

TOWN OF ST. PAUL

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Town of St. Paul (the Municipality), is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements. Management believes that the financial statements present fairly the municipality's financial position as at December 31, 2020 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized, and assets are properly accounted for and safeguarded.

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

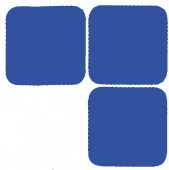
The council carried out its responsibilities for review of the financial statements principally through its oversight procedures. Council meets regularly with management and external auditors to discuss the results of audit examination and financial reporting matters.

The external auditors have full access to the Audit Committee with and without the presence of management. The council has approved the financial statements.

The financial statements have been audited by JMD Group LLP Chartered Professional Accountants, independent external auditors, appointed by the council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of the examination and their opinion on the municipality's financial statements.



Chief Administrative Officer
April 26, 2021



JMD Group LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Maurice R. Joly, CPA, CA, CFP*
Barbara K. McCarthy, CPA, CA*
Claude R. Dion, CPA, CA, CMA*
Richard R. Jean, CPA, CA*
Amie J. Anderson, CPA, CA*
Stephanie Ference, CPA, CA*
*Denotes Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the consolidated financial statements of the Town of St. Paul (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, changes in net financial assets, and cash flows and schedules 1 to 6 for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

4925-50 Avenue
St. Paul, Alberta
Ph: (780) 645-4611
Fax: (780) 645-6644

Mailing Address:
Box 1452,
St. Paul, AB T0A 3A0
Email: jmdadmin@mcsnet.ca

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of the audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

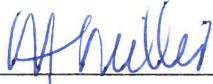
St. Paul, Alberta
April 26, 2021


Chartered Professional Accountants

TOWN OF ST. PAUL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| Financial assets | | |
| Cash (note 2) | \$ 1,077,509 | \$ 6,045,045 |
| Taxes and grants in place receivable (note 3) | 265,972 | 379,228 |
| Trade and other receivables | 1,249,214 | 995,613 |
| Receivables from other governments | 4,561,372 | 1,148,482 |
| Loans receivable (note 5) | 494,040 | 429,726 |
| Land held for resale | 2,068,732 | 2,068,732 |
| Inventory for resale | 7,588 | 20,793 |
| Credit union shares | <u>20,320</u> | <u>19,722</u> |
| | <u>9,744,747</u> | <u>11,107,341</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities (note 4) | 3,341,745 | 2,757,792 |
| Deposit liabilities | 20,363 | 17,369 |
| Deferred revenue (note 6) | 2,302,600 | 1,128,126 |
| Long-term debt (note 7) | <u>10,379,894</u> | <u>9,474,119</u> |
| | <u>16,044,602</u> | <u>13,377,406</u> |
| Net financial assets (liabilities) | <u>(6,299,855)</u> | <u>(2,270,065)</u> |
| Non-financial assets | | |
| Tangible capital assets (schedule 2) | 77,416,316 | 66,361,605 |
| Consumable inventory | 171,309 | 164,816 |
| Prepaid expenses | <u>114,420</u> | <u>111,713</u> |
| | <u>77,702,045</u> | <u>66,638,134</u> |
| Accumulated surplus (schedule 1, note 10) | \$ <u>71,402,190</u> | \$ <u>64,368,069</u> |
| Contingencies (note 13) | | |

APPROVED BY:



 Mayor

TOWN OF ST. PAUL
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Budget</u> (unaudited) | <u>2020</u> | <u>2019</u> |
|--|------------------------------|-----------------------------|-----------------------------|
| Revenue | | | |
| Net municipal taxes (schedule 3) | \$ 6,865,165 | \$ 6,648,150 | \$ 6,770,038 |
| Sales and user fees | 3,610,352 | 3,578,802 | 3,959,490 |
| Government transfers for operating (schedule 4) | 2,193,185 | 2,920,197 | 1,689,909 |
| Franchise and concession contracts | 1,003,000 | 1,047,790 | 1,003,233 |
| Investment income | 142,250 | 64,359 | 154,545 |
| Penalties and costs on taxes | 151,250 | 87,206 | 151,378 |
| Rental revenue | 526,925 | 484,414 | 685,594 |
| Licenses and permits | 185,039 | 121,803 | 136,051 |
| Fines issued | 74,500 | 55,668 | 77,551 |
| Donations, insurance and costs recovered | <u>18,105</u> | <u>52,720</u> | <u>209,815</u> |
| | <u>14,769,771</u> | <u>15,061,109</u> | <u>14,837,604</u> |
| Expenses | | | |
| Legislative | 312,810 | 263,758 | 326,216 |
| Administration | 1,780,850 | 1,727,480 | 1,857,415 |
| Protective services | 2,939,020 | 2,629,460 | 2,641,740 |
| Transportation | 5,064,076 | 4,866,919 | 5,345,715 |
| Water and wastewater | 2,347,590 | 2,203,307 | 2,330,815 |
| Waste management | 276,561 | 429,656 | 271,221 |
| Public health and welfare | 775,009 | 734,610 | 774,447 |
| Planning and development | 619,000 | 499,881 | 594,834 |
| Recreation and culture | <u>3,757,983</u> | <u>3,750,858</u> | <u>4,052,873</u> |
| | <u>17,872,899</u> | <u>17,105,929</u> | <u>18,195,276</u> |
| Deficiency of revenues over expenses before other | (3,103,128) | (2,044,820) | (3,357,672) |
| Other | | | |
| Contributed funds for tangible capital assets | -- | 508,419 | 209,990 |
| Government transfers for capital (schedule 4) | <u>10,989,399</u> | <u>8,570,522</u> | <u>2,400,166</u> |
| Excess (deficiency) of revenues over expenses | 7,886,271 | 7,034,121 | (747,516) |
| Accumulated surplus, beginning of year | <u>64,368,069</u> | <u>64,368,069</u> | <u>65,115,585</u> |
| Accumulated surplus, end of year | \$ <u>72,254,340</u> | \$ <u>71,402,190</u> | \$ <u>64,368,069</u> |

TOWN OF ST. PAUL
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL
ASSETS (LIABILITIES)
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Budget</u> (unaudited) | <u>2020</u> | <u>2019</u> |
|--|-------------------------------|------------------------------|------------------------------|
| Excess (deficiency) of revenues over expenses | \$ <u>7,886,271</u> | \$ <u>7,034,121</u> | \$ <u>(747,516)</u> |
| Acquisition of tangible capital assets | (18,673,639) | (13,872,319) | (5,611,564) |
| Amortization of tangible capital assets | <u>2,619,041</u> | <u>2,817,608</u> | <u>2,620,358</u> |
| | <u>(16,054,598)</u> | <u>(11,054,711)</u> | <u>(2,991,206)</u> |
| Acquisition of consumable inventory | (85,000) | (84,502) | (63,552) |
| Use of consumable inventory | <u>85,000</u> | <u>78,009</u> | <u>111,305</u> |
| | <u>--</u> | <u>(6,493)</u> | <u>47,753</u> |
| Acquisition of prepaid expenses | (111,713) | (114,420) | (105,650) |
| Use of prepaid expenses | <u>111,713</u> | <u>111,713</u> | <u>23,543</u> |
| | <u>--</u> | <u>(2,707)</u> | <u>(82,107)</u> |
| Increase in net financial liabilities | (8,168,327) | (4,029,790) | (3,773,076) |
| Net financial assets (liabilities), beginning of year | <u>(2,270,065)</u> | <u>(2,270,065)</u> | <u>1,503,011</u> |
| Net financial liabilities, end of year | \$ <u>(10,438,392)</u> | \$ <u>(6,299,855)</u> | \$ <u>(2,270,065)</u> |

**TOWN OF ST. PAUL
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | <u>2020</u> | <u>2019</u> |
|--|--------------------------|----------------------------|
| Net inflow (outflow) of cash related to the following activities: | | |
| Operating | | |
| Excess (deficiency) of revenues over expenses | \$ 7,034,121 | \$ (747,516) |
| Non-cash item included: | | |
| Amortization of tangible capital assets | 2,817,608 | 2,620,358 |
| Non-cash charges to operations (net change): | | |
| Decrease (increase) in | | |
| Taxes and grants in place receivable | 113,256 | 2,000 |
| Trade and other receivables | (253,601) | (195,330) |
| Receivables from other governments | (3,412,890) | (810,050) |
| Consumable inventory | (6,493) | 47,753 |
| Land held for resale | -- | (1,085,294) |
| Inventory for resale | 13,205 | (9,488) |
| Prepaid expenses | (2,707) | (82,107) |
| Increase (decrease) in | | |
| Accounts payable and accrued liabilities | 583,953 | 904,979 |
| Deposit liabilities | 2,994 | 2,000 |
| Deferred revenue | <u>1,174,474</u> | <u>(150,345)</u> |
| | <u>8,063,920</u> | <u>496,960</u> |
| Investing | | |
| Decrease (increase) in restricted cash | (629,672) | 649,709 |
| Increase in Credit Union shares | <u>(598)</u> | <u>(693)</u> |
| | <u>(630,270)</u> | <u>649,016</u> |
| Capital | | |
| Acquisition of tangible capital assets | (13,872,319) | (5,611,564) |
| Financing | | |
| Loans receivable advanced | (145,000) | -- |
| Loans receivable collected | 80,686 | 59,888 |
| Proceeds from loans | 1,700,000 | 5,124,000 |
| Long-term debt repaid | <u>(794,225)</u> | <u>(628,559)</u> |
| | <u>841,461</u> | <u>4,555,329</u> |
| Change in cash during the year | (5,597,208) | 89,741 |
| Cash, beginning of year | <u>5,716,131</u> | <u>5,626,390</u> |
| Cash, end of year | \$ <u><u>118,923</u></u> | \$ <u><u>5,716,131</u></u> |
| Cash is made up of: | | |
| Cash | \$ 1,077,509 | \$ 6,045,045 |
| Less restricted portion | <u>(958,586)</u> | <u>(328,914)</u> |
| | \$ <u><u>118,923</u></u> | \$ <u><u>5,716,131</u></u> |

TOWN OF ST. PAUL
SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Unrestricted Surplus | Restricted Surplus | Equity in Tangible Capital Assets | 2020 | 2019 |
|---|-------------------------|-----------------------|--------------------------------------|------------------|------------------|
| Balance, beginning of year | \$ 3,657,077 | \$ 3,386,940 | \$ 57,324,052 | \$ 64,368,069 | \$ 65,115,585 |
| Excess (deficiency) of revenues over expenses | 7,034,121 | -- | -- | 7,034,121 | (747,516) |
| Funds designated for future use | (601,847) | 601,847 | -- | -- | -- |
| Funds used for tangible capital assets | (9,726,391) | -- | 9,726,391 | -- | -- |
| Restricted funds used | 395,000 | (2,840,928) | 2,445,928 | -- | -- |
| Annual amortization expense | 2,817,608 | -- | (2,817,608) | -- | -- |
| Capital long-term debt repaid | (724,293) | -- | 724,293 | -- | -- |
| Change in accumulated surplus | <u>(805,802)</u> | <u>(2,239,081)</u> | <u>10,079,004</u> | <u>7,034,121</u> | <u>(747,516)</u> |
| Balance, end of year | \$ 2,851,275 | \$ 1,147,859 | \$ 67,403,056 | \$ 71,402,190 | \$ 64,368,069 |

TOWN ST. PAUL
SCHEDULE 2 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

| Cost | Land | Land Improvements | Buildings | Engineered Structures | Machinery & Equipment | Vehicles | Construction In Progress | Total |
|---|---------------------|------------------------------|----------------------|----------------------------------|--------------------------------------|---------------------|-------------------------------------|----------------------|
| Balance, beginning of year | \$ 3,096,426 | \$ 3,392,897 | \$ 26,495,438 | \$ 85,208,609 | \$ 5,104,494 | \$ 4,402,638 | \$ 2,580,712 | \$ 130,281,214 |
| Acquisitions | -- | 94,294 | 368,627 | 940,038 | 547,717 | 37,275 | 11,884,368 | 13,872,319 |
| Disposals | -- | -- | -- | -- | -- | -- | -- | -- |
| Balance, end of year | <u>3,096,426</u> | <u>3,487,191</u> | <u>26,864,065</u> | <u>86,148,647</u> | <u>5,652,211</u> | <u>4,439,913</u> | <u>14,465,080</u> | <u>144,153,533</u> |
| Accumulated amortization | | | | | | | | |
| Balance, beginning of year | -- | 2,037,306 | 11,121,041 | 46,780,896 | 1,900,236 | 2,080,130 | -- | 63,919,609 |
| Annual amortization | -- | 190,139 | 482,654 | 1,520,680 | 324,094 | 300,041 | -- | 2,817,608 |
| Accumulated amortization on disposals | -- | -- | -- | -- | -- | -- | -- | -- |
| Balance, end of year | <u>--</u> | <u>2,227,445</u> | <u>11,603,695</u> | <u>48,301,576</u> | <u>2,224,330</u> | <u>2,380,171</u> | <u>--</u> | <u>66,737,217</u> |
| Net book value of tangible capital assets | <u>\$ 3,096,426</u> | <u>\$ 1,259,746</u> | <u>\$ 15,260,370</u> | <u>\$ 37,847,071</u> | <u>\$ 3,427,881</u> | <u>\$ 2,059,742</u> | <u>\$ 14,465,080</u> | <u>\$ 77,416,316</u> |
| 2019 Net book value of tangible capital assets | <u>\$ 3,096,426</u> | <u>\$ 1,355,591</u> | <u>\$ 15,374,397</u> | <u>\$ 38,427,713</u> | <u>\$ 3,204,258</u> | <u>\$ 2,322,508</u> | <u>\$ 2,580,712</u> | <u>\$ 66,361,605</u> |

TOWN OF ST. PAUL
SCHEDULE 3 - PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Budget (Unaudited) | 2020 | 2019 |
|---|-----------------------|---------------------|---------------------|
| Taxation | | | |
| Real property taxes | \$ 8,727,142 | \$ 8,433,789 | \$ 8,556,582 |
| Government grants in place of taxes | 149,330 | 149,588 | 210,609 |
| Linear property taxes | <u>190,000</u> | <u>188,655</u> | <u>183,818</u> |
| | <u>9,066,472</u> | <u>8,772,032</u> | <u>8,951,009</u> |
| Requisitions | | | |
| Alberta School Foundation | 2,049,905 | 1,972,480 | 2,054,063 |
| M.D. of St. Paul Foundation | 151,402 | 151,402 | 126,156 |
| Designated Industrial Property | <u>--</u> | <u>--</u> | <u>752</u> |
| | <u>2,201,307</u> | <u>2,123,882</u> | <u>2,180,971</u> |
| Net taxes for general municipal purposes | <u>\$ 6,865,165</u> | <u>\$ 6,648,150</u> | <u>\$ 6,770,038</u> |

SCHEDULE 4 - GOVERNMENT TRANSFERS

| | | | |
|---------------------------------|----------------------|----------------------|---------------------|
| Transfers for operations | | | |
| Federal | \$ 3,600 | \$ 36,290 | \$ 22,878 |
| Provincial | 996,006 | 1,706,639 | 900,437 |
| Local government | <u>1,193,579</u> | <u>1,177,268</u> | <u>766,594</u> |
| | <u>2,193,185</u> | <u>2,920,197</u> | <u>1,689,909</u> |
| Transfers for capital | | | |
| Provincial | 10,989,399 | 8,570,522 | 2,346,002 |
| Local government | <u>--</u> | <u>--</u> | <u>54,164</u> |
| | <u>10,989,399</u> | <u>8,570,522</u> | <u>2,400,166</u> |
| | <u>\$ 13,182,584</u> | <u>\$ 11,490,719</u> | <u>\$ 4,090,075</u> |

SCHEDULE 5 - EXPENSES BY TYPE

| | | | |
|--|----------------------|----------------------|----------------------|
| Expenses | | | |
| Salaries, wages and benefits | \$ 6,492,994 | \$ 6,504,525 | \$ 7,048,041 |
| Contracted and general services | 2,627,428 | 2,199,090 | 2,573,336 |
| Materials, goods, supplies and utilities | 3,595,997 | 3,193,138 | 3,612,538 |
| Contracts with other governments | 1,700,075 | 1,567,355 | 1,515,331 |
| Cost share agreements | 280,969 | 271,657 | 147,389 |
| Transfers to individuals and organizations | 138,500 | 117,049 | 325,171 |
| Bank charges | 11,500 | 16,523 | 10,522 |
| Interest on long-term debt | 290,019 | 292,777 | 224,290 |
| Other expenses and tax rebates | 116,376 | 126,207 | 118,300 |
| Amortization | <u>2,619,041</u> | <u>2,817,608</u> | <u>2,620,358</u> |
| Total expenses | <u>\$ 17,872,899</u> | <u>\$ 17,105,929</u> | <u>\$ 18,195,276</u> |

TOWN OF ST. PAUL
SCHEDULE 6 – SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2020

| | General Government | Protective Services | Transportation Services | Environment Services | Public Health, Planning and Development | Recreation and Culture | Total |
|--|-----------------------|------------------------|----------------------------|-------------------------|---|---------------------------|---------------------|
| Revenue | | | | | | | |
| Net municipal taxes | \$ 6,648,150 | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ 6,648,150 |
| Sales and user fees | 3,832 | 33,775 | 65,401 | 2,697,832 | 51,961 | 726,001 | 3,578,802 |
| Government transfers for operations | 302,598 | 1,301,554 | 39,811 | 70,177 | 309,567 | 896,490 | 2,920,197 |
| Government transfers for capital | -- | -- | 356,368 | 7,834,527 | -- | 379,627 | 8,570,522 |
| Rental revenue | 21,121 | -- | 6,976 | -- | 256,022 | 200,295 | 484,414 |
| Investment income | 64,149 | -- | -- | -- | -- | 210 | 64,359 |
| Other revenue for operations | 1,182,647 | 69,146 | 22,381 | -- | 73,252 | 17,761 | 1,365,187 |
| Other revenue for capital | -- | -- | -- | -- | -- | 508,419 | 508,419 |
| | <u>8,222,497</u> | <u>1,404,475</u> | <u>490,937</u> | <u>10,602,536</u> | <u>690,802</u> | <u>2,728,803</u> | <u>24,140,050</u> |
| Expenses | | | | | | | |
| Salaries, wages and benefits | 1,034,816 | 837,734 | 1,904,528 | 481,825 | 571,132 | 1,674,490 | 6,504,525 |
| Contract and general services | 599,895 | 1,487,316 | 283,495 | 508,358 | 302,205 | 585,176 | 3,766,445 |
| Materials, goods, supplies and utilities | 67,478 | 91,859 | 1,382,587 | 635,125 | 170,514 | 845,575 | 3,193,138 |
| Transfers to others | 109,542 | 127,068 | -- | -- | 7,507 | 144,589 | 388,706 |
| Interest on long-term debt | 20,022 | -- | 56,117 | 202,633 | -- | 14,005 | 292,777 |
| Other expenses | <u>141,982</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> | <u>748</u> | <u>142,730</u> |
| | <u>1,973,735</u> | <u>2,543,977</u> | <u>3,626,727</u> | <u>1,827,941</u> | <u>1,051,358</u> | <u>3,264,583</u> | <u>14,288,321</u> |
| Net revenue before amortization | 6,248,762 | (1,139,502) | (3,135,790) | 8,774,595 | (360,556) | (535,780) | 9,851,729 |
| Amortization expense | <u>(17,503)</u> | <u>(85,483)</u> | <u>(1,240,192)</u> | <u>(805,022)</u> | <u>(183,133)</u> | <u>(486,275)</u> | <u>(2,817,608)</u> |
| Net revenue | <u>\$ 6,231,259</u> | <u>\$ (1,224,985)</u> | <u>\$ (4,375,982)</u> | <u>\$ 7,969,573</u> | <u>\$ (543,689)</u> | <u>\$ (1,022,055)</u> | <u>\$ 7,034,121</u> |

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 Professional 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, ATM 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, 2020

1. Significant Accounting Policies – continued

(d) Investments

Investments consist of Credit Union equity which is initially recorded at fair value and subsequently measured at amortized cost.

(e) 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.

(f) Inventory and Land Held for Resale

Inventory held for resale is recorded at the lower of cost and 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.

(g) 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.

(h) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Significant Accounting Policies – continued

(i) 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.

(j) 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) Consumable Inventory

Consumable inventory is recorded at the lower of cost and replacement cost.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Significant Accounting Policies – continued

(k) 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.

| 2. Cash | <u>2020</u> | <u>2019</u> |
|-----------------|---------------------|---------------------|
| Petty cash | \$ 1,950 | \$ 1,550 |
| ATM cash | 19,720 | 33,720 |
| Current account | <u>1,055,839</u> | <u>6,009,775</u> |
| | <u>\$ 1,077,509</u> | <u>\$ 6,045,045</u> |

Included in cash is a restricted amount of \$958,586 (2019 – \$328,914) comprised of deferred revenue received and not expended (see note 6).

The Town has an \$8,000,000 prime less ½% authorized revolving line of credit with the Servus Credit Union. No balance was outstanding as at December 31, 2020.

| 3. Taxes and Grants in Place Receivable | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Current taxes and grants in place | \$ 161,533 | \$ 260,151 |
| Non-current taxes and grants in place | 116,439 | 131,077 |
| Less: allowance | <u>(12,000)</u> | <u>(12,000)</u> |
| | <u>\$ 265,972</u> | <u>\$ 379,228</u> |

| 4. Accounts Payable and Accrued Liabilities | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Wages and benefits payable | \$ 155,889 | \$ 301,165 |
| Vacation and overtime liability | 255,913 | 279,179 |
| Trade payables | 1,432,715 | 2,071,346 |
| Construction holdbacks | 1,346,880 | 28,357 |
| Tax requisition over-levy | 70,468 | -- |
| Accrued interest | <u>79,880</u> | <u>77,745</u> |
| | <u>\$ 3,341,745</u> | <u>\$ 2,757,792</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 and benefits payable 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, 2020

| | | |
|--|---------------------|---------------------|
| 5. Loans Receivable | <u>2020</u> | <u>2019</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. | \$ 110,754 | \$ 143,654 |
| 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. | 255,880 | 286,072 |
| 0% loan due from the St. Paul BMX and Skateboard Society repayable by February 24, 2023. | <u>127,406</u> | <u>--</u> |
| Total loans receivable | 494,040 | 429,726 |
| Less: current portion | <u>(66,468)</u> | <u>(63,092)</u> |
| | <u>\$ 427,572</u> | <u>\$ 366,634</u> |
| 6. Deferred Revenue | <u>2020</u> | <u>2019</u> |
| MSI - Capital | \$ 1,082,511 | \$ 374,382 |
| Alberta Municipal Water Wastewater Partnership | 315,184 | -- |
| ACP International Collaboration | 203,988 | 150,000 |
| ACP Stormwater Management | 69,295 | 69,295 |
| Gas Tax Fund | 328,278 | 304,254 |
| FCSS Funding and project revenue | 50,935 | 13,312 |
| Water Treatment Plant Emergency Funds | 105,000 | 70,000 |
| Golf memberships | 84,686 | 50,591 |
| Other revenue | 3,174 | 10,855 |
| Safety codes | 59,549 | 69,227 |
| Early Child Development Mapping | <u>--</u> | <u>16,210</u> |
| | <u>\$ 2,302,600</u> | <u>\$ 1,128,126</u> |

In the current year, funding in the amount of \$7,797,590 was received and an additional \$4,295,003 was allocated from various federal and provincial government programs. The use of these funds is restricted to eligible operating and capital projects as approved under the funding agreements. Unexpended grants of \$958,586 are supported by cash in the bank account, the remaining unexpended grants have not been received and are supported by receivables from other governments.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

| 7. Long-Term Debt | <u>2020</u> | <u>2019</u> |
|---|----------------------|---------------------|
| Tax supported debentures - capital | \$ 1,784,379 | \$ 2,042,997 |
| Self-supported debenture - operating | 366,634 | 429,726 |
| Utility supported debenture – capital | 7,106,133 | 5,624,000 |
| Tax supported mortgage - operating | -- | 6,840 |
| Tax supported Credit Union loan – capital | 461,076 | 543,466 |
| Tax supported supplier loans - capital | <u>661,672</u> | <u>827,090</u> |
| | <u>\$ 10,379,894</u> | <u>\$ 9,474,119</u> |

Principal and interest repayments are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------|----------------------|---------------------|----------------------|
| 2021 | \$ 883,674 | \$ 296,733 | \$ 1,180,407 |
| 2022 | 909,092 | 271,315 | 1,180,407 |
| 2023 | 935,476 | 244,930 | 1,180,406 |
| 2024 | 921,529 | 217,540 | 1,139,069 |
| 2025 | 507,399 | 194,394 | 701,793 |
| Thereafter | <u>6,222,724</u> | <u>1,309,961</u> | <u>7,532,685</u> |
| | <u>\$ 10,379,894</u> | <u>\$ 2,534,873</u> | <u>\$ 12,914,767</u> |

Debenture debt is repayable to Alberta Capital Finance Authority, bears interest at rates ranging from 1.882% to 5.875% per annum, and matures in periods 2024 through 2038.

The prime rate Credit Union loan is repayable in blended monthly payments of principal and interest of \$8,100 and matures in March 2026.

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

The average annual interest rate was 3.3351% for 2020 (3.5896% for 2019).

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

Interest on long-term debt amounted to \$292,777 (2019 - \$224,290).

The town's total cash payment for interest on long-term debt was \$290,641 (2019 - \$180,819).

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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>2020</u> | <u>2019</u> |
|------------------------------------|----------------------|----------------------|
| Total debt limit | \$ 23,354,292 | \$ 22,652,636 |
| Total debt (net of self-supported) | (10,013,260) | (9,044,393) |
| Amount under total debt limit | \$ <u>13,341,032</u> | \$ <u>13,608,243</u> |
| Debt servicing limit | \$ 3,892,382 | \$ 3,775,439 |
| Debt servicing | (1,095,709) | (1,000,168) |
| Amount under debt servicing limit | \$ <u>2,796,673</u> | \$ <u>2,775,271</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. Equity in Tangible Capital Assets

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Tangible capital assets (schedule 2) | \$ 144,153,533 | \$ 130,281,214 |
| Accumulated amortization (schedule 2) | (66,737,217) | (63,919,609) |
| Tax supported debentures – capital (note 7) | (1,784,379) | (2,042,997) |
| Utility supported debenture – capital (note 7) | (7,106,133) | (5,624,000) |
| Credit Union loan – capital (note 7) | (461,076) | (543,466) |
| Supplier loans - capital (note 7) | (661,672) | (827,090) |
| | \$ <u>67,403,056</u> | \$ <u>57,324,052</u> |

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

10. Accumulated Surplus

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

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Unrestricted surplus | \$ <u>2,851,275</u> | \$ <u>3,657,077</u> |
| Restricted surplus | | |
| Safety | 92,557 | 91,497 |
| Fire truck and equipment | 78,318 | 115,594 |
| Fire equipment – joint use | 155,743 | 130,631 |
| Public works | 46,951 | 46,951 |
| Water | 22,317 | 264,239 |
| Water treatment plant – working capital | 90,126 | 90,126 |
| Water treatment plant – rate stabilization | 60,000 | 60,000 |
| Unspent debentures | 601,847 | 2,206,642 |
| Driving range | -- | 300,000 |
| Parks | <u>--</u> | <u>81,260</u> |
| | <u>1,147,859</u> | <u>3,386,940</u> |
| Equity in tangible capital assets (note 9) | <u>67,403,056</u> | <u>57,324,052</u> |
| | \$ <u>71,402,190</u> | \$ <u>64,368,069</u> |

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.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

12. 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:

| | | 2020 | | | 2019 |
|--|-----------|-----------------------|--------------------------------------|-------------------|-------------------|
| | | Salary ^(a) | Benefits & Allowances ^(b) | Total | Total |
| Mayor - | Miller | \$ 50,904 | \$ 5,010 | \$ 55,914 | \$ 60,600 |
| Councillors – | Noel | 33,047 | 3,619 | 36,666 | 36,709 |
| | Taylor | 30,736 | 3,439 | 34,175 | 34,908 |
| | Eamon | 28,580 | 3,287 | 31,867 | 33,287 |
| | Ward | 32,665 | 3,590 | 36,255 | 37,982 |
| | deMoissac | 25,089 | 3,000 | 28,089 | 34,223 |
| | Boisvert | <u>35,260</u> | <u>2,066</u> | <u>37,326</u> | <u>38,021</u> |
| | | <u>\$ 236,281</u> | <u>\$ 24,011</u> | <u>\$ 260,292</u> | <u>\$ 275,730</u> |
| CAO – | Heyman | <u>\$ 161,992</u> | <u>\$ 27,019</u> | <u>\$ 189,011</u> | <u>\$ 182,125</u> |
| Designated officer (1) – Contract position | | | | <u>\$ 55,598</u> | <u>\$ 54,381</u> |

(a) Salary includes regular base pay, 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.

13. Contingencies

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.

The Town of St. Paul is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town 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.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

14. Commitment

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.

15. 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 274,000 people and 420 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 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the town to the LAPP in 2020 were \$424,415 (2019 - \$420,838). Total current service contributions by the employees of the town to the LAPP in 2020 were \$388,489 (2019 - \$380,368).

As of December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.9 billion.

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 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.

The town is subject to interest rate risk with respect to its long-term debt. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates.

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, 2020

17. Contaminated Sites Liability

The town has adopted PS3260 Liability for Contaminated Sites. The town did not identify any financial liabilities in 2020 (2019 – nil) as a result of this standard.

18. Approval of Financial Statements

These financial statements were approved by Council and management.

19. Budget Amounts

Budget amounts are included for information purposes only and are not audited. Amortization expense is not budgeted.

20. Recent Accounting Pronouncements Published But Not Yet Adopted

(a) PSAS Section 1000, Financial Statement Concepts

The amendments are effective beginning on or after April 1, 2023. This standard has been amended to allow for recognition of intangibles.

(b) PSAS Section 1201, Financial Statement Presentation

Revised standard is effective beginning on or after April 1, 2023, when sections PS2601 and PS3450 are adopted.

(c) PSAS Section 2601, Foreign Currency Translation

PS2601 establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statements. It applies to years beginning on or after April 1, 2022.

(d) PSAS Section 3041, Portfolio Investments

This standard addresses the distinction between temporary and portfolio investments. The standard is effective beginning on or after April 1, 2022, when sections PS1201, PS2601 and PS3450 are adopted.

(e) PSAS Section 3280, Asset Retirement Obligations

This standard is intended to provide guidance on accounting for asset retirement obligations and will apply in years beginning on or after April 1, 2021.

(f) PSAS Section 3400, Revenue

This standard will provide greater clarity on the difference between exchange and non-exchange transactions. It applies in years beginning on or after April 1, 2023.

(g) PSAS Section 3450, Financial Instruments

This standard establishes recognition, measurement and disclosure requirements for derivative and non- derivative financial instruments. It applies to years beginning on or after April 1, 2022.

TOWN OF ST. PAUL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

21. Subsequent Economic Event

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national, and global economics.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Town's operations as at the date of these financial statements.