

COUNTY OF WARNER NO. 5
Consolidated Financial Statements
For the year ended December 31, 2014

COUNTY OF WARNER NO. 5
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For the year ended December 31, 2014

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Young Parkyn McNab LLP

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To: The Reeve and Members of Council of
the County of Warner No. 5

We have audited the accompanying consolidated financial statements of the County of Warner No. 5 which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations, change in net financial assets and cash flow 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 consolidated 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 about 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 preparation 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 Warner No. 5 as at December 31, 2014 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter

We draw attention to note 17 to the financial statements which describes the amendments made to the prior year's figures. Our audit opinion is not qualified in respect of this matter.

Lethbridge, Alberta

Young Parkyn McNab LLP

April 21, 2015

Chartered Accountants

MANAGEMENT REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of the County of Warner No. 5.

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

The Village 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 that the Village's assets are properly accounted for and adequately safeguarded.

The elected Council of the County of Warner No. 5 is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through Council as a whole.

The Council meets annually with management and the external auditors 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 also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Young Parkyn McNab LLP, Chartered Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Village. Young Parkyn McNab LLP has full and free access to the Council.

Chief Administrative Officer

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2014

	2014	2013 (restated)
Financial assets		
Cash and temporary investments (note 2)	\$ 8,530,603	\$ 8,486,112
Taxes and grants in place of taxes receivable (note 3)	191,844	239,796
Trade and other receivables	907,608	1,407,706
Land held for resale	26,995	26,995
Investments (note 4)	3,771,561	3,789,989
	13,428,611	13,950,598
Liabilities		
Accounts payable and accrued liabilities	694,978	425,636
Employee benefit obligations (note 5)	402,360	405,573
Deposits	2,354	2,354
Provision for gravel pit reclamation	1,160,000	1,020,000
Deferred revenue (note 6)	3,542,174	3,736,966
	5,801,866	5,590,529
Net financial assets	7,626,745	8,360,069
Non-financial assets		
Prepaid expenses	156,130	140,930
Inventory for consumption (note 7)	5,108,307	4,906,316
Tangible capital assets (schedule 2)	25,282,909	23,007,150
	30,547,346	28,054,396
Accumulated surplus (note 10)	\$ 38,174,091	\$ 36,414,465

Commitments and contingencies (note 20)

Approved on behalf of Council:

Councillor _____

Councillor _____

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2014

	Budget (Unaudited)	2014	2013 (restated)
Revenue			
Net municipal taxes (note 12)	\$ 5,203,533	\$ 5,203,057	\$ 4,914,090
User fees and sales of goods	556,990	671,083	821,667
Government transfers for operating (note 13)	1,183,795	1,238,149	1,478,211
Investment income	182,100	155,993	136,267
Penalties and costs of taxes	37,100	48,429	43,821
Licenses and permits	371,500	456,911	407,153
Gain on disposal of capital assets	111,998	76,969	5,237
Rental	48,300	55,919	65,599
Other	13,000	18,704	60,303
Fines	10,000	25,144	10,319
	7,718,316	7,950,358	7,942,667
Expenses (note 14)			
Legislative	279,110	237,509	232,192
Administration	1,070,013	981,049	928,114
Protective services	521,937	385,327	327,547
Roads, streets, walks and lighting	5,391,832	5,539,557	5,523,763
Water supply and distribution	118,282	110,061	142,409
Waste management	147,655	152,424	145,141
Family and community support services	26,464	26,464	25,927
Land use planning, zoning and development	23,138	23,138	23,375
Economic and agricultural development	1,378,601	1,206,605	1,226,497
Recreation and parks	236,956	252,386	250,792
Culture	37,488	37,488	36,566
Other	115,243	122,376	119,850
	9,346,719	9,074,384	8,982,173
Deficiency of revenue over expenses before other	(1,628,403)	(1,124,026)	(1,039,506)
Other			
Government transfers for capital (note 13)	2,022,086	2,883,652	572,118
Contributed assets	-	-	13,091
	2,022,086	2,883,652	585,209
Excess (deficiency) of revenue over expenses	393,683	1,759,626	(454,297)
Accumulated surplus, beginning of year			
As previously stated	36,115,026	36,115,026	36,556,274
Prior period adjustment (note 17)	-	299,439	312,488
As restated	36,115,026	36,414,465	36,868,762
Accumulated surplus, end of year	\$ 36,508,709	\$ 38,174,091	\$ 36,414,465

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2014

	Budget (Unaudited)	2014	2013 (restated)
Excess (deficiency) of revenue over expenses	\$ 393,683	\$ 1,759,626	\$ (454,297)
Acquisition of tangible capital assets	(1,829,240)	(3,803,735)	(1,751,762)
Amortization	1,395,854	1,396,435	1,430,073
Contributed assets	-	-	(13,091)
Gain on disposal of tangible capital assets	-	(76,969)	(5,237)
Proceeds on disposal of tangible capital assets	-	208,510	152,906
	(433,386)	(2,275,759)	(187,111)
Net change in inventory for consumption	-	(201,991)	(484,237)
Net change in prepaid expense	-	(15,200)	(5,322)
	-	(217,191)	(489,559)
Decrease in net financial assets	(39,703)	(733,324)	(1,130,967)
Net financial assets, beginning of year	8,360,069	8,360,069	9,491,036
Net financial assets, end of year	\$ 8,320,366	\$ 7,626,745	\$ 8,360,069

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2014

	2014	2013 (restated)
Operating transactions		
Excess (deficiency) of revenue over expenses	\$ 1,759,626	\$ (454,297)
Adjustments for items which do not affect cash		
Gain on disposal of tangible capital assets	(76,969)	(5,237)
Amortization	1,396,435	1,430,073
Contributed assets	-	(13,091)
Provision for gravel pit reclamation	140,000	315,000
	3,219,092	1,272,448
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	47,952	28,913
Trade and other receivables	500,099	(602,572)
Inventory for consumption	(201,991)	(484,237)
Prepaid expenses	(15,200)	(5,322)
Accounts payable and accrued liabilities	269,342	(1,498,800)
Employee benefit obligations	(3,213)	20,466
Deferred revenue	(194,792)	857,744
	3,621,289	(411,360)
Capital transactions		
Proceeds on disposal of tangible capital assets	208,510	152,906
Acquisition of tangible capital assets	(3,803,735)	(1,751,762)
	(3,595,225)	(1,598,856)
Investing transactions		
Decrease (increase) in investments	18,427	78,903
	44,491	(1,931,313)
Increase (decrease) in cash and temporary investments		
Cash and temporary investments, beginning of year	8,486,112	10,417,425
Cash and temporary investments, end of year	\$ 8,530,603	\$ 8,486,112

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

1. Significant accounting policies

The consolidated financial statements of the County of Warner No. 5 are the representations of management prepared in accordance with generally accepted accounting principles for local government established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Village are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures, change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Village and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, 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 financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) 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.

(d) Investments

Investments are recorded at amortized cost. 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 WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

1. Significant accounting policies, continued

(e) Government transfers

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

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

(f) Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(g) Inventories for resale

Land held for resale is recorded at the lower of cost and 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 waste water services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

(h) Tax revenue

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

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

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

1. Significant accounting policies, continued

(i) Non-financial assets

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

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line or declining balance basis over the estimated useful life as follows:

	Years
Land improvements	10-45
Buildings	25-50
Engineered structures	5-75
Machinery and equipment	5-25
Vehicles	10-40

Amortization is charged in the year of acquisition and in the year of disposal. 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 operating leases and the related lease payments are charged to expenses as incurred.

(iv) Inventories

Inventories held for consumption are recorded at the lower of cost and net realizable value with cost determined by the average cost method.

(v) Cultural and historical tangible capital assets

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

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

2. Cash and temporary investments

	2014	2013
Cash	\$ 7,069,513	\$ 6,327,315
Temporary investments	1,461,090	2,158,797
	\$ 8,530,603	\$ 8,486,112

Temporary investments are comprised of mutual funds with an average rate of return of 0.95% (2013 - 1.5%), Canadian Imperial Bank of Commerce note that bears interest at 3.1%, CPN Province of Quebec investment that bears interest at 1.35% and Guaranteed Investment Certificates that bear interest rates between 1.63% and 2.5%.

Market value for 2014 was \$1,485,710; 2013 - \$2,224,048.

3. Taxes and grants in place of taxes receivables

	2014	2013
Current taxes and grants in place of taxes receivable	\$ 138,248	\$ 193,012
Arrears	53,596	46,784
	\$ 191,844	\$ 239,796

4. Investments

	2014		2013	
	Cost	Market value	Cost	Market value
Guaranteed Investment Certificates	\$ 2,069,407	\$ 2,121,173	\$ 1,265,307	\$ 1,306,428
Canadian Imperial Bank of Commerce notes	-	-	551,725	553,938
Royal Bank of Canada	540,704	545,382	546,893	549,379
CPN Province of Quebec	-	-	276,255	275,866
CPN Province of Manitoba	667,022	672,658	664,715	664,174
CPN Province of Ontario	276,893	280,415	271,114	271,320
CPN Province of British Columbia	217,535	218,168	213,980	207,932
	\$ 3,771,561	\$ 3,837,796	\$ 3,789,989	\$ 3,829,037

Guaranteed Investment Certificates bear interest at between 1.96% and 2.75% (2013 - 2.10% and 2.75%) with maturity dates from March 28, 2017 to April 2, 2019. Bonds bear interest rates between 1.62% to 4.25% (2013 - 1.35% to 4.25%) with maturity dates from January 11, 2016 to March 5, 2018.

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

5. **Employee benefit obligations**

	2014	2013
Vacation and overtime	\$ 250,560	\$ 239,973
Post-employment benefits	151,800	165,600
	<u>\$ 402,360</u>	<u>\$ 405,573</u>

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.

Post-employment benefits

Effective in 2006 the County provides a service recognition benefit for its employees. Retiring employees with over 10 years of service to the County are eligible for the allowance at a rate of \$200 per year for the first 10 years of employment and \$500 per year for each year of service over 10 years up to 40 years. These benefits are prorated for permanent part time staff.

Employees terminating their employment with over 10 years of service to the County are eligible for the allowance at a rate of \$50 per year for the first 10 years of employment and \$100 per year for each year of service over 10 years up to 40 years. These benefits are prorated for permanent part time staff. The benefit is paid out when the individual ceases to be an employee of the County.

The benefit payments on behalf of retirees during the current year was \$30,060 (2013 - \$2,300).

The post-employment benefit expense includes current period benefit costs of \$16,260 (2013 - \$22,900).

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

6. Deferred revenue

	2014	2013
Municipal Sustainability Initiative Grant	\$ 3,389,837	\$ 3,515,044
Basic Municipal Transportation	107,711	88,179
Further Education	28,899	28,899
Write Break	15,727	15,727
Federal Gas Tax Fund	-	59,795
Regional Collaboration Program	-	29,250
Office employees association	-	72
	<u>\$ 3,542,174</u>	<u>\$ 3,736,966</u>

7. Inventory for consumption

	2014	2013
Gravel	\$ 4,601,471	\$ 4,474,646
Parts and other	277,899	270,767
Blades and culverts	58,659	54,423
Chemicals and grass seed	66,875	32,064
Fuel and oil	103,403	74,416
	<u>\$ 5,108,307</u>	<u>\$ 4,906,316</u>

8. Equity in tangible capital assets

	2014	2013 (restated)
Tangible capital assets (schedule 2)	\$ 63,810,648	\$ 60,916,261
Accumulated amortization (schedule 2)	(38,527,739)	(37,909,111)
	<u>\$ 25,282,909</u>	<u>\$ 23,007,150</u>

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

9. Reserves

Reserves for operating and capital activities changed as follows:

	2014	2013
Operating		
Mill Rate Stabilization	\$ 4,879,022	\$ 4,879,022
Secondary Highway	1,619,297	1,619,297
Stirling Drain	361,950	336,950
Public works - Gravel	350,000	350,000
General Road Construction	200,000	200,000
Public works accrued vacation	170,445	167,463
Hamlet infrastructure	150,000	150,000
A.S.B. General	100,097	100,097
General recreation	87,766	64,910
Public works accrued service	78,900	84,700
Admin accrued vacation	53,764	48,187
South Warner Drain	52,478	49,710
Resource Road	50,000	50,000
Further Education - Basic	37,897	34,818
Waste management	37,071	37,071
Engineering and surveys	30,000	30,000
Council accrued service	27,500	24,000
Admin accrued service	27,200	40,300
Write Break - Basic	26,841	28,613
A.S.B. accrued vacation	26,351	24,324
Memorial Scholarship	21,305	21,305
Land/Right of ways	20,000	20,000
Infrastructure	18,360	18,360
A.S.B. accrued service	18,200	16,600
A.E.S.A. - Salinity	10,676	10,676
Wrentham Water Mgt. Reserve	-	60,046
	8,455,120	8,466,449

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

9. Reserves, continued

Capital

Fire Department - Trucks	1,343,826	1,448,826
Public Works - Light Trucks	1,212,500	1,212,500
A.S.B. - Building	803,697	653,697
A.S.B. - Light Trucks	366,427	366,427
General Administration - Office equipment/computer	175,954	175,954
Fire Department - Building	150,000	150,000
Public Works - Building	113,831	113,831
Bylaw - Trucks	84,945	84,945
General Administration - Building	76,581	76,581
General Administration - GIS program	74,416	74,416
Parks - Land Improvement	6,712	6,712
	4,408,889	4,363,889
	\$ 12,864,009	\$ 12,830,338

10. Accumulated surplus

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

	2014	2013 (restated)
Unrestricted surplus	\$ 27,173	\$ 576,977
Internally restricted surplus (reserves) (note 9)	12,864,009	12,830,338
Equity in tangible capital assets (note 8)	25,282,909	23,007,150
	\$ 38,174,091	\$ 36,414,465

11. Segmented disclosure

The Village provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the schedule of segmented disclosure (schedule 3).

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

12. Net municipal property taxes

	Budget (Unaudited)	2014	2013
Taxation			
Real property taxes	\$ 4,405,616	\$ 4,405,050	\$ 4,463,195
Linear property taxes	2,607,455	2,607,455	2,263,012
Government grants in place of property taxes	8,127	8,217	9,206
Special assessments and local improvements	768	768	768
	7,021,966	7,021,490	6,736,181
Requisitions			
Alberta School Foundation Fund	1,567,173	1,567,173	1,601,528
Seniors' Foundation	226,752	226,752	196,835
School Boards	24,508	24,508	23,728
	1,818,433	1,818,433	1,822,091
	\$ 5,203,533	\$ 5,203,057	\$ 4,914,090

13. Government transfers

	Budget (Unaudited)	2014	2013
Transfers for operating:			
Provincial government	\$ 1,183,795	\$ 1,213,468	\$ 1,472,745
Federal government	-	-	5,466
Local government	-	24,681	-
	1,183,795	1,238,149	1,478,211
Transfers for capital:			
Provincial government	1,842,086	2,823,587	78,362
Federal government	180,000	60,065	493,756
	2,022,086	2,883,652	572,118
	\$ 3,205,881	\$ 4,121,801	\$ 2,050,329

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

14. Expenditures by object

	Budget (Unaudited)	2014	2013 (restated)
Salaries, wages and benefits	\$ 3,891,777	\$ 3,733,569	\$ 3,616,587
Contracted and general services	1,405,526	1,135,313	980,131
Materials, goods, supplies and utilities	2,201,929	2,351,224	2,535,829
Bank charges and short-term interest	8,042	2,094	5,773
Transfers to organizations and others	425,591	433,608	400,166
Purchases from other governments	12,000	9,839	8,888
Amortization of tangible capital assets	1,395,854	1,396,435	1,430,073
Other	6,000	12,302	4,726
	<u>\$ 9,346,719</u>	<u>\$ 9,074,384</u>	<u>\$ 8,982,173</u>

15. Budget amounts

The 2014 budget for the Village was approved by Council on May 6, 2014 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified. The budget originally approved contained expenditures for capital additions and fund transfers. These balances have been excluded from the budget presented.

The approved budget contained reserve transfers, proceeds on disposals and capital expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

In addition, the approved budget did not contain balances for continuing education, as these amounts under Further Education and Write Break are approved separately. The overall loss for continuing education budgeted has been included in the budget amounts reported. The budget also did not contain an amount for the border hospital requisitions; this has been included below.

Budgeted surplus per financial statements	\$ 393,683
Less: Capital expenditures	(1,829,240)
Transfers to reserves	(350,600)
Add: Amortization	1,395,854
Transfers from reserves	385,000
Loss from continuing education	5,303
<u>Equals: balanced budget</u>	<u>\$ -</u>

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

16. Debt limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village be disclosed as follows:

	2014	2013
Total debt limit	\$ 11,810,082	\$ 11,906,145
Debt servicing limit	\$ 1,968,347	\$ 1,984,358

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.

17. Prior period adjustments

The County has restated its financial statements for the year ended December 31, 2013 to record tangible capital assets owned by the municipality.

Adjustments to January 1, 2013 accumulated surplus:	
As previously reported	\$ 36,556,274
Adjustment to net book value of tangible capital assets	312,488
As restated	\$ 36,868,762

Adjustments to deficiency of revenue over expenses for the year ended December 31, 2013:	
As previously reported	\$ (441,247)
Amortization of tangible capital assets	(13,050)
As restated	\$ (454,297)

Adjustments to tangible capital assets as at December 31, 2013:	
As previously reported	\$ 22,707,711
Adjustments to historical cost of tangible capital assets	637,994
Adjustment to accumulated amortization	(338,555)
As restated	\$ 23,007,150

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

18. Salary and benefits disclosure

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	(1) Salary	(2) Benefits & allowances	2014	2013
Councillors				
Reeve/Councillor - Division 2	\$ 31,191	\$ 1,969	\$ 33,160	\$ 35,791
Division 1	-	-	-	27,339
Division 1	30,636	4,994	35,630	7,437
Division 3	25,258	4,308	29,566	32,121
Division 4	28,656	4,918	33,574	31,077
Division 5	17,715	4,308	22,023	24,871
Division 6	25,353	4,308	29,661	5,928
Division 7	24,750	4,829	29,579	35,129
Chief Administrative Officer	130,230	33,809	164,039	149,899
Designated Officer	\$ 97,794	\$ 21,780	\$ 119,574	\$ 115,829

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long- and short-term disability plans, professional memberships, and tuition.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

19. Local Authorities Pension Plan

The County participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution 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 Plan serves about 224,000 people and about 428 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP fund. The LAPP Contributions for current service are recorded as expenditures in the year in which they become due.

The County is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2014 were \$289,722 (2013 - \$256,992). Total current service contributions by the employees of the County to the LAPP in 2014 were \$266,506 (2013 - \$234,472).

At December 31, 2013, the LAPP disclosed an actuarial deficiency of \$4.86 billion.

20. Contingency

a) The County of Warner No. 5 is a member of the Alberta Municipal Insurance Exchange (MUNIX) which provides liability insurance. The investment in this program is not reflected as an asset in the accompanying financial statements. Under the terms of membership, the Village 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.

b) The County has entered into a professional service agreement for the assessment of all lands and premises within the municipality's boundaries for taxation purposes. This agreement expires 2016 and the County's total obligation under this agreement is \$175,000 (2013 - \$260,000).

21. Financial instruments

The County of Warner No. 5's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities and deposits. It is management's opinion that the Village is not exposed to significant interest or risk arising from these financial instruments.

The County of Warner No. 5 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 Village 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.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

22. Approval of financial statements

These financial statements were approved by Council and Management.

23. Comparative figures

Where necessary, the comparative figures for the 2013 year have been reclassified to conform with 2014 financial statement presentation.

COUNTY OF WARNER NO. 5
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

	Schedule of changes in accumulated surplus			Schedule 1	
	Unrestricted	Restricted	Equity in tangible capital assets	2014	2013 (restated)
Balance, beginning of year					
As previously stated	\$ 576,977	\$ 12,830,338	\$ 22,707,711	\$ 36,115,026	\$ 36,556,274
Prior period adjustment	-	-	299,439	299,439	312,488
As restated	576,977	12,830,338	23,007,150	36,414,465	36,868,762
Excess (deficiency) of revenue over expenses	1,759,626	-	-	1,759,626	(454,297)
Unrestricted funds designated for future use	(398,989)	398,989	-	-	-
Restricted funds used for operations	365,318	(365,318)	-	-	-
Current year funds used for tangible capital assets	(3,803,735)	-	3,803,735	-	-
Disposal of tangible capital assets	131,541	-	(131,541)	-	-
Annual amortization expense	1,396,435	-	(1,396,435)	-	-
Change in accumulated surplus	(549,804)	33,671	2,275,759	1,759,626	(454,297)
Balance, end of year	\$ 27,173	\$ 12,864,009	\$ 25,282,909	\$ 38,174,091	\$ 36,414,465

COUNTY OF WARNER NO. 5
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

Schedule of tangible capital assets	Schedule 2							
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	2014	2013 (restated)
Cost:								
Balance, beginning of year	\$ 2,317,925	\$ 857,163	\$ 2,338,605	\$ 42,522,398	\$ 8,401,234	\$ 4,199,511	\$ 279,424	\$ 59,733,726
Acquisitions	400	21,188	47,828	2,322,658	837,263	410,471	163,927	3,803,735
Construction-in-progress	-	-	-	36,408	52,303	-	(88,711)	-
Disposals	-	-	(29,525)	(70,289)	(717,157)	(87,377)	(904,348)	(582,318)
Write downs	-	-	-	-	-	(5,000)	(5,000)	-
Balance, end of year	2,318,325	878,351	2,356,908	44,811,175	8,573,643	4,517,605	63,810,648	60,916,261
Accumulated amortization:								
Balance, beginning of year	-	418,750	1,223,216	28,614,650	4,686,988	2,965,507	-	36,913,687
Annual amortization	-	39,479	55,033	639,243	448,597	214,083	-	1,430,073
Disposals	-	-	(4,724)	(70,289)	(631,090)	(71,704)	-	(434,649)
Balance, end of year	-	458,229	1,273,525	29,183,604	4,504,495	3,107,886	-	37,909,111
Net book value	\$ 2,318,325	\$ 420,122	\$ 1,083,383	\$ 15,627,571	\$ 4,069,148	\$ 1,409,719	\$ 354,640	\$ 25,282,909
2013 net book value	\$ 2,317,925	\$ 438,413	\$ 1,115,389	\$ 13,907,748	\$ 3,714,246	\$ 1,234,004	\$ 279,424	\$ 23,007,150

COUNTY OF WARNER NO. 5
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014

Schedule of segmented disclosure

Schedule 3

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Other	Total
Revenue									
Net municipal taxes	\$ 5,202,289	\$ -	\$ -	\$ -	\$ -	\$ 768	\$ -	\$ -	\$ 5,203,057
User fees and sales of goods	28,170	13,980	305,031	-	-	225,410	-	30,847	671,088
Government transfers for operating	160,755	29,250	692,031	67,645	-	263,841	-	92,272	1,238,149
Investment income	155,429	-	-	-	-	-	-	564	155,993
Penalties and costs of taxes	48,429	-	-	-	-	-	-	-	48,429
Licenses and permits	434,055	-	-	-	-	-	22,856	-	456,911
Gain on disposal of capital assets	(3,641)	1,037	93,024	-	-	(13,451)	-	-	76,969
Rental	3,679	-	-	-	-	8,648	43,592	-	55,919
Other	16,717	-	187	-	-	-	1,800	-	18,704
Fines	-	25,144	-	-	-	-	-	-	25,144
	6,045,882	69,411	1,090,273	67,645	-	485,216	68,248	123,683	7,950,358
Expenses									
Salaries, wages and benefits	785,470	7,018	2,256,716	17,855	-	618,736	-	67,774	3,733,569
Contracted and general services	358,863	157,566	388,854	80,890	-	81,060	22,588	45,492	1,135,313
Materials, goods, supplies and utilities	49,863	82,054	1,739,004	21,163	-	408,797	41,241	9,102	2,351,224
Bank charges and short term interest	2,087	-	-	-	-	-	-	7	2,094
Transfers to organizations and others	4,101	53,500	6,490	115,673	26,464	29,962	197,418	-	433,608
Purchases from other governments	9,839	-	-	-	-	-	-	-	9,839
Amortization of tangible capital assets	16,034	85,190	1,148,494	26,903	-	91,187	28,627	-	1,396,435
Other	12,302	-	-	-	-	-	-	-	12,302
	1,218,559	385,328	5,539,558	262,484	26,464	1,229,742	289,874	122,375	9,074,384
Deficiency of revenue over expenses before other	4,827,323	(315,917)	(4,449,285)	(194,839)	(26,464)	(744,526)	(221,626)	1,308	(1,124,026)
Other									
Government transfers for capital	-	-	1,479,894	1,403,758	-	-	-	-	2,883,652
Excess (deficiency) of revenue over expenses	\$ 4,827,323	\$ (315,917)	\$ (2,969,391)	\$ 1,208,919	\$ (26,464)	\$ (744,526)	\$ (221,626)	\$ 1,308	\$ 1,759,626

