

**COUNTY OF WARNER NO. 5**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2013**

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**COUNTY OF WARNER NO. 5**  
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**For the year ended December 31, 2013**

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**INDEPENDENT AUDITORS' 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, 2013, 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, 2013 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.

Lethbridge, Alberta



May 06, 2014

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 County 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 County'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 County. 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, 2013**

	2013	2012
<b>Financial assets</b>		
Cash and temporary investments (note 2)	\$ 8,486,114	\$ 10,417,425
Taxes and grants in place of taxes receivable (note 3)	239,796	268,709
Trade and other receivables	1,407,706	805,135
Land held for resale	26,995	26,995
Investments (note 4)	3,789,989	3,868,892
	13,950,600	15,387,156
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,445,636	2,629,436
Employee benefit obligations (note 5)	405,574	385,107
Deposits	2,354	2,354
Deferred revenue (note 6)	3,736,966	2,879,222
	5,590,530	5,896,119
<b>Net financial assets</b>	8,360,070	9,491,037
<b>Non-financial assets</b>		
Prepaid expenses	140,930	135,608
Inventory for consumption	4,906,316	4,422,079
Tangible capital assets (schedule 2)	22,707,711	22,507,550
	27,754,957	27,065,237
<b>Accumulated surplus</b> (note 10)	\$ 36,115,027	\$ 36,556,274

*Commitments and contingencies* (note 19)

Approved on behalf of Council:

Councillor

Councillor

**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2013

	Budget (Unaudited)	2013	2012
<b>Revenue</b>			
Net municipal taxes (note 12)	\$ 4,916,487	\$ 4,914,090	\$ 4,505,834
User fees and sales of goods	703,190	821,667	644,909
Government transfers for operating (note 13)	1,716,364	1,478,211	1,549,062
Investment income	182,100	136,267	237,611
Penalties and costs of taxes	30,750	43,821	40,332
Licenses and permits	121,500	407,153	201,118
Gain on disposal of tangible capital assets	155,000	5,237	59,149
Rental	50,550	65,599	54,644
Other	14,500	60,303	9,403
Fines	5,000	10,319	9,221
	<b>7,895,441</b>	<b>7,942,667</b>	<b>7,311,283</b>
<b>Expenses (note 14)</b>			
Legislative	279,110	232,192	231,043
Administration	1,054,018	928,114	922,796
Protective services	486,785	327,547	452,447
Roads, streets, walks and lighting	5,083,562	5,523,763	4,952,566
Water supply and distribution	126,042	129,359	222,068
Waste management	144,636	145,141	140,014
Family and community support services	25,927	25,927	25,224
Land use planning, zoning and development	23,375	23,375	16,959
Economic and agricultural development	1,300,908	1,226,497	1,115,624
Recreation and parks	221,731	250,792	227,519
Culture	36,566	36,566	35,041
Other	115,243	119,850	101,837
	<b>8,897,903</b>	<b>8,969,123</b>	<b>8,443,138</b>
<b>Deficiency of revenue over expenses before other</b>	<b>(1,002,462)</b>	<b>(1,026,456)</b>	<b>(1,131,855)</b>
<b>Other</b>			
Government transfers for capital (note 13)	1,200,759	572,118	748,055
Contributed assets	-	13,091	46,351
	<b>1,200,759</b>	<b>585,209</b>	<b>794,406</b>
<b>Deficiency of revenue over expenses</b>	<b>198,297</b>	<b>(441,247)</b>	<b>(337,449)</b>
<b>Accumulated surplus, beginning of year</b>	<b>36,556,274</b>	<b>36,556,274</b>	<b>36,893,723</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 36,754,571</b>	<b>\$ 36,115,027</b>	<b>\$ 36,556,274</b>

**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**For the year ended December 31, 2013**

	Budget (Unaudited)	2013	2012
<b>Deficiency of revenue over expenses</b>	\$ 198,297	\$ (441,247)	\$ (337,449)
Acquisition of tangible capital assets	(1,832,854)	(1,751,762)	(1,758,052)
Amortization	1,352,354	1,417,023	1,349,370
Contributed assets	-	(13,091)	(46,351)
Gain on disposal of tangible capital assets	-	(5,237)	(57,549)
Proceeds on disposal of tangible capital assets	155,000	152,906	61,916
	(325,500)	(200,161)	(450,666)
Net change in inventory for consumption	-	(484,237)	(817,663)
Net change in prepaid expense	-	(5,322)	(6,750)
	-	(489,559)	(824,413)
<b>Change in net financial assets</b>	(127,203)	(1,130,967)	(1,612,528)
<b>Net financial assets, beginning of year</b>	9,491,037	9,491,037	11,103,565
<b>Net financial assets, end of year</b>	\$ 9,363,834	\$ 8,360,070	\$ 9,491,037

**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the year ended December 31, 2013**

	2013	2012
<b>Operating transactions</b>		
Deficiency of revenue over expenses	\$ (441,247)	\$ (337,449)
Adjustments for items which do not affect cash		
Gain on disposal of tangible capital assets	(5,237)	(57,549)
Amortization	1,417,023	1,349,370
Contributed assets	(13,091)	(46,351)
	957,448	908,021
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	28,913	(26,271)
Trade and other receivables	(602,571)	(405,131)
Inventory for consumption	(484,237)	(817,663)
Prepaid expenses	(5,322)	(6,750)
Accounts payable and accrued liabilities	(1,183,800)	(646,244)
Employee benefit obligations	20,467	29,369
Deferred revenue	857,744	845,029
	(411,358)	(119,640)
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	152,906	61,916
Acquisition of tangible capital assets	(1,751,762)	(1,758,052)
	(1,598,856)	(1,696,136)
<b>Investing transactions</b>		
Decrease (increase) in investments	78,903	(951,685)
<b>Decrease in cash and temporary investments</b>	(1,931,311)	(2,767,461)
<b>Cash and temporary investments, beginning of year</b>	10,417,425	13,184,886
<b>Cash and temporary investments, end of year</b>	\$ 8,486,114	\$ 10,417,425



**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 County 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 County 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.



**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) Prepaid local improvements charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the County.

Where a taxpayer has elected to prepay the outstanding local improvement charge, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowing, the deferred revenue is amortized to the revenue by an amount equal to the debt repayment.

**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, 2013**

**2. Cash and temporary investments**

	2013	2012
Cash	\$ 6,327,317	\$ 3,906,535
Temporary investments	2,158,797	6,510,890
	\$ 8,486,114	\$ 10,417,425

Temporary investments are comprised of mutual funds with an average rate of return of 1.5% (2012 - 0.1%) and Guaranteed Investment Certificates that bear interest rates between 1.45% and 2.75%.

Market value for 2013 was \$2,224,048; 2012 - \$6,512,555.

**3. Taxes and grants in place of taxes receivables**

	2013	2012
Current taxes and grants in place of taxes receivable	\$ 193,012	\$ 198,870
Arrears	46,784	69,839
	\$ 239,796	\$ 268,709

**4. Investments**

	2013		2012	
	Cost	Market value	Cost	Market value
Guaranteed Investment Certificates	\$ 1,265,307	\$ 1,306,428	\$ 1,498,400	\$ 1,540,630
Canadian Imperial Bank of Commerce notes	551,725	553,938	-	-
CDN Imperial Bank of Commerce	-	-	557,490	558,680
Res Sunlife Pars & Cars	-	-	306,484	318,423
Royal Bank of Canada	546,893	549,379	553,082	553,277
CPN Province of Quebec	276,255	275,866	272,608	270,415
CPN Province of Manitoba	664,715	664,174	415,493	415,020
CPN Province of Ontario	271,114	271,320	265,335	265,248
CPN Province of British Columbia	213,980	207,932	-	-
	\$ 3,789,989	\$ 3,829,037	\$ 3,868,892	\$ 3,921,693

Guaranteed Investment Certificates bear interest at between 2.10% and 2.75% (2012 - 1.45% to 2.75%) with maturity dates from March 2, 2015 to May 10, 2018. Bonds bear interest rates between 1.35% to 4.25% (2012 - 1.35% to 3.36%) with maturity dates from March 2, 2015 to March 5, 2018.



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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2013**

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**5. Employee benefit obligations**

	2013	2012
Vacation and overtime	\$ 239,974	\$ 240,107
Post-employment benefits	165,600	145,000
	<u>\$ 405,574</u>	<u>\$ 385,107</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 \$2,300 (2012 - \$20,750).

The post-employment benefit expenditure includes current period benefit costs of \$22,900 (2012 - \$10,650).

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**6. Deferred revenue**

	2013	2012
Municipal Sustainability Initiative Grant	\$ 3,515,044	\$ 2,334,385
Basic Municipal Transportation	88,179	75,278
Federal Gas Tax Fund	59,795	340,395
Regional Collaboration Program	29,250	58,125
Further Education	28,899	28,899
Write Break	15,727	15,727
Office employees association	72	-
Bridge File Grant	-	26,413
	<b>\$ 3,736,966</b>	<b>\$ 2,879,222</b>

**7. Inventory for consumption**

	2013	2012
Gravel	\$ 4,474,646	\$ 4,087,023
Parts and other	270,767	153,266
Blades and culverts	54,423	50,853
Chemicals and grass seed	32,064	58,936
Fuel and oil	74,416	72,001
	<b>\$ 4,906,316</b>	<b>\$ 4,422,079</b>

**8. Equity in tangible capital assets**

	2013	2012
Tangible capital assets (schedule 2)	\$ 60,278,266	\$ 59,095,731
Accumulated amortization (schedule 2)	(37,570,555)	(36,588,181)
	<b>\$ 22,707,711</b>	<b>\$ 22,507,550</b>



**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**9. Reserves**

Reserves for operating and capital activities changed as follows:

	2013	2012
<b>Operating</b>		
Mill Rate Stabilization	\$ 4,879,022	\$ 4,879,022
Secondary Highway	1,619,297	1,619,297
Public works - Gravel	350,000	350,000
Stirling Drain	336,950	311,950
General Road Construction	200,000	200,000
Hamlet infrastructure	150,000	150,000
Public works accrued vacation	167,463	167,140
A.S.B. General	100,097	100,097
Public works accrued service	84,700	79,200
General recreation	64,910	61,515
Wrentham Water Mgt. Reserve	60,046	60,046
Resource Road	50,000	50,000
South Warner Drain	49,710	46,941
Admin accrued vacation	48,187	54,263
Admin accrued service	40,300	36,400
Waste management	37,071	37,071
Further Education - Basic	34,818	28,131
Engineering and surveys	30,000	30,000
Write Break - Basic	28,613	28,737
A.S.B. accrued vacation	24,324	16,839
Council accrued service	24,000	14,400
Memorial Scholarship	21,305	21,305
Land/Right of ways	20,000	20,000
A.S.B. accrued service	16,600	15,000
Infrastructure	18,360	18,360
A.E.S.A. - Salinity	10,676	10,676
General Administration (A.L.E.T.)	-	208,636
Economic Development (County)	-	20,000
Economic Development	-	4,429
Hospital/Milk River ambulance	-	4,174
6K Drain	-	4,000
Kuehn Drain	-	4,000
Visser Drain	-	2,000
McKoy/Dickson Drain	-	2,000
AESA accrued vacation	-	1,864
County - Social function	-	1,641
	8,466,449	8,659,134

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**9. Reserves, continued**

**Capital**

Fire Department - Trucks	1,448,826	1,278,826
Public Works - Light Trucks	1,212,500	-
A.S.B. - Building	653,697	386,452
A.S.B. - Light Trucks	366,427	96,252
General Administration - Office equipment/computer	175,954	175,954
Fire Department - Building	150,000	150,000
Public Works - Building	113,831	-
Bylaw - Trucks	84,945	84,945
General Administration - Building	76,581	176,581
General Administration - GIS program	74,416	74,416
Parks - Land Improvement	6,712	6,712
Public Works - Heavy Equipment	-	1,177,500
A.S.B. - Light Equipment	-	100,000
A.S.B. - Heavy Equipment	-	98,100
Public Works - GIS program	-	74,416
A.S.B. - GIS program	-	74,416
A.S.B. - Trailers	-	40,000
A.S.B. - Sprayers	-	10,000
A.S.B. - Heavy Trucks	-	(7,925)
	4,363,889	3,996,645
	\$ 12,830,338	\$ 12,655,779

**10. Accumulated surplus**

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

	2013	2012
Unrestricted surplus	\$ 576,978	\$ 1,392,945
Internally restricted surplus (reserves) (note 9)	12,830,338	12,655,779
Equity in tangible capital assets (note 8)	22,707,711	22,507,550
	\$ 36,115,027	\$ 36,556,274

**11. Segmented disclosure**

The County 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, 2013

**12. Net municipal property taxes**

	Budget (Unaudited)	2013	2012
<b>Taxation</b>			
Real property taxes	\$ 4,465,592	\$ 4,463,195	\$ 4,120,877
Linear property taxes	2,263,012	2,263,012	2,148,020
Government grants in place of property taxes	9,206	9,206	9,658
Special assessments and local improvements	768	768	768
	6,738,578	6,736,181	6,279,323
<b>Requisitions</b>			
Alberta School Foundation Fund	1,598,559	1,601,528	1,545,925
Seniors' Foundation	196,834	196,835	197,263
School Boards	26,698	23,728	21,968
Border Hospital	-	-	8,333
	1,822,091	1,822,091	1,773,489
	\$ 4,916,487	\$ 4,914,090	\$ 4,505,834

**13. Government transfers**

	Budget (Unaudited)	2013	2012
<b>Transfers for operating:</b>			
Provincial government	\$ 1,712,364	\$ 1,472,745	\$ 1,544,125
Federal government	4,000	5,466	4,937
	1,716,364	1,478,211	1,549,062
<b>Transfers for capital:</b>			
Provincial government	952,759	78,362	285,318
Federal government	248,000	493,756	462,737
	1,200,759	572,118	748,055
	\$ 2,917,123	\$ 2,050,329	\$ 2,297,117



**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2013**

**14. Expenditures by object**

	Budget (Unaudited)	2013	2012
Salaries, wages and benefits	\$ 3,771,451	\$ 3,616,587	\$ 3,500,538
Contracted and general services	1,215,933	980,131	1,046,173
Materials, goods, supplies and utilities	2,131,382	2,535,829	2,125,385
Bank charges and short term interest	8,042	5,773	7,637
Transfers to organizations and others	400,741	400,166	395,516
Purchases from other governments	12,000	8,888	9,040
Amortization of tangible capital assets	1,352,354	1,417,023	1,349,370
Other	6,000	4,726	9,479
	<b>\$ 8,897,903</b>	<b>\$ 8,969,123</b>	<b>\$ 8,443,138</b>

**15. Budget amounts**

The 2013 budget for the County was approved by Council on May 7, 2013 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	\$ 198,297
Less: Capital expenditures	(1,832,854)
Transfers to reserves	(30,150)
Add: Amortization	1,352,354
Transfers from reserves	152,050
Proceeds on disposals	155,000
Loss from continuing education	5,303
<b>Equals: balanced budget</b>	<b>\$ -</b>

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2013**

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**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 County be disclosed as follows:

	2013	2012
Total debt limit	\$ 11,906,145	\$ 10,878,203
Debt servicing limit	\$ 1,984,358	\$ 1,813,034

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 WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**17. 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)	(2)		
	Salary	Benefits & allowances	2013	2012
Councillors				
Reeve/Councillor - Division 2	\$ 33,741	\$ 2,050	\$ 35,791	\$ 37,128
Division 1	23,045	4,294	27,339	32,154
Division 1	6,543	894	7,437	-
Division 3	27,040	5,081	32,121	32,192
Division 4	25,931	5,146	31,077	32,919
Division 5	20,251	4,620	24,871	19,927
Division 6	5,158	770	5,928	10,484
Division 7	29,866	5,263	35,129	43,414
Chief Administrative Officer	119,000	30,899	149,899	144,875
Designated Officers - 1 (2012 - 2)	\$ 95,253	\$ 20,576	\$ 115,829	\$ 203,569

(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.

**18. 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 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2013 were \$256,992 (2012 - \$231,796). Total current service contributions by the employees of the County to the LAPP in 2012 were \$234,472 (2012 - \$210,299).

At December 31, 2012, the LAPP disclosed an actuarial deficiency of \$4.98 billion.

**19. 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 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.

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 \$260,000 (2012 - \$340,000).

**20. 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 County 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 County provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2013**

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**21. Approval of financial statements**

These financial statements were approved by Council and Management.

**22. Comparative figures**

Where necessary the comparative figures for the 2012 year have been reclassified to conform with 2013 financial statement presentation.

**COUNTY OF WARNER NO. 5**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2013**

	Schedule of changes in accumulated surplus			Schedule 1	
	Unrestricted	Restricted	Equity in tangible capital assets	2013	2012
Balance, beginning of year	\$ 1,392,945	\$ 12,655,779	\$ 22,507,550	\$ 36,556,274	\$ 36,893,723
Deficiency of revenue over expenses	(441,247)	-	-	(441,247)	(337,449)
Unrestricted funds designated for future use	(393,194)	393,194	-	-	-
Restricted funds used for operations	218,635	(218,635)	-	-	-
Current year funds used for tangible capital assets	(1,751,762)	-	1,751,762	-	-
Contributed tangible capital assets	(13,091)	-	13,091	-	-
Disposal of tangible capital assets	147,669	-	(147,669)	-	-
Annual amortization expense	1,417,023	-	(1,417,023)	-	-
Change in accumulated surplus	(815,967)	174,559	200,161	(441,247)	(337,449)
<b>Balance, end of year</b>	<b>\$ 576,978</b>	<b>\$ 12,830,338</b>	<b>\$ 22,707,711</b>	<b>\$ 36,115,027</b>	<b>\$ 36,556,274</b>



**COUNTY OF WARNER NO. 5**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

**Schedule of tangible capital assets**

Schedule 2

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2013	2012
<b>Cost:</b>									
Balance, beginning of year \$	2,317,925	\$ 776,897	\$ 1,776,424	\$ 41,393,035	\$ 8,117,389	\$ 4,149,555	\$ 564,506	\$ 59,095,731	\$ 57,603,729
Acquisitions	-	86,574	-	325,708	786,737	66,506	499,328	1,764,853	1,804,403
Construction-in-progress	-	-	54,526	729,884	-	-	(784,410)	-	-
Disposals	-	(6,308)	-	(56,568)	(502,892)	(16,550)	-	(582,318)	(312,401)
<b>Balance, end of year</b>	<b>2,317,925</b>	<b>857,163</b>	<b>1,830,950</b>	<b>42,392,059</b>	<b>8,401,234</b>	<b>4,199,511</b>	<b>279,424</b>	<b>60,278,266</b>	<b>59,095,731</b>
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	388,959	919,247	27,888,120	4,645,170	2,746,686	-	36,588,181	35,546,846
Annual amortization	-	36,099	45,065	667,676	432,812	235,371	-	1,417,023	1,349,370
Disposals	-	(6,308)	-	(20,798)	(390,994)	(16,549)	-	(434,649)	(308,035)
<b>Balance, end of year</b>	<b>-</b>	<b>418,750</b>	<b>964,312</b>	<b>28,534,998</b>	<b>4,686,988</b>	<b>2,965,508</b>	<b>-</b>	<b>37,570,555</b>	<b>36,588,181</b>
<b>Net book value</b>	<b>\$ 2,317,925</b>	<b>\$ 438,413</b>	<b>\$ 866,638</b>	<b>\$ 13,857,061</b>	<b>\$ 3,714,246</b>	<b>\$ 1,234,003</b>	<b>\$ 279,424</b>	<b>\$ 22,707,711</b>	<b>\$ 22,507,550</b>
<b>2012 net book value</b>	<b>\$ 2,317,925</b>	<b>\$ 387,938</b>	<b>\$ 857,177</b>	<b>\$ 13,504,915</b>	<b>\$ 3,472,219</b>	<b>\$ 1,402,869</b>	<b>\$ 564,506</b>	<b>\$ 22,507,550</b>	



**COUNTY OF WARNER NO. 5**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2013

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
<b>Revenue</b>									
Net municipal taxes	\$ 4,913,322	\$ -	\$ -	\$ -	\$ -	\$ 768	\$ -	\$ -	\$ 4,914,090
User fees and sales of goods	7,936	14,775	513,381	66,223	-	185,889	-	33,463	821,667
Government transfers for operating	295,521	9,575	848,229	-	-	232,614	-	92,272	1,478,211
Investment income	135,790	-	-	-	-	-	-	477	136,267
Penalties and costs of taxes	43,821	-	-	-	-	-	-	-	43,821
Licenses and permits	403,758	-	-	-	-	-	3,395	-	407,153
Gain on disposal of capital assets	-	-	2,816	-	-	2,421	-	-	5,237
Rental	4,142	-	-	-	-	9,838	51,619	-	65,599
Other	9,913	-	50,189	-	-	-	-	201	60,303
Fines	-	10,319	-	-	-	-	-	-	10,319
	5,814,203	34,669	1,414,615	66,223	-	431,530	55,014	126,413	7,942,667
<b>Expenses</b>									
Salaries, wages and benefits	719,009	7,009	2,187,131	16,460	-	623,615	-	63,363	3,616,587
Contracted and general services	330,526	76,504	331,462	106,945	-	71,967	16,761	45,966	980,131
Materials, goods, supplies and utilities	66,450	127,366	1,823,480	24,580	-	433,854	49,583	10,516	2,535,829
Bank charges and short term interest	5,767	-	-	-	-	-	-	6	5,773
Transfers to organizations and others	2,025	28,552	5,408	112,660	25,927	29,275	196,319	-	400,166
Purchases from other governments	8,888	-	-	-	-	-	-	-	8,888
Amortization of tangible capital assets	22,914	88,115	1,176,282	13,854	-	91,162	24,696	-	1,417,023
Other	4,726	-	-	-	-	-	-	-	4,726
	1,160,305	327,546	5,523,763	274,499	25,927	1,249,873	287,359	119,851	8,969,123
<b>Deficiency of revenue over expenses before other</b>	<b>4,653,898</b>	<b>(292,877)</b>	<b>(4,109,148)</b>	<b>(208,276)</b>	<b>(25,927)</b>	<b>(818,343)</b>	<b>(232,345)</b>	<b>6,562</b>	<b>(1,026,456)</b>
<b>Other</b>									
Government transfers for capital	-	-	572,118	-	-	-	-	-	572,118
Contributed assets	-	13,091	-	-	-	-	-	-	13,091
	-	13,091	572,118	-	-	-	-	-	585,209
<b>Deficiency of revenue over expenses</b>	<b>\$ 4,653,898</b>	<b>\$ (279,786)</b>	<b>\$ (3,537,030)</b>	<b>\$ (208,276)</b>	<b>\$ (25,927)</b>	<b>\$ (818,343)</b>	<b>\$ (232,345)</b>	<b>\$ 6,562</b>	<b>\$ (441,247)</b>