

Municipal District of Northern Lights No. 22
Financial Statements
December 31, 2008

Municipal District of Northern Lights No. 22

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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 **Municipal District of Northern Lights No. 22**.

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 Municipal District of Northern Lights No. 22 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 Municipal District's assets are appropriately accounted for and adequately safeguarded.

The elected Council of the Municipal District of Northern Lights No. 22 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 Municipal District of Northern Lights No. 22. Doyle & Company has full and free access to the Municipal District'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

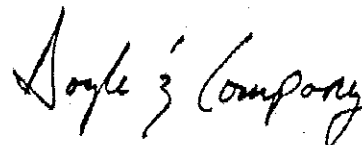
To the Reeve and Members of Council of
Municipal District of Northern Lights No. 22

We have audited the consolidated statement of financial position of the **Municipal District of Northern Lights No. 22** as at December 31, 2008 and the consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the Municipal management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by administration, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Municipal District of Northern Lights No. 22 as at December 31, 2008 and the results of its financial activities and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
February 10, 2009



Chartered Accountants

Municipal District of Northern Lights No. 22

Consolidated Statement of Financial Position

As at December 31

	2008	2007
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	28,659,559	21,808,247
Receivables		
Taxes and grants in lieu receivable	318,468	303,458
Trade and other receivables (Note 4)	3,517,197	882,901
Long-term investments (Note 5)	71	70
Prepaid expenditures	117,180	103,271
Total financial assets	32,612,475	23,097,947
PHYSICAL ASSETS (Note 6)	20,704,575	19,614,515
Total assets	53,317,050	42,712,462
LIABILITIES		
Accounts payable and accrued liabilities	2,242,332	1,103,096
Obligation under capital lease (Note 7)	227,875	344,004
Long-term liability (Note 8)	54,231	68,331
Landfill reclamation costs	64,573	52,692
Gravel reclamation costs	401,077	301,077
Total liabilities	2,990,088	1,869,200
MUNICIPAL EQUITY		
Fund Balances		
Operating fund (Schedule 2)	2,754,596	2,737,673
Capital fund (Schedule 1)	-	-
Reserve fund (Schedule 3)	27,149,898	18,903,409
	29,904,494	21,641,082
Equity in physical assets	20,422,468	19,202,180
	50,326,962	40,843,262
Total liabilities and municipal equity	53,317,050	42,712,462

The accompanying notes form part of these financial statements.

Municipal District of Northern Lights No. 22

Consolidated Statement of Financial Activities

For the year ended December 31

	Budget	2008	2007
	\$	\$	\$
Revenue			
Property taxes (Schedule 4)	18,516,703	18,110,514	16,973,963
Less: Provincial School Foundation Fund	3,678,799	3,644,789	3,684,537
Senior Foundation	338,130	339,111	351,561
Net municipal property taxes	14,499,774	14,126,614	12,937,865
Sales, services, rentals, leases and other	339,095	2,071,695	607,055
Government transfers (Schedule 5)	6,576,807	3,464,491	4,475,521
Investment income	225,000	726,231	683,036
Oil well drilling taxes	30,000	47,330	46,692
Proceeds on disposal of capital assets	-	21,219	97,810
Total revenues	21,670,676	20,457,580	18,847,979
Expenditures			
Operating			
Transportation services	10,131,670	5,707,518	9,114,994
Administrative services	1,804,950	1,678,845	1,475,419
Council and other legislative services	804,620	933,042	654,277
Utilities services	1,421,110	736,931	477,460
Public health and welfare services	751,348	603,246	607,041
Recreation and cultural services	648,518	447,115	438,825
Protective services	580,385	236,129	234,459
Planning and development services	237,200	201,372	86,832
Garbage collection and disposal services	186,401	147,610	134,207
Total operating expenditures	16,566,202	10,691,808	13,223,514
Capital			
Transportation services	1,744,500	529,685	605,250
Water and sewer	25,000	519,675	97,746
Airport services	180,000	195,669	-
Fire and bylaw services	162,000	114,028	44,634
Administration services	67,000	13,075	159,452
Agriculture service board	7,000	-	34,032
Total capital expenditures	2,185,500	1,372,132	941,114
Total expenditures	18,751,702	12,063,940	14,164,628
Excess of revenue over expenditures	2,918,974	8,393,640	4,683,351
Capital debt issued	-	-	75,165
Capital debt repaid	(134,101)	(130,228)	(6,834)
Change in fund balances	2,784,873	8,263,412	4,751,682
Opening balance	-	21,641,081	16,889,399
Closing balance	2,784,873	29,904,493	21,641,081

The accompanying notes form part of these financial statements.

Municipal District of Northern Lights No. 22

Consolidated Statement of Cash Flows

For the year ended December 31

	2008	2007
	\$	\$
Operations		
Excess of revenue over expenditures	8,263,412	4,751,682
Decrease (increase) in taxes and grants in lieu receivable	(15,010)	192,970
Decrease (increase) in trade and other receivables	(2,634,296)	2,030,335
Increase in prepaid expenditures	(13,909)	(27,009)
Increase in accounts payable and accrued liabilities	1,139,236	105,680
Increase in reclamation costs	111,881	11,881
	(1,412,098)	2,313,857
Net cash from operations	6,851,314	7,065,539
Change in cash	6,851,314	7,065,539
Cash, beginning of year	21,808,247	14,742,708
Cash, end of year	28,659,561	21,808,247

The accompanying notes form part of these financial statements.

Municipal District of Northern Lights No. 22

Schedule of Capital Fund Activities - Schedule 1

For the year ended December 31

	Budget	2008	2007
	\$	\$	\$
Revenues			
Government transfers (Schedule 5)	30,000	979,490	657,005
Investment income	-	307,366	439,329
Proceeds on disposal of capital assets	-	21,219	97,810
	30,000	1,308,075	1,194,144
Expenditures			
Transportation services	1,744,500	529,685	605,250
Water and sewer	25,000	519,675	97,746
Airport services	180,000	195,669	-
Fire and bylaw services	162,000	114,028	44,634
Administration services	67,000	13,075	159,452
Agriculture service board	7,000	-	34,032
	2,185,500	1,372,132	941,114
Excess of revenues over expenditures	(2,155,500)	(64,057)	253,030
Net interfund transfers			
From (to) capital reserves	(460,000)	(9,269,846)	(2,744,878)
From (to) operating fund	2,595,500	9,464,131	2,416,683
Capital debt issued	-	-	75,165
Capital debt repaid	(14,101)	(130,228)	-
	2,121,399	64,057	(253,030)
Change in fund balance	(34,101)	-	-
Opening balance	-	-	-
Closing balance	(34,101)	-	-

The accompanying notes form part of these financial statements.

Municipal District of Northern Lights No. 22

Schedule of Operating Fund - Schedule 2

For the year ended December 31

	Budget	2008	2007
	\$	\$	\$
Revenues			
Net municipal property taxes (Schedule 4)	14,499,774	14,126,614	12,937,865
Sales, services, rentals, leases and other	339,095	2,071,695	607,056
Government transfers (Schedule 5)	6,546,807	2,485,001	3,818,516
Investment income	225,000	418,865	243,707
Oil well drilling taxes	30,000	47,330	46,692
	21,640,676	19,149,505	17,653,836
Expenditures			
Transportation services	10,251,670	5,707,518	9,114,994
Administrative services	1,804,950	1,678,845	1,482,253
Council and other legislative services	804,620	933,042	654,277
Utility services	1,421,110	736,931	477,460
Public health and welfare services	751,348	603,246	607,041
Recreation and cultural services	648,518	447,115	438,825
Protective services	580,385	236,129	234,459
Planning and development services	237,200	201,372	86,832
Garbage collection and disposal services	186,401	147,610	134,207
	16,686,202	10,691,808	13,230,348
Excess of revenues over expenditures	4,954,474	8,457,697	4,423,488
Net interfund transfers			
From (to) capital fund	(4,525,373)	(9,464,131)	(2,416,683)
From (to) operating reserves	(500,000)	1,023,357	(2,006,805)
Change in fund balance	(70,899)	16,923	-
Opening balance	-	2,737,673	2,737,673
Closing balance	(70,899)	2,754,596	2,737,673

The accompanying notes form part of these financial statements.

Municipal District of Northern Lights No. 22

Schedule of Reserves - Schedule 3

For the year ended December 31

	Budget \$	2008 \$	2007 \$
Balance at beginning of year	-	18,903,409	14,151,726
Add/(deduct):			
Transfer from operating	500,000	1,750,090	2,006,805
Transfer to operating	-	(2,773,447)	-
Net transfer from operating	500,000	(1,023,357)	2,006,805
Transfer from capital fund	480,000	13,369,551	2,744,878
Transfer to capital fund	(20,000)	(4,099,705)	-
Net transfer to capital fund	460,000	9,269,846	2,744,878
Change in fund balance	960,000	8,246,489	4,751,683
Balance at end of year (Note 9)	-	27,149,898	18,903,409

The accompanying notes form part of these financial statements.

Municipal District of Northern Lights No. 22

Schedule of Property Taxes Levied - Schedule 4

For the year ended December 31

	Budget	2008	2007
	\$	\$	\$
Taxation			
Real property taxes	18,442,978	9,248,300	8,409,756
Linear property taxes	-	8,757,486	8,490,517
Provincial and Federal grants in lieu	20,525	19,813	20,405
Penalties and costs	50,000	84,915	50,052
Special assessments and local improvements	3,200	-	3,233
	18,516,703	18,110,514	16,973,963
Requisitions			
Provincial school foundation fund	3,678,799	3,644,789	3,684,537
Senior foundation	338,130	339,111	351,561
	4,016,929	3,983,900	4,036,098
Net municipal property taxes	14,499,774	14,126,614	12,937,865

The accompanying notes form part of these financial statements.

Municipal District of Northern Lights No. 22

Schedule of Government Transfers - Schedule 5

For the year ended December 31

	Budget	2008	2007
	\$	\$	\$
Operating Fund			
Federal transfers			
Conditional federal grants	611,553	955,344	536,943
Provincial transfers			
Conditional provincial grants	5,075,680	819,086	2,402,411
Unconditional provincial grants	829,574	664,953	840,731
Local government transfers			
Local government grants	30,000	45,618	38,431
Total operating fund government transfers	6,546,807	2,485,001	3,818,516
Capital Fund			
Federal transfers			
Conditional federal grants	-	17,268	-
Provincial transfers			
Conditional provincial grants	30,000	962,222	657,005
Total capital fund government transfers	30,000	979,490	657,005
Total government transfers	6,576,807	3,464,491	4,475,521

The accompanying notes form part of these financial statements.

Municipal District of Northern Lights No. 22
Schedule of Consolidated Expenditures by Object - Schedule 6

For the year ended December 31

	Budget	2008	2007
	\$	\$	\$
Expenditures			
Salaries, wages and benefits	2,849,888	2,307,889	2,142,747
Contracted and general services	10,464,634	5,972,961	9,158,938
Materials, goods, supplies and utilities	2,411,780	1,319,203	1,255,470
Transfers to individuals and organizations	959,800	1,090,607	804,945
Interest	100	1,148	306
Physical assets acquired	2,185,500	1,372,132	941,114
Total expenditures	18,871,702	12,063,940	14,303,520

The accompanying notes form part of these financial statements.

Municipal District of Northern Lights No. 22

Notes to the Financial Statements

December 31, 2008

1. DESCRIPTION OF OPERATIONS

The Municipal District of Northern Lights No. 22 is a local government authority providing municipal services. The municipality 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 Municipal District of Northern Lights No. 22 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 municipality 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. This entity is comprised of the municipal operations plus all of the organizations that are accountable for the administration of their financial affairs and resources to Council and are owned or controlled by the municipality.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of Accounting

The basis of accounting followed in the financial statement presentation includes revenues recognized in the period in which the transactions or events occurred that gave rise to the revenues, and expenditures recognized in the period the goods and services are acquired and a liability is incurred or transfers are due, with the exception of expenditures as disclosed in Note 1(e).

(c) Fund Accounting

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Proceeds from sales of land held for resale are recorded as operating revenues.

(d) Government Transfers

Government transfers are recognized in the period in which the events giving rise to the transfer occurred, provided the transfers are authorized, the eligibility criteria have been met and reasonable estimates of the amounts can be made.

(e) Pension Expenditures

The Municipal District participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan.

Municipal District of Northern Lights No. 22

Notes to the Financial Statements

December 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(f) Investments

Investments are recorded at cost.

(g) Inventories

Inventories of materials and supplies are valued at the lower of cost or net realizable value with cost determined by the average cost method.

Land held for resale acquired through tax recovery is recorded at a nominal \$1. Other land held for resale is recorded at the lower of cost and net realizable value.

(h) Physical Assets

Physical assets are reported as expenditures in the period they are acquired.

Physical assets are recorded at cost. Donated assets are recorded at estimated fair market value when acquired.

Government contributions for the acquisition of physical assets are recorded as capital revenue and do not reduce the related physical asset costs.

Physical assets for government purposes are not depreciated.

During 2007, the Municipality continued to work towards compliance with the new recommendations for accounting for tangible capital assets, Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants. A complete listing of assets and values for all capital assets is currently underway and expected to be complete by December 31, 2008.

Municipal District of Northern Lights No. 22

Notes to the Financial Statements

December 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(i) Tangible Capital Assets

Effective January 1, 2008, the Municipality adopted Accounting Guideline 7(PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants (C.I.C.A.) with respect to the disclosure of tangible capital assets of local governments. PSG 7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

Prior to January 1, 2008, the Municipality recorded tangible capital assets including assets held under capital leases at cost in the period they were acquired on the statement of financial position and as a expenditure within the capital fund. Capital assets have not been amortized as at December 31, 2008.

During 2008, the Municipality continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008, the Municipality had worked on a listing and values for all asset classes i.e. all land, buildings, engineered structures, machinery and equipment and vehicles. A complete listing of assets and values for the asset classes is currently underway and expected to be completed by December 31, 2009.

As of January 1, 2008, capital assets including assets held under capital leases are recorded at cost in the period they are acquired and recorded as an expenditure within the capital fund.

Donated assets related to waterworks and wastewater distribution and collection system are capitalized and are recorded at current fair market value discounted by a relevant inflation factor.

The Municipality does not capitalize interest as part of the costs of its capital assets.

(j) Capital Reserves

Capital reserves are established for the funding of any expenditures as authorized by Council.

Transfers to capital reserves also include general appropriations of surplus not necessarily identifiable with specific planned capital or operating activities. All general appropriations are approved by Council.

Transfers from capital reserves are made as authorized by Council to fund specific capital expenditures and/or specific operating expenditures of the current year. Operating expenditures financed from capital reserves are normally of a construction or development nature.

Municipal District of Northern Lights No. 22

Notes to the Financial Statements

December 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(k) Operating Reserves

Operating reserves are established for:

- revenue designated for specific purposes as required by legislation; and
- funding of operating expenditures as authorized by Council.

Unexpended revenue collected in the current year for a specific purpose is transferred from surplus to operating reserves. Also, general appropriations of surplus are made which are not necessarily identifiable with specific future operating expenditures. All general appropriations are approved by Council.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(j) Operating Reserves - continued

Funds are transferred from operating reserves to surplus to match expenditures incurred in the current year to a specific purpose for which the revenue was previously raised. Also, transfers from general operating reserves are made as authorized by Council to fund specific operating expenditures of the current year.

(l) 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.

(m) Landfill Closure and Post-Closure Liability

The Alberta Environmental Protection and Enhancement Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is being provided for over the estimated remaining life of the landfill site based on usage.

The liability at December 31, 2008 is \$64,573 (2007 \$52,692) represents the value of closure and post-closure costs. Closure will involve covering the site with topsoil and vegetation, and installing groundwater monitoring wells. Post-closure care activities are expected to occur for 25 years and will involve surface and ground water monitoring, and landfill cover maintenance. The Municipal District has started to designate assets for settling closure and post-closure care liabilities.

(n) Budget Figures

Budget figures are included in the financial statements for information purposes and are unaudited. The budget was approved by Council.

Municipal District of Northern Lights No. 22

Notes to the Financial Statements

December 31, 2008

3. CASH AND TEMPORARY INVESTMENTS

	2008	2007
	\$	\$
Petty Cash	450	450
Cash	2,891,940	6,623,365
Investments - Term Deposit Certificates	25,767,169	15,184,432
	28,659,559	21,808,247

Cash represents funds on deposit with Alberta Treasury Branch and earn interest at an annual rate of prime less 1.9%

Investments represent funds invested with the Alberta Treasury Branch and Servus Credit Union. These funds mature between February and March, 2009 and earn interest at an annual rate of 1.8%.

4. TRADE AND OTHER RECEIVABLES

	2008	2007
	\$	\$
Trade and other receivables	2,419,100	726,748
GST receivable	245,722	146,761
Receivable from other governments	852,880	9,763
	3,517,702	883,272
Less: Allowance for uncollectible trade and other receivables	(505)	(371)
	3,517,197	882,901

5. INVESTMENTS

	2008	2007
	\$	\$
Alberta Municipal Financing Corporation Shares - at cost	70	70
Servus Credit Union - at cost	1	-
	71	70

Municipal District of Northern Lights No. 22

Notes to the Financial Statements

December 31, 2008

6. PHYSICAL ASSETS

	2008	2007
	\$	\$
Land	320,307	320,307
Buildings	3,139,444	3,099,923
Engineering structures	9,389,881	8,811,234
Machinery and equipment	3,346,808	2,913,965
Vehicles	2,037,104	1,845,268
Inventory for consumption	2,471,031	2,623,818
	20,704,575	19,614,515

7. OBLIGATION UNDER CAPITAL LEASE

	2008			2007
	Total	Deferred	Net	Net
	\$	Finance	Obligation	Obligation
		\$	\$	\$
Volvo Commercial Finance - #1	122,179	7,512	114,667	171,490
Volvo Commercial Finance - #2	119,812	6,604	113,208	172,514
	241,991	14,116	227,875	344,004

The Volvo Commercial Finance loan #1 is repayable over a five year period in monthly instalments of \$5,549 including interest charged at 6.7%.

The Volvo Commercial Finance loan #2 is repayable over a five year period in monthly instalments of \$5,701 including interest charged at 6.25%.

Future minimum lease payments required to meet the existing obligations are as follows:

	\$
2009	134,996
2010	106,995
	241,991

Municipal District of Northern Lights No. 22

Notes to the Financial Statements

December 31, 2008

8. LONG-TERM LIABILITY

	2008	2007
	\$	\$
Alberta Capital Finance Authority	54,231	68,331

The Alberta Capital Finance Authority loan is due March 2012 and is repayable over a 5 year period in semi-annual instalments of \$6,834 including interest charged at 0%.

Future minimum principal repayments required to meet existing obligations are as follows:

	\$
2009	14,699
2010	15,322
2011	15,972
2012	8,238
	54,231

Municipal District of Northern Lights No. 22

Notes to the Financial Statements

December 31, 2008

9. RESERVES

Reserves for operating and capital activities changed as follows:

	2007	Increases	Decreases	2008
	\$	\$	\$	\$
Operating Reserves:				
Financial stabilization	-	1,200,000	-	1,200,000
Rate stabilization fund	5,671,173	10,500	-	5,681,673
Road construction	2,273,447	500,000	2,773,447	-
Highway 35 development	50,850	30,570	-	81,420
Recreation development	41,884	9,020	-	50,904
	8,037,354	1,750,090	2,773,447	7,013,997
Capital Reserves:				
Transportation				
Machinery and equipment	3,265,197	834,508	4,099,705	-
Road construction	-	2,773,447	-	2,773,447
MSI	-	1,419,614	-	1,419,614
Intermunicipal	-	3,000,000	-	3,000,000
Fire protection	1,349,963	588,188	-	1,938,151
Capital Facility	-	200,000	-	200,000
Airport	78,735	3,546	-	82,281
Agriculture service board	90,847	10,171	-	101,018
Financial management	15,761	402	-	16,163
Fleet replacement	1,421,674	2,621,271	-	4,042,945
Sewer	24,192	400,617	-	424,809
Water upgrading	4,343,595	1,510,748	-	5,854,343
Recreation	276,091	7,039	-	283,130
	10,866,055	13,369,551	4,099,705	20,135,901
	18,903,409	15,119,641	6,873,152	27,149,898

Municipal District of Northern Lights No. 22

Notes to the Financial Statements

December 31, 2008

10. SALARY AND BENEFITS DISCLOSURE

	2008			2007	
	Salary (1)	Benefits & Allowances (2)	Expenses	Total	Total
	\$	\$	\$	\$	\$
Kamieniecki, Edward - Reeve	10,710	353	653	11,716	4,025
Tupper, Teresa - Reeve	5,795	273	3,473	9,541	18,619
Councillors					
Kamieniecki, Edward	2,310	118	209	2,637	10,894
Short, Les	-	-	-	-	25,256
Dollevoet, Ed	-	-	-	-	16,583
Dumas, Allen	15,120	-	2,986	18,106	16,965
Frith, Darlene	18,900	762	3,738	23,400	20,303
Vos, Joyce	-	-	-	-	9,536
Anderson, Cheryl	19,005	782	4,526	24,313	5,041
Foster, Ken	8,820	263	3,274	12,357	5,287
Tupper, Teresa	15,940	629	8,516	25,085	5,860
Vandemark, Gale	18,270	-	5,008	23,278	4,529
Chief Administrative Officer	111,797	16,757	4,918	133,472	116,267

- (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.

Municipal District of Northern Lights No. 22

Notes to the Financial Statements

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11. DEBT LIMIT

Section 276(2) of the Municipal Government Act requires that total debt limit as defined by Alberta Regulation 255/00 for the Municipal District of Northern Lights No. 22 be disclosed as follow:

	2008	2007
	\$	\$
Total Debt Limit	29,217,135	27,286,461
Total Debt	282,106	412,335
Debt Limit Available	28,935,029	26,874,126
Debt Service Limit	4,869,523	4,547,744
Debt Service	149,695	149,097
Debt Service Limit Available	4,719,828	4,398,647

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.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipal District 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 Municipal District is required to make current service contributions to the LAPP of 7.75% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.64% on pensionable earnings above this amount. Employees of the Municipal District are required to make current service contributions of 6.75% of pensionable salary up to the year's maximum pensionable salary and 9.64% on pensionable salary above this amount.

Total current service contributions by the Municipal District to the LAPP in 2008 were \$107,525 (2007 - \$111,451). Total current service contributions by the employees of the Municipal District to the LAPP in 2008 were \$94,716 (2007 - \$98,089).

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Notes to the Financial Statements

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13. CONTINGENCIES

- (1) The Municipal District is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Municipal District 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 Municipal District, regarding clearing work on a resource road, in the amount of \$362,474 plus interest.

The majority of this claim is doubtful. A liability has been accrued in the amount of \$55,000.

- (3) A claim has been issued as a result of the Municipal District expropriating lands for a drainage ditch. The claim is for additional compensation. We currently have no information on the amount of the claim or the likely outcome.

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

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

14. FINANCIAL INSTRUMENTS

The Municipality'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 Municipality 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.

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.

16. COMPARATIVE FIGURES

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