

County of Northern Lights
Financial Statements
December 31, 2010

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 judgements. 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 generally accepted auditing 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

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, 2010 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 generally accepted 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.

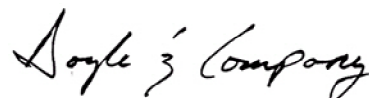
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
April 26, 2011



Chartered Accountants

County of Northern Lights
Consolidated Statement of Financial Position
As at December 31, 2010

	2010	2009
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	28,278,144	31,645,975
Receivables		
Taxes and grants in lieu receivable	589,600	368,017
Trade and other receivables (Note 4)	4,209,959	3,358,222
Investments (Note 5)	71	71
	33,077,774	35,372,285
LIABILITIES		
Accounts payable and accrued liabilities	1,681,804	4,077,762
Obligation under capital lease (Note 8)	-	104,008
Long-term liabilities (Note 9)	1,024,210	39,532
Landfill reclamation costs	88,335	76,454
Gravel reclamation costs	601,077	501,077
	3,395,426	4,798,833
NET FINANCIAL ASSETS	29,682,348	30,573,452
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	39,524,548	33,705,999
Inventory for consumption	1,556,924	2,143,791
Prepaid expenses	127,926	201,570
	41,209,398	36,051,360
ACCUMULATED SURPLUS (Schedule 1, Note 12)	70,891,746	66,624,812

The accompanying notes form part of these financial statements.

County of Northern Lights
Consolidated Statement of Operations
For the year ended December 31, 2010

	Budget \$ (Unaudited)	2010 \$	2009 \$
REVENUE			
Net municipal taxes (Schedule 2)	13,954,860	13,764,780	14,456,260
User fees and sales of goods	1,009,960	975,109	657,472
Government transfers (Schedule 3)	1,130,513	1,199,546	3,075,463
Investment income	350,000	386,046	270,909
Oil well drilling taxes	20,000	14,561	10,516
Total Revenues	16,465,333	16,340,042	18,470,620
EXPENSES			
Administrative services	2,042,129	1,923,153	2,350,042
Council and other legislative services	1,413,800	1,138,624	935,799
Garbage collection and disposal services	183,188	184,195	184,415
Planning and development services	578,272	522,328	1,175,309
Protective services	783,733	769,052	431,736
Public health and welfare services	775,937	766,868	667,877
Recreation and cultural services	830,710	504,897	512,264
Transportation services	7,799,420	8,313,167	7,034,819
Utilities services	4,501,274	4,111,744	951,289
Total Expenses	18,908,463	18,234,028	14,243,550
EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	(2,443,130)	(1,893,986)	4,227,070
OTHER			
Government transfers for capital (Schedule 4)	5,318,598	6,160,920	1,305,373
EXCESS OF REVENUE OVER EXPENSES	2,875,468	4,266,934	5,532,443
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	66,624,812	60,395,696
Prior Period Adjustment (Note 13)	-	-	696,673
ACCUMULATED SURPLUS, END OF YEAR	2,875,468	70,891,746	66,624,812

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, 2010

	Budget \$ (Unaudited)	2010 \$	2009 \$
EXCESS OF REVENUE OVER EXPENSES	2,875,468	4,266,934	5,532,443
Acquisition of tangible capital assets	-	(7,702,552)	(5,581,018)
Proceeds on disposal of tangible capital asset	-	42,392	-
Amortization of tangible capital assets	-	1,869,503	1,759,110
Gain on disposal of tangible capital assets	-	(27,892)	-
	-	(5,818,549)	(3,821,908)
Acquisition of prepaid assets	-	-	(201,570)
Use of supplies inventories	-	586,867	327,240
Use of prepaid assets	-	73,644	117,180
	-	660,511	242,850
INCREASE IN NET ASSETS	2,875,468	(891,104)	1,953,385
NET FINANCIAL ASSETS, BEGINNING OF YEAR	-	30,573,452	28,620,067
NET FINANCIAL ASSETS, END OF YEAR	2,875,468	29,682,348	30,573,452

The accompanying notes form part of these financial statements.

County of Northern Lights
Consolidated Statement of Cash Flows
For the year ended December 31, 2010

	2010 \$	2009 \$
OPERATING		
Excess of revenue over expenditures	4,266,934	4,647,303
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	1,869,503	1,759,110
Gain on disposal of tangible capital assets	(27,892)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(221,583)	(49,549)
Decrease (increase) in trade and other receivables	(851,737)	158,975
Decrease (increase) in prepaid expenditures	73,644	(84,390)
Decrease (increase) in inventory for consumption	586,867	327,240
Increase (decrease) in accounts payable and accrued liabilities	(2,395,958)	1,835,430
Increase (decrease) in reclamation costs	111,881	111,881
Cash from operations	3,411,659	8,706,000
CAPITAL		
Acquisition of tangible capital assets	(7,702,552)	(5,581,018)
Proceeds on disposal of tangible capital assets	42,392	-
Cash applied to capital transactions	(7,660,160)	(5,581,018)
FINANCING		
Long-term liabilities issued	1,000,000	-
Long-term liabilities repaid	(119,330)	(138,566)
Cash applied to financing transactions	880,670	(138,566)
CHANGE IN CASH DURING THE YEAR	(3,367,831)	2,986,416
CASH, BEGINNING OF YEAR	31,645,975	28,659,559
CASH, END OF YEAR	28,278,144	31,645,975

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, 2010

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2010 \$	2009 \$
Balance, Beginning of Year	5,404,247	27,658,106	33,562,459	66,624,812	61,092,369
Excess (deficiency) of revenue over expenses	4,266,934	-	-	4,266,934	5,532,443
Unrestricted funds designated for future use	(2,343,622)	2,343,622	-	-	-
Restricted funds used for tangible capital assets	-	(2,509,007)	2,509,007	-	-
Current years funds used for tangible capital assets	(4,193,545)	-	4,193,545	-	-
Disposal of tangible capital assets	14,500	-	(14,500)	-	-
Annual amortization expenses	1,869,503	-	(1,869,503)	-	-
Long-term liabilities repaid	(119,330)	-	119,330	-	-
Change in accumulated surplus	(505,560)	(165,385)	4,937,879	4,266,934	5,532,443
Balance, End of Year	4,898,687	27,492,721	38,500,338	70,891,746	66,624,812

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, 2010

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2010 \$	2009 \$ (Restated)
COST:							
Balance, Beginning of Year	760,191	3,385,192	39,028,830	3,839,165	2,015,591	49,028,969	44,813,655
Acquisition of tangible capital assets	700	138,207	8,258,537	159,899	517,528	9,074,871	4,196,500
Construction-in-progress	-	-	690,058	-	-	690,058	2,081,191
Disposal of tangible capital assets	-	-	-	(140,274)	(77,426)	(217,700)	-
Balance, End of Year	760,891	3,523,399	47,977,425	3,858,790	2,455,693	58,576,198	51,091,346
ACCUMULATED AMORTIZATION:							
Balance, Beginning of Year	-	988,751	13,297,600	1,887,011	1,211,985	17,385,347	5,626,237
Annual amortization	-	77,500	1,338,472	307,461	146,070	1,869,503	1,759,110
Accumulated amortization on disposals	-	-	-	(128,274)	(74,926)	(203,200)	-
Balance, End of Year	-	1,066,251	14,636,072	2,066,198	1,283,129	19,051,650	17,385,347
NET BOOK VALUE	760,891	2,457,148	33,341,353	1,792,592	1,172,564	39,524,548	33,705,999
2009 NET BOOK VALUE	760,191	2,396,441	27,793,607	1,952,154	803,606	33,705,999	

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, 2010

	Budget \$ (Unaudited)	2010 \$	2009 \$
TAXATION			
Real property taxes	17,445,763	8,688,074	9,091,460
Linear property taxes	-	8,643,931	8,954,093
Government grants in place of property taxes	19,850	18,506	18,736
Penalties and costs	80,000	138,197	106,345
	17,545,613	17,488,708	18,170,634
REQUISITIONS			
Provincial School Foundation Fund	3,161,753	3,347,788	3,337,634
Senior Foundation	429,000	376,140	376,740
	3,590,753	3,723,928	3,714,374
NET MUNICIPAL TAXES	13,954,860	13,764,780	14,456,260

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, 2010

	Budget \$ (Unaudited)	2010 \$	2009 \$
<u>OPERATING</u>			
FEDERAL TRANSFERS			
Shared-cost agreements and grants	561,243	561,243	560,753
PROVINCIAL TRANSFERS			
Shared-cost agreements and grants	539,270	619,008	2,495,415
LOCAL GOVERNMENT TRANSFERS			
Shared-cost agreements and grants	30,000	19,295	19,295
	1,130,513	1,199,546	3,075,463
<u>CAPITAL</u>			
PROVINCIAL TRANSFERS			
Shared-cost agreements and grants	5,318,598	6,160,920	1,305,373
	5,318,598	6,160,920	1,305,373

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, 2010

	Budget \$ (Unaudited)	2010 \$	2009 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	3,067,942	2,872,628	2,524,237
Contracted and general services	8,208,894	6,869,372	7,132,343
Materials, goods and utilities	1,914,977	1,722,321	1,735,816
Transfers to local boards and agencies	5,716,650	4,889,979	1,094,761
Interest on long-term liabilities	-	10,225	733
Amortization of tangible capital assets	-	1,869,503	1,759,110
	18,908,463	18,234,028	14,247,000

The accompanying notes form part of these financial statements.

County of Northern Lights
Notes to the Financial Statements
December 31, 2010

1. 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.

2. 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 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 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, 2010

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Investments

Investments are recorded at fair market value.

(e) 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.

f) 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.

g) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, the eligibility criteria have been met and reasonable estimates of the amounts can be determined.

h) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

County of Northern Lights
Notes to the Financial Statements
December 31, 2010

2. 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.

3. CASH AND TEMPORARY INVESTMENTS

	2010 \$	2009 \$
Petty cash	450	450
Cash (bank indebtedness)	1,191,891	(228,233)
Investments - Term Deposit Certificates	27,085,803	31,873,758
	28,278,144	31,645,975

Bank indebtedness represents cheques issued in excess of funds on deposit.

Investments represent funds invested with the Alberta Treasury Branch and Servus Credit Union. These funds mature between February, 2010 and June, 2011 and earn interest at an annual rate of 0.5% to 2.15%.

County of Northern Lights
Notes to the Financial Statements
December 31, 2010

4. TRADE AND OTHER RECEIVABLES

	2010	2009
	\$	\$
Trade and other receivables	3,743,440	1,834,892
GST receivable	467,311	282,182
Receivable from other governments	-	1,241,895
	4,210,751	3,358,969
Less: Allowance for uncollectible trade and other receivables	(792)	(747)
	4,209,959	3,358,222

5. INVESTMENTS

	2010	2009
	\$	\$
Alberta Municipal Financing Corporation Shares - at cost	70	70
Servus Credit Union - at cost	1	1
	71	71

6. EMPLOYEE BENEFIT OBLIGATIONS

	2010	2009
	\$	\$
Vacation and overtime	127,956	111,178

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.

County of Northern Lights
Notes to the Financial Statements
December 31, 2010

7. 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 295 million cubic metres. The existing landfill site is expected to reach capacity in approximately the year 2012.

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

The liability at December 31, 2010 is \$88,335 (2009 - \$76,454) represents the present value of closure and post-closure costs.

8. OBLIGATION UNDER CAPITAL LEASE

	2010			2009
	Total	Deferred Finance	Net Obligation	Net Obligation
	\$	\$	\$	\$
Volvo Commercial Finance - #1	-	-	-	53,918
Volvo Commercial Finance - #2	-	-	-	50,090
	-	-	-	104,008

9. LONG-TERM LIABILITIES

	2010	2009
	\$	\$
Alberta Capital Finance Authority - 4000213	24,210	39,532
Alberta Capital Finance Authority - 4001014	1,000,000	-
	1,024,210	39,532

The Alberta Capital Finance Authority loan 4000213 is due March 2012 and is repayable over a 5 year period in semi-annual instalments of \$7,903 including interest charged at 0%.

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 current portion of long-term liabilities amounts to \$67,726 (2009 - \$15,322)

County of Northern Lights
Notes to the Financial Statements
December 31, 2010

9. LONG-TERM LIABILITIES - continued

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2011	67,726	34,433	102,159
2012	61,815	32,612	94,427
2013	55,461	30,727	86,188
2014	57,412	28,775	86,187
2015	59,432	26,755	86,187
Thereafter	722,364	139,507	861,871
	1,024,210	292,809	1,317,019

10. 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:

	2010	2009
	\$	\$
Total Debt Limit	24,510,063	27,705,930
Total Debt	1,024,210	143,540
Debt Limit Available	23,485,853	27,562,390
Debt Service Limit	4,085,011	4,617,655
Debt Service	67,726	122,318
Debt Service Limit Available	4,017,285	4,495,337

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.

County of Northern Lights
Notes to the Financial Statements
December 31, 2010

11. EQUITY IN CAPITAL ASSETS

	2010	2009
	\$	\$
Capital assets (Schedule 1)	58,576,198	51,091,346
Accumulated amortization (Schedule 1)	(19,051,650)	(17,385,347)
Obligations under capital lease (Note 8)	-	(104,008)
Long-term liabilities (Note 9)	(1,024,210)	(39,532)
	38,500,338	33,562,459

12. ACCUMULATED SURPLUS

	2010	2009
	\$	\$
Unrestricted surplus	4,898,687	5,404,247
Restricted surplus		
Operating reserves		
Financial stabilization	3,310,000	3,310,000
Highway 35 access road	87,390	81,420
Rate stabilization fund	4,358,632	4,358,632
Municipal reserve	53,860	50,904
Capital reserves		
Airport	192,701	127,693
Agriculture service board	103,440	101,825
Capital facility	637,848	226,797
Financial management	73,609	37,460
Fire protection	2,290,476	2,257,057
Fleet replacement	4,550,410	4,555,832
Intermunicipal	2,784,947	3,023,960
Recreation	289,918	285,392
Sewer	841,336	428,201
Transportation		
Road construction	2,890,730	3,299,592
MSI	1,362,735	212,137
Water upgrading	3,664,689	5,301,204
Equity in tangible capital assets	38,500,338	33,562,459
	70,891,746	66,624,812

13. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made in the amount of \$696,673 to record work-in-progress that was previously not capitalized. This adjustment increased engineered structures by 696,673 with an off-setting increase in the equity in tangible capital assets.

County of Northern Lights
Notes to the Financial Statements
December 31, 2010

14. SALARY AND BENEFITS DISCLOSURE

	<u>2010</u>			<u>2009</u>	
	<u>Salary (1)</u>	<u>Benefits & Allowances (2)</u>	<u>Expenses</u>	<u>Total</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Tupper, Teresa - Reeve	28,350	1,259	14,031	43,640	51,151
Kamieniecki, Edward - Reeve	4,305	170	340	4,815	-
Councillors					
Kamieniecki, Edward	10,080	369	595	11,044	15,417
Ungarian, Terry	3,150	113	1,733	4,996	-
Dumas, Allen	12,390	-	3,251	15,641	21,334
Frith, Darlene	21,105	900	4,472	26,477	26,176
Harbaruk, Joan	3,465	135	767	4,367	-
Anderson, Cheryl	28,665	1,246	6,448	36,359	35,582
Foster, Ken	6,510	167	1,849	8,526	10,774
Reese, Brent	3,045	107	1,143	4,295	-
Vandemark, Gale	17,430	-	9,215	26,645	27,970
Halabisky, Belinda	3,990	154	1,991	6,135	-
Chief Administrative Officer	135,359	22,131	3,600	161,090	144,772

- (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.

15. 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 9.06% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.53% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 8.06% of pensionable salary up to the year's maximum pensionable salary and 11.53% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2010 were \$175,612 (2009 - \$132,727). Total current service contributions by the employees of the County to the LAPP in 2010 were \$158,090 (2009 - \$118,468).

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Notes to the Financial Statements
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16. 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 issued against the County, regarding clearing work on a resource road, in the amount of \$362,474 plus interest.

An order was obtained dismissing the Action on June 25, 2010.

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

The County filed a statement of defence and also counterclaimed for \$346,403.

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

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.