

County of Northern Lights

Financial Statements

December 31, 2014

County of Northern Lights

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MANAGEMENT'S REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of the **County of Northern Lights**.

These consolidated financial statements have been prepared by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The County of Northern Lights maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the County of Northern Lights assets are appropriately accounted for and adequately safeguarded.

The elected Council of the County of Northern Lights are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council meets annually with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Doyle & Company, Chartered Accountants, the external auditors, in accordance with Canadian public sector accounting standards on behalf of the Council, residents and ratepayers of the County of Northern Lights. Doyle & Company has full and free access to the County's Council.



Theresa Van Oort

Chief Administrative Officer

Allan J. Grykuliak, C.A.*
Scott T. Mockford, C.A.*

* Operates as a Professional Corporation

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AUDITORS' REPORT

To the Members of Council

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the **County of Northern Lights**, which comprise the statement of financial position as at December 31, 2014 and the statements of operations, change in net financial assets and the statement of 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 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 whether the consolidated financial statements are free from material misstatement.

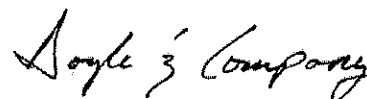
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations 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, these consolidated financial statements present fairly, in all material respects, the financial position of the County of Northern Lights as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
April 27, 2015



Chartered Accountants

County of Northern Lights
Consolidated Statement of Financial Position
As at December 31, 2014

	2014	2013 (Restated)
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	3,339,599	8,931,790
Receivables (Note 3)		
Taxes and grants in lieu receivable	276,997	459,495
Trade and other receivables	1,384,230	3,608,348
Investments (Note 4)	34,937,427	22,803,159
	39,938,253	35,802,792
LIABILITIES		
Accounts payable and accrued liabilities	1,639,338	2,554,563
Deferred revenue (Note 6)	2,103,824	29,115
Long-term liabilities (Note 7)	9,472,014	6,856,434
Landfill reclamation costs (Note 8)	128,335	108,335
Gravel reclamation costs	1,040,000	1,040,000
	14,383,511	10,588,447
NET FINANCIAL ASSETS	25,554,742	25,214,345
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	59,164,974	56,578,015
Inventory for consumption	1,354,465	2,041,445
Prepaid expenses	138,436	98,866
	60,657,875	58,718,326
ACCUMULATED SURPLUS (Schedule 1, Note 11)	86,212,617	83,932,671

The accompanying notes form part of these financial statements.

County of Northern Lights
Consolidated Statement of Operations
For the year ended December 31, 2014

	Budget \$	2014 \$	2013 \$
REVENUE			
Net municipal taxes (Schedule 3)	15,922,857	14,649,826	15,228,717
User fees and sales of goods	1,347,289	1,688,003	1,689,915
Government transfers (Schedule 4)	624,523	700,933	2,660,146
Investment income	850,045	854,066	890,681
Realized and unrealized change in investments	-	457,566	(528,952)
Oil well drilling taxes	9,000	7,416	7,721
Total Revenues	18,753,714	18,357,810	19,948,228
EXPENSES			
Administrative services	1,961,730	1,894,677	2,063,105
Council and other legislative services	1,181,127	863,243	1,233,079
Protective services	921,505	793,521	1,347,893
Transportation services	10,138,772	9,034,412	11,224,353
Agricultural services	942,881	824,343	790,078
Utilities and environmental services	1,834,365	1,702,754	1,907,341
Planning and development services	209,971	185,545	203,987
Family and community support services	125,061	125,061	375,061
Economic development and community services	461,282	402,240	320,225
Recreation and cultural services	547,093	435,399	687,106
Total Expenses	18,323,787	16,261,195	20,152,228
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	429,927	2,096,615	(204,000)
OTHER			
Government transfers for capital (Schedule 4)	1,580,473	183,331	4,870,062
EXCESS OF REVENUE OVER EXPENSES	2,010,400	2,279,946	4,666,062
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	83,932,671	79,266,609
ACCUMULATED SURPLUS, END OF YEAR	2,010,400	86,212,617	83,932,671

The accompanying notes form part of these financial statements.

County of Northern Lights
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2014

	Budget \$	2014 \$	2013 \$
EXCESS OF REVENUE OVER EXPENSES	2,010,400	2,279,946	4,666,062
Acquisition of tangible capital assets	(10,160,000)	(6,120,152)	(13,533,686)
Proceeds on disposal of tangible capital asset	-	287,250	84,378
Amortization of tangible capital assets	-	3,222,194	2,707,930
Loss (gain) on disposal of tangible capital assets	-	23,749	(23,050)
	(10,160,000)	(2,586,959)	(10,764,428)
Acquisition of supplies inventories	-	(1,354,465)	(1,843,172)
Acquisition of prepaid assets	-	(138,436)	(98,866)
Use of supplies inventories	-	2,041,445	1,644,899
Use of prepaid assets	-	98,866	133,797
	-	647,410	(163,342)
INCREASE (DECREASE) IN NET ASSETS	(8,149,600)	340,397	(6,261,708)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	-	25,214,345	31,476,053
NET FINANCIAL ASSETS, END OF YEAR	(8,149,600)	25,554,742	25,214,345

The accompanying notes form part of these financial statements.

County of Northern Lights
Consolidated Statement of Cash Flows
For the year ended December 31, 2014

	2014	2013
	\$	(Restated) \$
OPERATING		
Excess of revenue over expenditures	2,279,946	4,666,062
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	3,222,194	2,707,930
Loss (gain) on disposal of tangible capital assets	23,749	(23,050)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	182,498	(62,183)
Decrease (increase) in trade and other receivables	2,224,118	(2,095,807)
Decrease (increase) in prepaid expenditures	(39,570)	34,931
Decrease (increase) in inventory for consumption	686,980	(198,273)
Increase (decrease) in accounts payable and accrued liabilities	(915,225)	158,542
Increase (decrease) in deferred revenue	2,074,709	29,115
Increase (decrease) in reclamation liability costs	20,000	166,308
Cash from operations	9,759,399	5,383,575
CAPITAL		
Acquisition of tangible capital assets	(6,120,152)	(13,533,686)
Proceeds on disposal of tangible capital assets	287,250	84,378
Cash applied to capital transactions	(5,832,902)	(13,449,308)
INVESTING		
Decrease (increase) in investments	(12,134,268)	10,022,014
Cash applied to financing transactions	(12,134,268)	10,022,014
FINANCING		
Long-term liabilities issued	2,999,500	4,600,000
Long-term liabilities repaid	(383,920)	(138,236)
Cash applied to financing transactions	2,615,580	4,461,764
CHANGE IN CASH DURING THE YEAR	(5,592,191)	6,418,045
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	8,931,790	2,513,745
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	3,339,599	8,931,790

The accompanying notes form part of these financial statements.

County of Northern Lights
Schedule of Changes in Accumulated Surplus - Schedule 1

For the year ended December 31, 2014

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2014 \$	2013 \$
BALANCE, BEGINNING OF YEAR	67,017	34,144,073	49,721,581	83,932,671	79,266,609
Excess of revenue over expenses	2,279,946	-	-	2,279,946	4,666,062
Unrestricted funds designated for future use	(5,619,272)	5,619,272	-	-	-
Restricted funds used for operations	440,212	(440,212)	-	-	-
Restricted funds used for tangible capital assets	-	(2,848,512)	2,848,512	-	-
Current years funds used for tangible capital assets	(3,701,811)	-	3,701,811	-	-
Disposal of tangible capital assets	741,167	-	(741,167)	-	-
Annual amortization expense	3,222,194	-	(3,222,194)	-	-
Long-term liabilities obtained	2,999,500	-	(2,999,500)	-	-
Long-term liabilities repaid	(383,917)	-	383,917	-	-
Change in accumulated surplus	(21,981)	2,330,548	(28,621)	2,279,946	4,666,062
BALANCE, END OF YEAR	45,036	36,474,621	49,692,960	86,212,617	83,932,671

The accompanying notes form part of these financial statements.

County of Northern Lights
Schedule of Tangible Capital Assets - Schedule 2

For the year ended December 31, 2014

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2014	2013
						\$	\$
COST:							
Balance, Beginning of Year	770,382	4,623,471	67,451,238	5,205,123	2,803,337	80,853,551	67,571,712
Acquisition of tangible capital assets	3,300	162,305	4,837,912	559,527	224,937	5,787,981	12,937,898
Construction-in-progress	-	-	332,171	-	-	332,171	595,788
Disposal of tangible capital assets	-	-	(31,731)	(512,401)	(197,035)	(741,167)	(251,847)
Balance, End of Year	773,682	4,785,776	72,589,590	5,252,249	2,831,239	86,232,536	80,853,551
ACCUMULATED AMORTIZATION:							
Balance, Beginning of Year	-	1,361,905	19,340,380	2,046,450	1,526,801	24,275,536	21,758,125
Annual amortization	-	112,728	2,408,762	450,050	250,654	3,222,194	2,707,930
Accumulated amortization on disposals	-	-	-	(254,080)	(176,088)	(430,168)	(190,519)
Balance, End of Year	-	1,474,633	21,749,142	2,242,420	1,601,367	27,067,562	24,275,536
NET BOOK VALUE	773,682	3,311,143	50,840,448	3,009,829	1,229,872	59,164,974	56,578,015
2013 NET BOOK VALUE	770,382	3,261,566	48,110,858	3,158,673	1,276,536	56,578,015	45,813,587

The accompanying notes form part of these financial statements.

County of Northern Lights
Schedule of Property and Other Taxes - Schedule 3
For the year ended December 31, 2014

	Budget	2014	2013
	\$	\$	\$
TAXATION			
Real property taxes	9,715,517	9,290,253	9,936,849
Linear property taxes	9,869,311	8,971,928	9,015,659
Government grants in place of property taxes	23,677	19,376	18,968
Penalties and costs	165,000	230,593	214,512
	19,773,505	18,512,150	19,185,988
REQUISITIONS			
Provincial School Foundation Fund	3,512,369	3,519,890	3,609,453
Senior Foundation	338,279	342,434	347,818
	3,850,648	3,862,324	3,957,271
NET MUNICIPAL TAXES	15,922,857	14,649,826	15,228,717

County of Northern Lights
Schedule of Government Transfers - Schedule 4
For the year ended December 31, 2014

	Budget \$	2014 \$	2013 \$
<u>OPERATING</u>			
FEDERAL TRANSFERS			
Shared-cost agreements and grants	100,048	170,048	568,676
PROVINCIAL TRANSFERS			
Shared-cost agreements and grants	514,475	443,705	2,081,470
LOCAL GOVERNMENT TRANSFERS			
Shared-cost agreements and grants	10,000	87,180	10,000
	624,523	700,933	2,660,146
<u>CAPITAL</u>			
PROVINCIAL TRANSFERS			
Shared-cost agreements and grants	1,580,473	183,331	4,870,062

The accompanying notes form part of these financial statements.

County of Northern Lights

Schedule of Consolidated Expenditures by Object - Schedule 5

For the year ended December 31, 2014

	Budget	2014	2013
	\$	\$	\$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	4,067,637	3,643,429	3,565,149
Contracted and general services	6,861,818	5,791,135	8,208,619
Materials, goods and utilities	2,224,383	2,002,206	2,513,812
Transfers to local boards and agencies	1,829,179	1,375,109	3,091,647
Interest on long-term liabilities	614,257	227,122	65,071
Amortization of tangible capital assets	2,726,513	3,222,194	2,707,930
	18,323,787	16,261,195	20,152,228

The accompanying notes form part of these financial statements.

County of Northern Lights
Schedule of Segmented Disclosure - Schedule 6

For the year ended December 31, 2014

	Administrative Services \$	Council & Legislative Services \$	Protective Services \$	Transportation Services \$	Agricultural Services \$	Utilities & Environmental Services \$
REVENUE						
Net municipal taxes	14,649,827	-	-	-	-	-
Government transfer	117,940	-	6,034	411,882	168,359	70,000
User fees and sales of goods	53,655	-	20,012	580,122	9,348	1,002,583
Investment income	1,311,632	-	-	-	-	-
Oil well drilling taxes	7,420	-	-	-	-	-
	16,140,474	-	26,046	992,004	177,707	1,072,583
EXPENSES						
Salaries, wages and benefits	840,932	119,183	146,339	1,739,798	178,474	403,605
Contract and general services	843,777	113,496	432,895	3,115,292	467,073	474,975
Materials, goods and utilities	108,145	8,543	64,407	1,583,607	72,631	120,922
Transfers to local boards and agencies	-	622,021	77,198	-	80,618	49,707
Interest on long-term liabilities	12	-	-	80,104	-	147,006
	1,792,866	863,243	720,839	6,518,801	798,796	1,196,215
NET REVENUE, BEFORE AMORTIZATION	14,347,608	(863,243)	(694,793)	(5,526,797)	(621,089)	(123,632)
Amortization expense	101,811	-	72,683	2,515,612	25,548	506,540
NET REVENUE	14,245,797	(863,243)	(767,476)	(8,042,409)	(646,637)	(630,172)

The accompanying notes form part of these financial statements.

County of Northern Lights
Schedule of Segmented Disclosure - Schedule 6

For the year ended December 31, 2014

	\$	\$	\$	\$	\$	\$
	Planning & Development Services	Family & Community Support Services	Economic Development & Community Services	Recreation & Cultural Services	2014	2013
REVENUE						
Net municipal taxes	-	-	-	-	14,649,827	15,228,718
Government transfer	-	100,048	10,000	-	884,263	7,530,208
User fees and sales of goods	13,900	-	8,383	-	1,688,003	1,689,915
Investment income	-	-	-	-	1,311,632	361,729
Oil well drilling taxes	-	-	-	-	7,420	7,721
	13,900	100,048	18,383	-	18,541,145	24,818,291
EXPENSES						
Salaries, wages and benefits	46,182	-	168,920	-	3,643,433	3,565,149
Contract and general services	139,363	-	172,589	31,675	5,791,135	8,208,619
Materials, goods and utilities	-	-	43,951	-	2,002,206	2,513,812
Transfers to local boards and agencies	-	125,061	16,780	403,724	1,375,109	3,091,647
Interest on long-term liabilities	-	-	-	-	227,122	65,071
	185,545	125,061	402,240	435,399	13,039,005	17,444,298
NET REVENUE, BEFORE AMORTIZATION	(171,645)	(25,013)	(383,857)	(435,399)	5,502,140	7,373,993
Amortization expense	-	-	-	-	3,222,194	2,707,930
NET REVENUE	(171,645)	(25,013)	(383,857)	(435,399)	2,279,946	4,666,063

The accompanying notes form part of these financial statements.

County of Northern Lights
Notes to the Financial Statements
December 31, 2014

DESCRIPTION OF OPERATIONS

The County of Northern Lights is a local government authority providing municipal services. The County is empowered through bylaws and policies approved by Council and pursuant to the Municipal Government Act.

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting Entity

These financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the County's 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 record 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 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 assets are acquired.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 expenditure 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.

County of Northern Lights
Notes to the Financial Statements
December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Cash and Temporary Investments

Cash and cash equivalents consists of bank accounts and temporary investments with maturities of three months or less.

(e) Investments

Investments are recorded at fair market value.

(f) Inventories 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 the respective function.

(g) Tax Revenue

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

(h) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the County is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

(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, the 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.

County of Northern Lights
Notes to the Financial Statements

December 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES - continued

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 cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land	
Land Improvements	15-20
Buildings	25-50
Engineered structures	10-75
Machinery and equipment	5-20
Vehicles	3-20

Annual amortization is charged in the year of disposal and not 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. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operation leases and the related lease payments are charges to expenses as incurred.

iv. Inventories

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

2. CASH AND TEMPORARY INVESTMENTS

	2014	2013
	\$	\$
Cash	1,239,599	3,931,790
Temporary investment	2,100,000	5,000,000
	3,339,599	8,931,790

Temporary investment is a short-term guaranteed investment certificate with an effective interest rate of 2.12% and matures on January, 2015.

County of Northern Lights
Notes to the Financial Statements
December 31, 2014

3. RECEIVABLES

	2014	2013
	\$	\$
Property taxes		
Current taxes and grants in place of taxes	250,459	443,435
Arrears	779,184	545,441
Allowance for doubtful accounts	(752,646)	(529,381)
	<u>276,997</u>	<u>459,495</u>
Other		
Trade	262,845	1,821,032
Interest accrued	174,435	217,493
GST	218,223	796,269
Loan	735,428	778,554
Allowance for doubtful accounts	(6,701)	(5,000)
	<u>1,384,230</u>	<u>3,608,348</u>
	<u>1,661,227</u>	<u>4,067,843</u>

The loan receivable is from North Peace Housing Foundation, repayable over a 15 year period with interest charged at 4%.

4. INVESTMENTS

	2014	2013
	\$	\$
Guaranteed investment certificates	4,000,000	4,900,000
Bonds	16,992,886	17,758,123
Mutual funds	13,944,471	144,966
Alberta Municipal Financing Corporation Shares - at cost	70	70
	<u>34,937,427</u>	<u>22,803,159</u>

Guaranteed investment certificates have effective interest rates of 1.89% to 2.09 with maturities of more than 3 months.

Bonds include a mixture of high grade corporate and government bonds with effective interest rates of 2.37% to 4.3% with maturities dates of August, 2016 to September, 2023.

Mutual funds are high interest savings account funds with effective interest rates of 1.5%.

Council has designated investments for the funding of restricted reserves, including operating (\$10,737,413) and capital (\$25,737,208), totaling \$36,474,621.

County of Northern Lights
Notes to the Financial Statements

December 31, 2014

5. EMPLOYEE BENEFIT OBLIGATIONS

	2014	2013
	\$	\$
Vacation and overtime	149,402	143,868

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

6. DEFERRED REVENUE

	2014	2013
	\$	\$
Prepaid property taxes and utilities	32,584	23,292
Municipal transportation grant	471,074	-
Bridge grant	5,823	5,823
Fire smart grant	3,966	-
Municipal Sustainability Initiative - Capital	1,590,377	-
	2,103,824	29,115

7. LONG-TERM LIABILITIES

	2014	2013
	\$	\$
Alberta Capital Finance Authority - 4001014	781,794	839,209
Alberta Capital Finance Authority - 4001468	1,332,261	1,417,225
Alberta Capital Finance Authority - 4001621	1,515,986	1,600,000
Alberta Capital Finance Authority - 4001622	2,842,473	3,000,000
Alberta Capital Finance Authority - 4001728	2,999,500	-
	9,472,014	6,856,434

The Alberta Capital Finance Authority loan 4001014 is due September 2025 and is repayable over a 15 year period in semi-annual instalments of \$43,094 including interest charged at 3.488%.

The Alberta Capital Finance Authority loan 4001468 is due December 2027 and is repayable over a 15 year period in semi-annual instalments of \$60,820 including interest charged at 2.627%.

The Alberta Capital Finance Authority loan 4001621 is due December 16, 2028 and is repayable over a 15 year period in semi-annual instalments of \$68,024 including interest charged at 3.295%.

The Alberta Capital Finance Authority loan 4001622 is due December 16, 2028 and is repayable over a 15 year period in semi-annual instalments of \$127,545 including interest charged at 3.295%.

County of Northern Lights
Notes to the Financial Statements
December 31, 2014

7. LONG-TERM LIABILITIES - continued

The Alberta Capital Finance Authority loan 4001728 is due September 15, 2029 and is repayable over a 15 year period in semi-annual instalments of \$123,256 including interest charged at 2.814%.

Debenture debt is issued on the credit and security of the County of Northern Lights.

Interest on long-term liabilities amounted to \$227,121 (2013 - \$65,071).

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2015	559,456	286,022	845,478
2016	576,770	268,708	845,478
2017	594,625	250,853	845,478
2018	613,039	232,440	845,479
2019	632,028	213,451	845,479
Thereafter	6,496,096	981,517	7,477,613
	9,472,014	2,232,991	11,705,005

8. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 40 years after closure using a discount rate of 6% and assuming annual inflation of 2%.

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total capacity of the site is estimated at 1,728 cubic metres. The estimated remaining capacity if the landfill site is 850 cubic metres. The existing landfill site is expected to reach capacity in approximately the year 2022 to 2024.

The County has not designated assets for settling closure and post-closure liabilities.

The liability at December 31, 2014 is \$128,335 (2013 - \$108,335) represents the present value of closure and post-closure costs.

County of Northern Lights
Notes to the Financial Statements

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9. DEBT LIMIT

Section 276(2) of the Municipal Government Act requires that total debt limit as defined by Alberta Regulation 255/00 for the County of Northern Lights be disclosed as follow:

	2014	2013
	\$	\$
Total Debt Limit	27,536,715	29,922,342
Total Debt	9,472,014	6,856,434
Debt Limit Available	18,064,701	23,065,908
Debt Service Limit	4,589,453	4,987,057
Debt Service	559,456	383,918
Debt Service Limit Available	4,029,997	4,603,139

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 which 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.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2014	2013
	\$	\$
Tangible capital assets (Schedule 2)	86,232,536	80,853,551
Accumulated amortization (Schedule 2)	(27,067,562)	(24,275,536)
Long-term liabilities (Note 7)	(9,472,014)	(6,856,434)
Total	49,692,960	49,721,581

County of Northern Lights
Notes to the Financial Statements
December 31, 2014

11. ACCUMULATED SURPLUS

	2014	2013
	\$	\$
Unrestricted surplus	45,036	67,017
Restricted surplus		
Operating reserves		
Financial stabilization	5,488,088	4,359,503
Highway 35 access road	124,665	124,665
Rate stabilization fund	5,047,006	4,358,632
Municipal reserve	77,654	77,654
Capital reserves		
Airport	575,972	354,721
Agriculture service board	101,262	111,536
Capital facility	166,180	634,266
Chinchaga road improvement	621,530	615,351
General	398,622	-
Financial management	81,438	79,370
Fire protection	1,887,950	1,817,597
Fleet replacement	3,217,673	2,938,589
Intermunicipal	5,748,840	5,562,869
Recreation	326,020	317,742
Sewer	970,681	909,346
Transportation		
Road construction	3,455,821	2,801,699
Municipal sustainability initiative	1,074,217	1,064,859
Water upgrading	7,111,002	8,015,674
Equity in tangible capital assets	49,692,960	49,721,581
	86,212,617	83,932,671

12. SALARY AND BENEFITS DISCLOSURE

	2014			2013	
	Benefits &			Total	Total
	Salary (1)	Allowances (2)	Expenses		
	\$	\$	\$	\$	\$
Anderson, Cheryl - Reeve	34,875	1,590	9,910	46,375	41,285
Councillors					
Kamieniecki, Edward	13,860	1,547	636	16,043	12,992
Halabisky, Belinda	20,055	7,399	856	28,310	28,587
Harbaruk, Joan	-	-	-	-	21,038
Reese, Brent	19,845	6,297	846	26,988	21,466
Ungarian, Terry	18,465	7,342	798	26,605	26,901
Loogman, Arie	19,110	4,420	810	24,340	4,226
Yasinski, Brenda	16,695	4,882	690	22,267	5,213
Chief Administrative Officer	151,600	31,412	1,904	184,916	199,013

County of Northern Lights
Notes to the Financial Statements

December 31, 2014

12. SALARY AND BENEFITS DISCLOSURE - continued

- (1) Salary includes regular base pay, overtime, honoraria and any other direct cash remuneration.
- (2) Consists of employer's share of all employee benefits and contributions or payments made on behalf of employees including Canada Pension Plan, employment insurance, Workers' Compensation Board, health care, dental coverage, group life insurance, accidental death and dismemberment insurance, long and short term disability plans, retirement pension professional memberships and tuition.

13. LOCAL AUTHORITIES PENSION PLAN

Employees of the County 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 153,000 people and 404 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 County 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 County 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 County to the LAPP in 2014 were \$268,481 (2013 - \$264,239). Total current service contributions by the employees of the County to the LAPP in 2014 were \$247,546 (2013 - \$241,581).

14. CONTINGENCIES

- (1) The County is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the County 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.

The Alberta Society for Pension Reform has filed suit seeking entitlement to pension benefits. The likelihood of this suit being successful and the amount of any Court award is not presently determinable.

- (2) A claim has been filed against the County, regarding additional work done on the Vista Creek road, in the amount of \$2,797,742.

The likelihood of recovery against the County is undetermined, the County filed a statement of defence and also counterclaimed for \$346,403.

- (3) A claim has been filed against the County, regarding the termination of a lease relating to premises located at the Manning Airport, in the amount of \$750,000 for damages and \$250,00 for loss of business.

The likelihood of recovery against the County is undetermined.

County of Northern Lights
Notes to the Financial Statements
December 31, 2014

15. FINANCIAL INSTRUMENTS

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

The County hold bonds which may be exposed to interest risk if the bonds are traded. If the bonds are held to maturity there is no exposure to interest risk.

Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

16. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current years presentation.

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.