

County of Northern Lights
Financial Statements
December 31, 2024

County of Northern Lights

CONTENTS

	<u>Page</u>
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITORS' REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations	5
Statement of Change in Net Financial Assets	6
Statement of Cash Flows	7
Schedule of Changes in Accumulated Surplus - Schedule 1	8
Schedule of Tangible Capital Assets - Schedule 2	9
Schedule of Property and Other Taxes - Schedule 3	10
Schedule of Government Transfers - Schedule 4	11
Schedule of Expenses by Object - Schedule 5	12
Schedule of Segmented Disclosure - Schedule 6	13 - 14
Notes to Financial Statements	15 - 29

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the County of Northern Lights is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this County's financial position at December 31, 2024 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 County Council carries out its responsibilities for review of the financial statements principally through its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

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

The financial statements have been audited by Doyle & Company Chartered Professional Accountants, independent external auditors appointed by the County. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the County's financial statements.

Gerhard Stickling
Chief Administrative Officer

Josh Hunter
Director of Finance, CPA, CMA

April 22, 2025
County of Northern Lights, Canada

Edward Cheung, CPA, CA*
Scott T. Mockford, CPA, CA*
Allen Lee, CPA, CMA*
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INDEPENDENT AUDITORS' REPORT

To the Members of Council

Opinion

We have audited the financial statements of the County of Northern Lights (the Entity), which comprise the statement of financial position as at December 31, 2024, and the results of its operations, changes in its net financial assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the County of Northern Lights as at December 31, 2024, the results of its operations, changes in its net financial assets 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 Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

INDEPENDENT AUDITORS' REPORT - continued

- 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

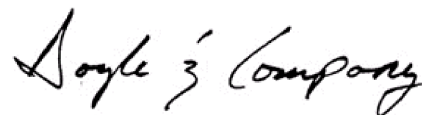
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in Note 12.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 1.

The engagement partner on the audit resulting in this independent auditor's report is Scott Mockford, CPA, CA.

April 22, 2025
11210 - 107 Avenue NW
Edmonton, Alberta T5H 0Y1



Chartered Professional Accountants

County of Northern Lights

Statement of Financial Position

As at December 31, 2024

	2024	2023
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	15,362,152	14,377,005
Receivables		
Taxes and grants in lieu receivable (Note 4)	512,951	1,226,112
Trade and other receivables (Note 5)	2,651,596	2,550,221
Investments (Note 6)	30,413,093	26,285,120
	48,939,792	44,438,458
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	1,621,532	1,613,599
Deferred revenue (Note 9)	101,084	503,852
Long-term liabilities (Note 10)	16,632,179	18,043,696
Landfill reclamation costs (Note 11)	168,335	168,335
Gravel reclamation liability (Note 12)	1,040,000	1,040,000
	19,563,130	21,369,482
NET FINANCIAL ASSETS	29,376,662	23,068,976
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	113,093,818	115,670,713
Inventory for consumption	2,332,147	3,141,933
Prepaid expenses (Note 7)	333,987	407,480
	115,759,952	119,220,126
ACCUMULATED SURPLUS (Schedule 1, Note 15)	145,136,614	142,289,102

The accompanying notes form part of these financial statements.

County of Northern Lights

Statement of Operations

For the year ended December 31, 2024

	2024 Budget \$	2024 Actual \$	2023 Actual \$
REVENUE			
Net municipal taxes (Schedule 3)	19,481,268	19,636,708	19,237,320
Government transfers (Schedule 4)	620,605	626,369	619,255
User fees and sales of goods	1,321,820	1,856,751	1,645,948
Investment income	800,000	1,946,554	1,772,891
Realized gain on investments	-	63,342	46,168
Total Revenues	22,223,693	24,129,724	23,321,582
EXPENSES			
Administrative services	2,231,347	3,847,323	2,366,364
Council and other legislative services	2,117,113	2,227,272	2,455,094
Protective services	1,140,017	1,109,661	941,573
Transportation services	11,048,800	10,247,454	11,154,677
Agricultural services	751,215	686,568	606,332
Utilities and environmental services	4,122,323	4,249,819	3,830,690
Planning and development services	213,350	340,988	207,474
Family and community support services	156,826	156,826	155,137
Economic development and community services	197,274	208,813	203,491
Recreation and cultural services	418,589	426,634	437,298
Total Expenses	22,396,854	23,501,358	22,358,130
EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	(173,161)	628,366	963,452
OTHER			
Government transfers for capital (Schedule 4)	4,804,533	1,979,302	13,295,199
Unrealized gain (loss) on investments (Note 6)	-	235,383	586,564
Gain (loss) on disposal of capital assets	-	4,461	(2,496,967)
EXCESS OF REVENUE OVER EXPENSES	4,631,372	2,847,512	12,348,248
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	142,289,102	129,940,854
ACCUMULATED SURPLUS, END OF YEAR	4,631,372	145,136,614	142,289,102

The accompanying notes form part of these financial statements.

County of Northern Lights
Statement of Change in Net Financial Assets
For the year ended December 31, 2024

	2024 Budget \$	2024 Actual \$	2023 Actual \$
EXCESS OF REVENUE OVER EXPENSES	4,631,372	2,847,512	12,348,248
Acquisition of tangible capital assets	(5,957,420)	(1,300,317)	(3,258,569)
Proceeds on disposal of tangible capital asset	-	17,500	108,000
Amortization of tangible capital assets	3,761,674	3,864,173	3,701,958
Loss (gain) on disposal of tangible capital assets	-	(4,461)	2,496,967
	(2,195,746)	2,576,895	3,048,356
Acquisition of supplies inventories	-	(2,332,147)	(3,141,933)
Acquisition of prepaid assets	-	(333,987)	(407,480)
Use of supplies inventories	-	3,141,933	3,988,713
Use of prepaid assets	-	407,480	522,002
	-	883,279	961,302
CHANGE IN NET ASSETS DURING THE YEAR	2,435,626	6,307,686	16,357,906
NET FINANCIAL ASSETS, BEGINNING OF YEAR	-	23,068,976	6,711,070
NET FINANCIAL ASSETS, END OF YEAR	-	29,376,662	23,068,976

The accompanying notes form part of these financial statements.

County of Northern Lights

Statement of Cash Flows

For the year ended December 31, 2024

	2024 \$	2023 \$
OPERATING		
Excess of revenue over expenditures	2,847,512	12,348,248
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	3,864,173	3,701,958
Loss (gain) on disposal of tangible capital assets	(4,461)	2,496,967
Non-cash charges to operations (net change):		
Decrease in taxes and grants in lieu receivable	713,161	2,333
Decrease (increase) in trade and other receivables	(101,375)	(25,469)
Decrease in prepaid expenditures	73,493	114,522
Decrease (increase) in inventory for consumption	809,786	846,780
Increase (decrease) in accounts payable and accrued liabilities	7,933	(20,750,889)
Increase in deferred contributions	(402,768)	(764,832)
Cash from operations	7,807,454	(2,030,382)
CAPITAL		
Acquisition of tangible capital assets	(1,300,317)	(3,258,569)
Proceeds on disposal of tangible capital assets	17,500	108,000
Cash applied to capital transactions	(1,282,817)	(3,150,569)
INVESTING		
Decrease (increase) in investments	(4,127,973)	3,225,274
FINANCING		
Long-term liabilities issued	-	9,500,000
Long-term liabilities repaid	(1,411,517)	(1,301,845)
Cash applied to financing transactions	(1,411,517)	8,198,155
CHANGE IN CASH DURING THE YEAR	985,147	6,242,478
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	14,377,005	8,134,527
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	15,362,152	14,377,005

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, 2024

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2024 Total \$	2023 Total \$
BALANCE, BEGINNING OF YEAR	-	44,662,085	97,627,017	142,289,102	129,940,854
Excess of revenue over expenses	2,847,512	-	-	2,847,512	12,348,248
Unrestricted funds used for tangible capital assets	(1,251,787)	-	1,251,787	-	-
Restricted funds used for tangible capital assets	-	(48,530)	48,530	-	-
Disposal of tangible capital assets	13,039	-	(13,039)	-	-
Annual amortization expense	3,864,173	-	(3,864,173)	-	-
Long-term liabilities repaid	(1,411,517)	-	1,411,517	-	-
Change in accumulated surplus	4,061,420	(48,530)	(1,165,378)	2,847,512	12,348,248
BALANCE, END OF YEAR	4,061,420	44,613,555	96,461,639	145,136,614	142,289,102

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, 2024

	Land	Buildings	Construction in Progress	Engineered Structures	Machinery and Equipment	Vehicles	2024 Total	2023 Total
	\$	\$	\$	\$	\$	\$	\$	\$
COST:								
Balance, Beginning of Year	1,013,296	5,082,519	150,785	149,433,609	8,031,872	3,479,212	167,191,293	167,760,366
Acquisition of tangible capital assets	-	30,693	238,972	-	933,189	97,463	1,300,317	3,258,569
Disposal of tangible capital assets	-	-	-	-	(46,443)	-	(46,443)	(3,827,642)
Transfer from construction in progress	-	-	(30,000)	-	30,000	-	-	-
Balance, End of Year	1,013,296	5,113,212	359,757	149,433,609	8,918,618	3,576,675	168,445,167	167,191,293
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	2,524,854	-	42,573,628	4,439,975	1,982,123	51,520,580	49,041,297
Annual amortization	-	120,800	-	3,093,468	459,737	190,168	3,864,173	3,701,958
Accumulated amortization on disposals	-	-	-	-	(33,404)	-	(33,404)	(1,222,675)
Balance, End of Year	-	2,645,654	-	45,667,096	4,866,308	2,172,291	55,351,349	51,520,580
NET BOOK VALUE	1,013,296	2,467,558	359,757	103,766,513	4,052,310	1,404,384	113,093,818	115,670,713
2023 NET BOOK VALUE	1,013,296	2,557,665	150,785	106,859,981	3,591,897	1,497,089	115,670,713	

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, 2024

	2024	2024	2023
	Budget	Actual	Actual
	\$	\$	\$
TAXATION			
Real property taxes	14,332,142	14,730,334	14,140,269
Linear property taxes	8,958,870	8,518,832	8,599,889
Government grants in place of property taxes	12,070	19,725	25,036
Penalties and costs	150,000	810,417	525,825
	23,453,082	24,079,308	23,291,019
REQUISITIONS			
Provincial School Foundation Fund	3,063,609	3,520,749	3,247,498
Senior Foundation	838,205	842,582	731,872
Provincial Designated Industrial Property Assessment	70,000	79,269	74,329
	3,971,814	4,442,600	4,053,699
NET MUNICIPAL TAXES	19,481,268	19,636,708	19,237,320

The accompanying notes form part of these financial statements.

County of Northern Lights
Schedule of Government Transfers - Schedule 4
For the year ended December 31, 2024

	2024 Budget \$	2024 Actual \$	2023 Actual \$
<u>OPERATING</u>			
PROVINCIAL TRANSFERS			
Shared-cost agreements and grants	591,310	597,074	589,960
LOCAL GOVERNMENT TRANSFERS			
Shared-cost agreements and grants	29,295	29,295	29,295
	620,605	626,369	619,255
<u>CAPITAL</u>			
PROVINCIAL TRANSFERS			
Shared-cost agreements and grants	4,804,533	1,979,302	13,295,199

The accompanying notes form part of these financial statements.

County of Northern Lights
Schedule of Expenditures by Object - Schedule 5
For the year ended December 31, 2024

	Budget	2024	2023
	\$	\$	\$
EXPENSES BY OBJECT			
Salaries, wages and benefits	4,125,146	3,935,955	3,505,646
Contracted and general services	8,124,944	7,683,173	9,225,246
Materials, goods and utilities	2,846,735	2,835,478	2,557,557
Transfers to local boards and agencies	2,510,799	2,799,873	2,752,526
Interest on long-term liabilities	870,730	801,854	617,060
Amortization of tangible capital assets	3,761,674	3,866,035	3,700,095
Bad debt write-offs	-	1,578,989	-
	22,240,028	23,501,357	22,358,130

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, 2024

	Administrative Services \$	Council & Legislative Services \$	Protective Services \$	Transportation Services \$	Agricultural Services \$	Utilities & Environmental Services \$
REVENUE						
Net municipal taxes	19,638,556	-	-	-	-	-
Government transfer	299,602	-	-	2,008,597	166,247	-
User fees and sales of goods	25,505	(1,961)	54,465	371,518	13,724	1,214,957
Investment income (loss)	2,009,896	-	-	63,742	4,428	93,150
	21,973,559	(1,961)	54,465	2,443,857	184,399	1,308,107
EXPENSES						
Salaries, wages and benefits	849,782	260,690	87,188	1,976,144	67,846	605,299
Contract and general services	1,182,126	212,592	501,530	4,270,006	477,265	615,553
Materials, goods and utilities	72,846	-	83,403	1,669,888	21,886	973,074
Transfers to local boards and agencies	-	1,753,991	346,069	-	100,308	-
Interest on long-term liabilities	1,662,874	-	-	28,880	-	689,089
	3,767,628	2,227,273	1,018,190	7,944,918	667,305	2,883,015
NET REVENUE, BEFORE AMORTIZATION AND UNREALIZED LOSS	18,205,931	(2,229,234)	(963,725)	(5,501,061)	(482,906)	(1,574,908)
Amortization expense	79,693	-	91,472	2,302,536	19,263	1,366,804
Unrealized gain on investments	235,383	-	-	-	-	-
Gain (loss) on disposal of capital assets	4,461	-	-	-	-	-
NET REVENUE	18,366,082	(2,229,234)	(1,055,197)	(7,803,597)	(502,169)	(2,941,712)

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, 2024

	Planning & Development Services \$	Family & Community Support Services \$	Economic Development & Community Services \$	Recreation & Cultural Services \$	2024 Total \$	2023 Total \$
REVENUE						
Net municipal taxes	-	-	-	-	19,638,556	19,237,320
Government transfer	-	125,461	-	-	2,599,907	13,914,453
User fees and sales of goods	9,933	-	6,205	-	1,694,346	1,645,949
Investment income	-	-	5,000	-	2,176,216	1,819,059
	9,933	125,461	11,205	-	26,109,025	36,616,781
EXPENSES						
Salaries, wages and benefits	100	-	88,906	-	3,935,955	3,505,646
Contract and general services	340,888	-	83,213	-	7,683,173	9,225,246
Materials, goods and utilities	-	-	13,907	474	2,835,478	2,557,557
Transfers to local boards and agencies	-	156,826	17,762	424,917	2,799,873	2,752,526
Interest on long-term liabilities	-	-	-	-	2,380,843	617,060
	340,988	156,826	203,788	425,391	19,635,322	18,658,035
NET REVENUE, BEFORE AMORTIZATION	(331,055)	(31,365)	(192,583)	(425,391)	6,473,703	17,958,746
Amortization expense	-	-	5,024	1,243	3,866,035	3,700,095
Unrealized gain (loss) on investments	-	-	-	-	235,383	586,564
Gain (loss) on disposal of capital assets	-	-	-	-	4,461	(2,496,967)
NET REVENUE	(331,055)	(31,365)	(197,607)	(426,634)	2,847,512	12,348,248

The accompanying notes form part of these financial statements.

County of Northern Lights

Notes to the Financial Statements

December 31, 2024

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 Chartered Professional 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.

County of Northern Lights
Notes to the Financial Statements
December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES - continued

c) Use of Estimates

The preparation of financial statements in conformity with Canadian Accounting Standards for Public Sector Accounting Board requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of the tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

d) Valuation of Financial Assets and Liabilities

The County's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Temporary investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Loans receivable and debt charges recoverable	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term liabilities	Amortized cost

(e) Cash and Temporary Investments

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

(f) Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations.

Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments.

When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

County of Northern Lights
Notes to the Financial Statements
December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES - continued

g) Loans Receivable

Loans receivable are initially recognized at cost, net of any transaction costs, with interest income recognized using the effective interest method. Loans receivable are subsequently measured at amortized cost net of any valuation allowances.

h) Long-Term Liabilities

Long-term liabilities are initially recognized net of any premiums, discounts, fees and transaction costs, with interest expense recognized using the effective interest method. Long-term liabilities are subsequently measured at amortized cost.

i) 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.

j) Asset Retirement Obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the county to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the county reviews the carrying amount of the liability. The county recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The county continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

County of Northern Lights
Notes to the Financial Statements
December 31, 2024

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 the county is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

l) 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.

m) Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the county has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payer. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

n) 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.

County of Northern Lights
Notes to the Financial Statements
December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES - continued

o) 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 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 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.

v. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed

p) Deferred Contributions

Deferred contributions represent government transfers, donations and other amounts which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met.

County of Northern Lights
Notes to the Financial Statements
December 31, 2024

2. CASH AND TEMPORARY INVESTMENTS

	2024	2023
	\$	\$
Cash	2,513,671	4,139,916
Temporary investment	12,848,481	10,237,089
	15,362,152	14,377,005

Cash includes two operating bank accounts with ATB Financial which earn interest at 3.65%. Temporary investment is a savings account with ATB Financial and earns interest at prime less 1.6% (3.85%).

3. REVOLVING LOAN

The County of Northern Lights has a \$2,000,000 municipal revolving loan with ATB Financial. Advances under this operating loan are repayable on demand and bears interest at a rate of prime plus 1% (6.45%). As at December 31, 2024 the operating line of credit was unused.

4. TAXES RECEIVABLES

	2024	2023
	\$	\$
Property taxes		
Current taxes and grants in place of taxes	710,715	727,721
Arrears	3,442,405	2,559,572
Allowance for doubtful accounts	(3,640,169)	(2,061,181)
	512,951	1,226,112

County of Northern Lights
Notes to the Financial Statements
December 31, 2024

5. TRADE AND OTHER RECEIVABLES

	2024	2023
	\$	\$
Loans receivable		
North Peace Housing Foundation	445,317	538,898
Manning Regional Childcare Association (MRCCA)	182,295	203,950
Town of Peace River	388,175	452,784
Manning Seed Cleaning Plant	107,000	56,000
Other	2,089	1,800
	1,124,876	1,253,432
Other		
Trade	44,432	46,485
Grants	500,000	357,345
Interest accrued	643,213	667,989
GST	339,396	225,291
Allowance for doubtful accounts	(321)	(321)
	1,526,720	1,296,789
Total loans and other	2,651,596	2,550,221

The loans receivable consists of two loans to North Peace Housing Foundation, repayable over a 15 year period with interest charged annually at 6.7% (prime plus zero)

A loan to Manning Regional Childcare Association (MRCCA), repayable over a 15 year period, is due August, 2033, with interest charged annually at 3.45%.

A loan to the Town of Peace River is non-interest bearing, repayable over a 10 year period and is due September, 2030.

A loan to the Manning Seed Cleaning Plant is non-interest bearing, repayable over a 5 year period and is due May, 2027.

County of Northern Lights
Notes to the Financial Statements
December 31, 2024

6. INVESTMENTS

	2024	
	Cost	Market Value
	\$	\$
Guaranteed investment certificates	9,317,470	9,317,470
Bonds	21,192,326	21,095,553
Alberta Municipal Financing Corporation Shares - at cost	70	70
	30,509,866	30,413,093

	2023	
	Cost	Market Value
	\$	\$
Guaranteed investment certificates	11,297,370	11,297,370
Bonds	15,316,797	14,987,680
Alberta Municipal Financing Corporation Shares - at cost	70	70
	26,614,237	26,285,120

Guaranteed investment certificates have effective interest rates of 4.23% to 5.7% with maturities of more than 3 months.

Bonds include a mixture of high grade corporate and government bonds with effective interest rates of 1.93% to 5.4% and maturity dates of March, 2025 to June, 2037.

Council has designated investments for the funding of both operating and capital restricted reserves.

Unrealized gain on bond investments carried at fair value of \$96,703 (2023 - \$329,086).

The difference between the opening and closing unrealized amounts are a gain of \$235,383 and have been recorded to income.

7. PREPAID EXPENSES

	2024	2023
	\$	\$
Prepaid lease on equipment	83,200	145,757
Insurance	136,355	156,953
Other	114,432	104,770
	333,987	407,480

The prepaid lease on equipment is up front payments made on two CAT graders in amount of \$337,844 each and one CAT grader in amount of \$413,166. The lease term is 5 years and prepaid balance will be amortized annually. The lease is interest free unless a purchase option is exercised at the end of the term.

The other prepaid expenses consist of prepaid annual subscriptions, memberships, and various maintenance packages.

County of Northern Lights
Notes to the Financial Statements
December 31, 2024

8. ACCOUNTS PAYABLE

	2024	2023
	\$	\$
Trade	1,148,493	1,143,088
Accrued interest	125,111	125,111
Construction holdbacks	500	22,768
Employee benefits and source deductions	26,806	28,508
Vacation and overtime	165,302	154,289
Recovery surplus	155,320	139,835
	1,621,532	1,613,599

Vacation and Overtime

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.

9. DEFERRED REVENUE

	2024	2024		
	Opening	Received	Recognized	Closing
	\$	\$	\$	\$
Canada Community Building Fund	413,130	-	(413,130)	-
Family and Community Support	20,601	-	-	20,601
Requisition over-levy	61,962	70,248	(61,962)	70,248
Peace Regional Energy Committee	-	10,000	-	10,000
Other	8,159	235	(8,159)	235
	503,852	503,852	(483,251)	101,084

Deferred contribution is comprised of the funds noted above, the use of which, together with any earnings thereon, is restricted by agreement. These funds are recognized as revenue in the period they are used for the purpose specified.

Unexpended funds related to the above grants are supported by cash deposits held exclusively for these projects.

County of Northern Lights

Notes to the Financial Statements

December 31, 2024

10. LONG-TERM LIABILITIES

	2024	2023
	\$	\$
Alberta Capital Finance Authority - 4001014	83,984	164,753
Alberta Capital Finance Authority - 4001468	348,715	459,016
Alberta Capital Finance Authority - 4001621	505,966	622,456
Alberta Capital Finance Authority - 4001622	948,687	1,167,105
Alberta Capital Finance Authority - 4001728	1,142,314	1,352,241
Alberta Capital Finance Authority - 4001942	1,044,363	1,203,914
Alberta Capital Finance Authority - 4002130	1,343,140	1,514,569
Alberta Capital Finance Authority - 4002316	1,241,372	1,378,216
Alberta Capital Finance Authority - 4002520	685,522	750,290
Alberta Capital Finance Authority - 4004149	9,288,116	9,431,136
	16,632,179	18,043,696

The Alberta Capital Finance Authority loan 4001014 is due September 15, 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 September 15, 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 15, 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 15, 2028 and is repayable over a 15 year period in semi-annual instalments of \$127,545 including interest charged at 3.295%.

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%.

The Alberta Capital Finance Authority loan 4001942 is due December 15, 2030 and is repayable over a 15 year period in semi-annual instalments of \$94,141 including interest charged at 2.459%

The Alberta Capital Finance Authority loan 4002130 is due December 15, 2031 and is repayable over a 15 year period in semi-annual instalments of \$106,308 including interest charged at 2.798%

The Alberta Capital Finance Authority loan 4002316 is due December 15, 2032 and is repayable over a 15 year period in semi-annual instalments of \$87,026 including interest charged at 2.768%

The Alberta Capital Finance Authority loan 4002520 is due December 17, 2033 and is repayable over a 15 year period in semi-annual instalments of \$44,135 including interest charged at 3.201%

The Alberta Capital Finance Authority loan 4004149 is due April, 2053 and is repayable over a 30 year period in semi-annual instalments of \$310,167 including interest charged at 5.08%

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

County of Northern Lights
Notes to the Financial Statements
December 31, 2024

10. LONG-TERM LIABILITIES - continued

Interest on long-term liabilities amounted to \$801,855 (2023 - \$617,060).

Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2025	1,456,867	672,161	2,129,028
2026	1,416,317	626,523	2,042,840
2027	1,461,204	581,637	2,042,841
2028	1,385,154	536,047	1,921,201
2029	1,035,503	494,559	1,530,062
Thereafter	9,877,134	6,189,332	16,066,466
	16,632,179	9,100,259	25,732,438

11. 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 25 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 9,000 cubic metres. The estimated remaining capacity if the landfill site is 7,984 cubic metres. The existing landfill site is expected to reach capacity in approximately the year 2142.

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

The liability at December 31, 2024 is \$168,335 (2023 - \$168,335) represents the present value of closure and post-closure costs.

12. GRAVEL PIT RECLAMATION LIABILITY

The County is responsible for reclamation costs, under Alberta environmental law, related to the pits within the County boundaries. These costs are accrued over the life of the pit. The most recent estimate of this obligation is \$1,040,000 (2023 - \$1,040,000).

Significant assumptions were used in determining this obligation. Engineering studies were used to determine the disturbed area. The current reclamation cost/cubic metre has been used without adjustments for discounting or inflation.

County of Northern Lights

Notes to the Financial Statements

December 31, 2024

13. 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:

	2024	2023
	\$	\$
Total Debt Limit	36,194,586	34,982,373
Total Debt	16,632,179	18,043,696
Debt Limit Available	19,562,407	16,938,677
Debt Service Limit	6,032,431	5,830,396
Debt Service	1,530,062	1,921,201
Debt Service Limit Available	4,502,369	3,909,195

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.

14. EQUITY IN TANGIBLE CAPITAL ASSETS

	2024	2023
	\$	\$
Tangible capital assets (Schedule 2)	168,445,167	167,191,293
Accumulated amortization (Schedule 2)	(55,351,349)	(51,520,580)
Long-term liabilities (Note 10)	(16,632,179)	(18,043,696)
	96,461,639	97,627,017

County of Northern Lights
Notes to the Financial Statements
December 31, 2024

15. ACCUMULATED SURPLUS

	2024	2023
	\$	\$
Unrestricted surplus	4,061,420	-
Restricted surplus		
Operating reserves		
Financial stabilization	11,939,295	11,939,294
Highway 35 access road	179,413	179,413
Rate stabilization fund	8,734,323	8,734,323
Municipal reserve	135,759	135,759
Capital reserves		
Airport	1,271,723	1,271,724
Agriculture service board	107,633	107,633
Bridge replacement	1,428,322	1,428,322
Capital facility	177,843	177,843
Chinchaga road improvement	1,563,208	1,563,208
Financial management	128,683	128,683
Fire protection	1,107,402	1,107,403
Fleet replacement	4,130,600	4,130,600
Inter-municipal	4,707,439	4,755,969
Recreation	517,524	517,524
Sewer	1,560,787	1,560,786
Transportation - road construction	6,290,864	6,290,863
Water upgrading	632,737	632,738
Equity in tangible capital assets	96,461,639	97,627,017
	145,136,614	142,289,102

16. SEGMENTED DISCLOSURE

The County of Northern Lights 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 statement as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

County of Northern Lights

Notes to the Financial Statements

December 31, 2024

17. SALARY AND BENEFITS DISCLOSURE

	2024			2023
	Salary	Benefits & Allowances	Total	Total
	\$	\$	\$	\$
Councilors				
Dechant, Gloria	33,270	1,963	35,233	30,846
Halabisky, Belinda	31,170	5,468	36,638	34,804
Reese, Brent	26,970	3,232	30,202	31,823
Schug, Kalyn	31,210	4,363	35,573	37,746
These, Gary	43,730	11,261	54,991	53,000
Ungarian, Terry	48,230	11,454	59,684	51,419
Yasinski, Brenda	38,240	6,321	44,561	23,605
Chief Administrative Officer	173,615	10,709	184,324	226,305

- (1) Salary includes regular base pay, overtime, honoraria and any other direct cash remuneration.
- (2) Benefits and allowances consists of the 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.

18. 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 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 10.65% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2024 were \$220,149 (2023 - \$216,442). Total current service contributions by the employees of the County to the LAPP in 2024 were \$196,401 (2023 - \$193,808).

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.057 billion. The 2024 actuarial surplus was not available prior to issuing these financial statements.

County of Northern Lights
Notes to the Financial Statements
December 31, 2024

19. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and temporary investments, receivables, investments, accounts payable and accrued liabilities and long-term liabilities. It is management's opinion that the county is not exposed to significant currency risk arising from these financial instruments. Tax receivables are compulsory in nature, rather than contractual, however, the county manages risk exposure on this item similar to other receivables and payables.

Credit Risk

The County is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the county provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. The county is exposed to market price risk from investments in equity and bond instruments whose value fluctuates with changes in quoted market prices.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate. The bank account and investments of the county are subject to interest rate risk because changing interest rates impact the amount of interest earned and the cash flow.

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.

20. CONTINGENCIES

The County of Northern Lights has filed a claim against the engineering firms responsible for the design and the project oversight of a Municipal Water distribution line project. This claim was a result of an arbitration decision awarded to the contractor on the project that saw approximately \$24 million in damages awarded to the contractor. Currently there is no estimated timeline set for this claim.

21. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.