash and cash in chequing accounts adjusted for outstanding cheques and deposits.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. Significant Accounting Policies – continued

(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 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.

(e) 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 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) 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.

(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.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. Significant Accounting Policies – continued

(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.

(iii) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(i) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

2. Taxes and Grants in Place Receivable	<u>2015</u>	<u>2014</u>
Current taxes and grants in place	\$ 221,368	\$ 186,549
Non-current taxes and grants in place	65,259	23,878
Less: allowance	<u>(12,000)</u>	<u>(9,715)</u>
	<u>\$ 274,627</u>	<u>\$ 200,712</u>
 3. Loans Receivable	 <u>2015</u>	 <u>2014</u>
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.	\$ 257,979	\$ 282,709
 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>393,678</u>	 <u>417,582</u>
Total loans receivable	651,657	700,291
Less: current portion	<u>(51,229)</u>	<u>(48,633)</u>
	<u>\$ 600,428</u>	<u>\$ 651,658</u>
 4. Accounts Payable and Accrued Liabilities	 <u>2015</u>	 <u>2014</u>
Wages payable	\$ 129,116	\$ 113,830
Vacation and overtime liability	292,919	348,535
Trade payables	945,781	1,272,223
Accrued debenture interest	<u>38,171</u>	<u>41,721</u>
	<u>\$ 1,405,987</u>	<u>\$ 1,776,309</u>

The vacation and overtime liability is comprised of the vacation and overtime that employees have earned and are deferring to future years. The wages payable liability is the wages and benefits accrued from the last pay period to December 31.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

5. Deferred Revenue	<u>2015</u>	<u>2014</u>
Federal Gas Tax	\$ 90,519	\$ 76,087
FCSS projects and increased funding	47,629	10,151
Donations for skateboard park	15,754	--
Donations for protective services equipment	9,242	9,242
ACP Area Structural Plan	--	154,261
Public Safety grant	--	16,800
Early Child Development Mapping	--	14,216
MSI - Capital	--	33,496
MSI - Operating	--	36,399
	<u>\$ 163,144</u>	<u>\$ 350,652</u>

Funding from various grant programs, organizations and individuals in the amount of \$163,144 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 2016.

6. Long-Term Debt	<u>2015</u>	<u>2014</u>
Tax supported debentures - capital	\$ 2,018,803	\$ 2,199,846
Self supported debentures - operating	651,657	700,291
Tax supported mortgage - operating	322,213	397,210
Tax supported supplier loans - capital	<u>1,488,763</u>	<u>1,354,181</u>
	<u>\$ 4,481,436</u>	<u>\$ 4,651,528</u>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 481,906	\$ 122,294	\$ 604,200
2016	494,216	109,984	604,200
2017	507,050	97,150	604,200
2018	520,425	83,775	604,200
2019	458,366	70,461	528,827
Thereafter	<u>2,019,473</u>	<u>157,163</u>	<u>2,176,636</u>
	<u>\$ 4,481,436</u>	<u>\$ 640,827</u>	<u>\$ 5,122,263</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 4.214% to 5.875% per annum and mature in periods 2023 through 2027.

The mortgage is repayable to an individual and bears interest at 2% and matures in 2020. Monthly payments are \$6,852.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

6. Long-Term Debt (continued)

The supplier loans are non-interest bearing and are repayable in equal annual instalments of \$135,418 and \$30,000.

The average annual interest rate is 4.2114% for 2015 (4.019 % for 2014).

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

Interest on long-term debt amounted to \$130,558 (2014 - \$135,451).

The town's total cash payment for interest on long-term debt was \$134,108 (2014 - \$138,086).

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>2015</u>	<u>2014</u>
Total debt limit	\$ 19,643,756	\$ 19,626,160
Total debt	<u>(4,331,543)</u>	<u>(4,923,486)</u>
Amount under total debt limit	\$ <u>15,312,213</u>	\$ <u>14,702,674</u>
Debt servicing limit	\$ 3,273,959	\$ 3,271,027
Debt servicing	<u>(1,343,479)</u>	<u>(398,688)</u>
Amount under debt servicing limit	\$ <u>1,930,480</u>	\$ <u>2,872,339</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. Equity in Tangible Capital Assets

	<u>2015</u>	<u>2014</u>
Tangible capital assets (schedule 2)	\$ 112,197,521	\$ 109,356,754
Accumulated amortization (schedule 2)	(54,042,856)	(51,827,635)
Debentures -- capital (note 6)	(2,018,803)	(2,199,846)
Supplier loans - capital (note 6)	<u>(1,488,763)</u>	<u>(1,354,181)</u>
	\$ <u>54,647,099</u>	\$ <u>53,975,092</u>

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

9. Accumulated Surplus

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

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ <u>3,420,996</u>	\$ <u>2,837,598</u>
Restricted surplus		
General capital	1,000,000	1,000,000
Water	336,384	336,384
Fire truck	106,351	106,351
Fire equipment	91,450	67,810
Safety	55,999	--
Parks	<u>81,260</u>	<u>81,260</u>
	<u>1,671,444</u>	<u>1,591,805</u>
Equity in tangible capital assets (note 8)	<u>54,647,099</u>	<u>53,975,092</u>
	<u>\$ 59,739,539</u>	<u>\$ 58,404,495</u>

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:

	<u>2015</u>			<u>2014</u>
	Salary ^(a)	Benefits & Allowances ^(b)	Total	Total
Mayor - Andersen	\$ 44,890	\$ 8,648	\$ 53,538	\$ 49,681
Councillors – Wiebe	31,515	3,004	34,519	26,208
Kwiatkowski	31,470	4,867	36,337	31,154
Padlesky	29,230	4,317	33,547	25,013
Noel	30,025	4,682	34,707	25,735
Bogdan	24,705	1,793	26,498	22,797
Gervais	34,125	6,093	40,218	32,665
Chief Administrative Officer (2)	157,009	27,493	184,502	152,438

(a) Salary includes regular base pay, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(b) 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
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

11. Segmented Disclosure

The Town of St. Paul 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 financial statements as disclosed in note 1.

Refer to Schedule 6 – Segmented Disclosure.

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 \$1,000,000 in loans at the Servus Credit Union for the St. Paul Golf Club. As at December 31, 2015 the mortgage balance outstanding was \$823,977. The town will be assuming this mortgage in 2016.
- (c) The Town of St. Paul is a member of the Evergreen Regional Waste Management Services Commission. Each participating municipality funds a portion of the Commission's deficit based on their proportionate tippage for the year. The expense is accounted for as a current transaction in the year the deficit is incurred.

13. Commitments

- (a) The Town has signed an agreement with North East Muni-Corr Ltd. for the purchase of two parcels of land. The agreement is non-interest bearing and is being paid in annual installments of \$30,000. Although title for the properties will not be transferred to the Town until the final payment is made, the Town has recorded the land as an asset and the payable as a long-term debt.
- (b) The Town has signed an agreement with the Elk Point/St. Paul Regional Water Commission for the repayment of the debenture that the commission will be taking out for the upgrade to the St. Paul water treatment plant. The amount of the debenture and repayment terms are not currently known. The commission is responsible for 7.85% of the costs of the upgrade.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

14. 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 231,000 people and 418 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the town to the LAPP in 2015 were \$328,034 (2014 - \$314,640). Total current service contributions by the employees of the town to the LAPP in 2015 were \$300,891 (2014 - \$288,551).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.455 billion.

15. Contaminated Sites Liability

On January 1, 2015, the county adopted PS3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the county.

16. Financial Instruments

The town's financial instruments consist of cash, credit union shares, 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 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

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

17. Approval of Financial Statements

These financial statements were approved by Council and management.

18. Budget Amounts

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

19. Recent Accounting Pronouncements Published But Not Yet Adopted

PSAB Section 3041, Portfolio Investments

This standard is effective for the 2016 fiscal year and addresses the distinction between temporary and portfolio investments.

PSAB Section 3450, Financial Instruments

PS3450 establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments, effective for the 2016 fiscal year.