

**COUNTY OF WARNER NO. 5**

**Financial Statements**

**For the year ended December 31, 2012**

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**COUNTY OF WARNER NO. 5**  
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For the year ended December 31, 2012

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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, 2012, 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, 2012 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



April 23, 2013

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

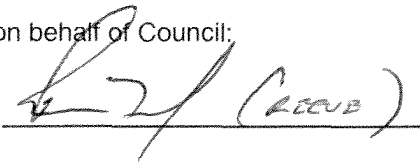
**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2012

	2012	2011
<b>Financial assets</b>		
Cash and temporary investments (note 2)	\$ 10,417,425	\$ 13,184,886
Taxes and grants in place of taxes receivable (note 3)	268,709	242,438
Trade and other receivables	805,135	400,002
Land held for resale	26,995	26,995
Investments (note 4)	3,868,892	2,917,208
	15,387,156	16,771,529
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,629,436	3,275,680
Employee benefit obligations (note 5)	385,107	355,737
Deposits	2,354	2,354
Deferred revenue (note 6)	2,879,222	2,034,193
	5,896,119	5,667,964
<b>Net financial assets</b>	9,491,037	11,103,565
<b>Non-financial assets</b>		
Prepaid expenses	135,608	128,858
Inventory for consumption	4,422,079	3,604,417
Tangible capital assets (schedule 2)	22,507,550	22,056,883
	27,065,237	25,790,158
<b>Accumulated surplus</b> (note 10)	\$ 36,556,274	\$ 36,893,723

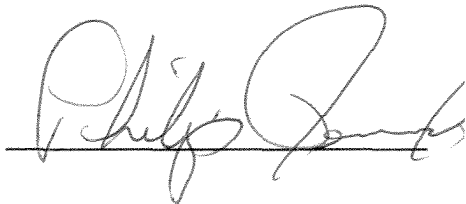
*Commitments and contingencies* (note 19)

Approved on behalf of Council:

Councillor

 (CCUB)

Councillor



**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2012

	Budget (Unaudited)	2012	2011
<b>Revenue</b>			
Net municipal taxes (note 12)	\$ 4,517,544	\$ 4,505,834	\$ 4,524,106
User fees and sales of goods	271,090	644,909	388,685
Government transfers for operating (note 13)	1,592,651	1,549,062	1,404,758
Investment income	204,200	237,611	255,189
Penalties and costs of taxes	35,750	49,553	53,293
Licenses and permits	31,500	201,118	41,167
Gain on disposal of capital assets	73,000	59,149	29,032
Rental	56,150	54,644	22,060
Other	18,969	9,403	214,239
	<u>6,800,854</u>	<u>7,311,283</u>	<u>6,932,529</u>
<b>Expenses (note 14)</b>			
Legislative	265,120	231,043	242,530
Administration	1,008,633	922,796	942,918
Protective services	412,216	452,447	350,715
Roads, streets, walks and lighting	6,292,213	5,120,357	4,851,803
Waste management	139,966	140,014	132,169
Family and community support services	25,224	25,224	24,959
Land use planning, zoning and development	16,959	16,959	16,151
Economic and agricultural development	1,139,377	1,169,901	1,019,328
Recreation and parks	219,415	227,519	210,055
Culture	35,041	35,041	34,135
Continuing education	115,243	101,837	127,624
	<u>9,669,407</u>	<u>8,443,138</u>	<u>7,952,387</u>
<b>Deficiency of revenue over expenses before other</b>	<u>(2,868,553)</u>	<u>(1,131,855)</u>	<u>(1,019,858)</u>
<b>Other</b>			
Government transfers for capital (note 13)	2,442,948	748,055	1,261,684
Contributed assets	-	46,351	-
	<u>2,442,948</u>	<u>794,406</u>	<u>1,261,684</u>
<b>(Deficiency) excess of revenue over expenses</b>	<u>(425,605)</u>	<u>(337,449)</u>	<u>241,826</u>
<b>Accumulated surplus, beginning of year</b>	<u>36,893,723</u>	<u>36,893,723</u>	<u>36,651,897</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 36,468,118</u>	<u>\$ 36,556,274</u>	<u>\$ 36,893,723</u>

**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
For the year ended December 31, 2012

	Budget (Unaudited)	2012	2011
<b>(Deficiency) excess of revenue over expenses</b>	\$ (425,605)	\$ (337,449)	\$ 241,826
Acquisition of tangible capital assets	(1,019,400)	(1,758,052)	(2,282,758)
Amortization	1,243,354	1,349,370	1,297,414
Contributed assets	-	(46,351)	-
Gain on disposal of tangible capital assets	-	(57,549)	(29,032)
Proceeds on disposal of tangible capital assets	-	61,916	120,574
	223,954	(450,666)	(893,802)
Net change in inventory for consumption	-	(817,663)	(675,881)
Net change in prepaid expense	-	(6,750)	5,210
	-	(824,413)	(670,671)
<b>Change in net financial assets</b>	(201,651)	(1,612,528)	(1,322,647)
<b>Net financial assets, beginning of year</b>	11,103,565	11,103,565	12,426,212
<b>Net financial assets, end of year</b>	\$ 10,901,914	\$ 9,491,037	\$ 11,103,565

**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2012

	2012	2011
<b>Operating transactions</b>		
(Deficiency) excess of revenue over expenses	\$ (337,449)	\$ 241,826
Adjustments for items which do not affect cash		
Gain on disposal of tangible capital assets	(57,549)	(29,032)
Amortization	1,349,370	1,297,414
Contributed assets	(46,351)	-
	908,021	1,510,208
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(26,271)	(14,057)
Trade and other receivables	(405,132)	943,741
Inventory for consumption	(817,663)	(675,881)
Prepaid expenses	(6,750)	5,210
Accounts payable and accrued liabilities	(646,244)	2,289,940
Employee benefit obligations	29,370	6,740
Deferred revenue	845,029	259,901
	(119,640)	4,325,802
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	61,916	120,574
Acquisition of tangible capital assets	(1,758,052)	(2,282,758)
	(1,696,136)	(2,162,184)
<b>Investing transactions</b>		
(Increase) decrease in investments	(951,685)	4,050
<b>(Decrease) increase in cash and temporary investments</b>	<b>(2,767,461)</b>	<b>2,167,668</b>
<b>Cash and temporary investments, beginning of year</b>	<b>13,184,886</b>	<b>11,017,218</b>
<b>Cash and temporary investments, end of year</b>	<b>\$ 10,417,425</b>	<b>\$ 13,184,886</b>



**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) Land held 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.

(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.

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2012

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**1. Significant accounting policies, continued**

- (i) **Tangible capital assets**  
Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line 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, 2012

**2. Cash and temporary investments**

	2012	2011
Cash	\$ 3,906,535	\$ 4,838,046
Temporary investments	6,510,890	8,346,840
	\$ 10,417,425	\$ 13,184,886

Temporary investments are comprised of mutual funds with an average rate of return of 0.1% (2011 - 0.1%) and Guaranteed Investment Certificates that bear interest rates between 1.4% and 2.32%.

Market value for 2012 was \$6,512,555; 2011 - \$8,476,957

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

	2012	2011
Current taxes and grants in place of taxes receivable	\$ 198,870	\$ 175,655
Arrears	69,839	66,783
	\$ 268,709	\$ 242,438

**4. Investments**

	2012		2011	
	Cost	Market value	Cost	Market value
Guaranteed Investment Certificates	\$ 1,498,400	\$ 1,540,630	\$ 469,898	\$ 479,218
CDN Imperial Bank of Commerce	557,490	558,680	563,255	561,405
Royal Bank of Canada	553,082	553,277	559,270	561,405
CPN Province of Manitoba	415,493	415,020	-	-
Res Sunlife Pars & Cars	306,484	318,423	303,022	306,132
CPN Province of Quebec	272,608	270,415	-	-
CPN Province of Ontario	265,335	265,248	-	-
Ishares Dex Real Return Bond	-	-	568,824	609,352
Merrill Lynch Financial	-	-	198,152	202,100
Bank of Nova Scotia	-	-	254,787	257,226
	\$ 3,868,892	\$ 3,921,693	\$ 2,917,208	\$ 2,976,838

Guaranteed Investment Certificates bear interest at between 1.45% and 2.75% (2011 - 1.55% to 2.75) with maturity dates from February 17, 2014 to March 28, 2017. Bonds bear interest rates between 1.35% to 3.36% (2011 - 2.75% to 6.96%) with maturity dates from March 3, 2014 to March 31, 2019.

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2012

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5. **Employee benefit obligations**

	2012		2011
Vacation and overtime	\$ 240,107	\$	202,737
Post-employment benefits	145,000		153,000
	\$ 385,107	\$	355,737

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**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 \$20,750 (2011 - \$150).

The post-employment benefit expenditure includes current period benefit costs of \$10,650 (2011 - \$13,400).

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2012

**6. Deferred revenue**

	2012	2011
Municipal Sustainability Initiative Grant	\$ 2,334,385	\$ 1,346,216
Federal Gas Tax Fund	340,395	425,918
Basic Municipal Transportation	75,278	50,702
Regional Collaboration Program	58,125	-
Further Education	28,899	15,696
Bridge File Grant	26,413	26,413
Write Break	15,727	7,342
New Deal for Cities and Communities	-	161,906
	\$ 2,879,222	\$ 2,034,193

**7. Inventory for consumption**

	2012	2011
Gravel	\$ 4,087,023	\$ 3,233,292
Parts and other	153,266	144,477
Blades and culverts	50,853	59,458
Chemicals and grass seed	58,936	85,968
Fuel and oil	72,001	81,222
	\$ 4,422,079	\$ 3,604,417

**8. Equity in tangible capital assets**

	2012	2011
Tangible capital assets (schedule 2)	\$ 59,095,731	\$ 57,603,729
Accumulated amortization (schedule 2)	(36,588,181)	(35,546,846)
	\$ 22,507,550	\$ 22,056,883

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2012

**9. Reserves**

Reserves for operating and capital activities changed as follows:

	2012	2011
<b>Operating</b>		
Mill Rate Stabilization	\$ 4,879,022	\$ 4,879,022
Memorial Scholarship	21,305	21,305
County - Social function	1,641	1,641
Fire Department - Fire hall	-	15,000
General Administration (A.L.E.T.)	208,636	208,636
Public works - Gravel	350,000	350,000
Infrastructure	18,360	18,360
Secondary Highway	1,619,297	1,619,297
Economic Development (County)	20,000	20,000
Resource Road	50,000	50,000
Engineering and surveys	30,000	30,000
Land/Right of ways	20,000	20,000
Waste management	37,071	37,071
Hospital/Milk River ambulance	4,174	4,174
Economic Development	4,429	4,429
South Warner Drain	46,941	44,173
Stirling Drain	311,950	286,950
Visser Drain	2,000	2,000
6K Drain	4,000	4,000
Kuehn Drain	4,000	4,000
McKoy/Dickson Drain	2,000	2,000
A.E.S.A. - Salinity	10,676	10,676
Further Education - Basic	28,131	27,771
Write Break - Basic	28,737	19,625
General Recreation	61,515	59,027
General Road Construction	200,000	200,000
A.S.B. General	100,097	100,097
Hamlet infrastructure	150,000	150,000
Council accrued service	14,400	13,800
Admin accrued vacation	54,263	45,147
Admin accrued service	36,400	43,000
Bylaw accrued vacation	-	4,546
Bylaw accrued service	-	800
Public works accrued vacation	167,140	134,521
Public works accrued service	79,200	81,800
A.S.B. accrued vacation	16,839	18,524
A.S.B. accrued service	15,000	13,600
AESA accrued vacation	1,864	-
Wrentham Water Mgt. Reserve	60,046	60,046
	8,659,134	8,605,038

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2012

**9. Reserves, continued**

**Capital**

General Administration - Building	176,581	176,581
Fire Department - Building	150,000	150,000
A.S.B. - Building	386,452	336,452
General Administration - Office equipment/computer	175,954	175,954
General Administration - GIS program	74,416	74,416
Public Works - GIS program	74,416	74,416
A.S.B. - GIS program	74,416	74,415
A.S.B. - Light Equipment	100,000	120,000
Public Works - Heavy Equipment	1,177,500	1,177,500
A.S.B. - Heavy Equipment	98,100	68,100
Fire Department - Trucks	1,278,826	1,178,826
Bylaw - Trucks	84,945	74,945
A.S.B. - Light Trucks	96,252	131,252
A.S.B. - Heavy Trucks	(7,925)	82,075
A.S.B. - Trailers	40,000	40,000
Parks - Land Improvement	6,712	6,712
A.S.B. - Sprayers	10,000	10,000
	3,996,645	3,951,644
	\$ 12,655,779	\$ 12,556,682

**10. Accumulated surplus**

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

	2012	2011
Unrestricted surplus	\$ 1,392,945	\$ 2,280,158
Internally restricted surplus (reserves) (note 9)	12,655,779	12,556,682
Equity in tangible capital assets (note 8)	22,507,550	22,056,883
	\$ 36,556,274	\$ 36,893,723

**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, 2012

**12. Net municipal property taxes**

	Budget (Unaudited)	2012	2011
<b>Taxation</b>			
Real property taxes	\$ 4,131,160	\$ 4,120,877	\$ 4,076,675
Linear property taxes	2,147,735	2,148,020	2,183,012
Government grants in place of property taxes	11,287	9,658	9,672
Special assessments and local improvements	768	768	768
	6,290,950	6,279,323	6,270,127
<b>Requisitions</b>			
Alberta School Foundation Fund	1,545,925	1,545,925	1,515,738
Seniors' Foundation	197,263	197,263	201,169
School Boards	21,968	21,968	20,781
Border Hospital	8,250	8,333	8,333
	1,773,406	1,773,489	1,746,021
	\$ 4,517,544	\$ 4,505,834	\$ 4,524,106

**13. Government transfers**

	Budget (Unaudited)	2012	2011
<b>Transfers for operating:</b>			
Provincial government	\$ 1,588,651	\$ 1,544,125	\$ 1,400,686
Federal government	4,000	4,937	4,072
	1,592,651	1,549,062	1,404,758
<b>Transfers for capital</b>			
Provincial government	1,596,079	285,318	1,129,095
Federal government	846,869	462,737	132,589
	2,442,948	748,055	1,261,684
	\$ 4,035,599	\$ 2,297,117	\$ 2,666,442

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2012

**14. Expenses by object**

	Budget (Unaudited)	2012	2011
Salaries, wages and benefits	\$ 3,684,427	\$ 3,629,759	\$ 3,614,695
Contracted and general services	1,749,544	927,640	708,327
Materials, goods, supplies and utilities	2,592,199	2,124,176	1,944,627
Bank charges and short term interest	7,742	7,637	7,432
Transfers to organizations and others	385,141	395,516	370,324
Purchases from other governments	7,000	9,040	9,568
Amortization of tangible capital assets	1,243,354	1,349,370	1,297,414
	<u>\$ 9,669,407</u>	<u>\$ 8,443,138</u>	<u>\$ 7,952,387</u>

**15. Budget amounts**

The 2012 budget for the County was approved by Council on April 19, 2012 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 deficit per financial statements	\$ (425,605)
Less: Capital expenditures	(1,019,400)
Transfers to reserves	(68,324)
Add: Amortization	1,243,355
Transfers from reserves	197,831
Proceeds on disposals	73,000
Loss from continuing education	7,393
Border hospital requisition	(8,250)
<u>Equals: balanced budget</u>	<u>\$ -</u>

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2012

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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:

	2012	2011
Total debt limit	\$ 10,878,203	\$ 10,355,247
Debt servicing limit	\$ 1,813,034	\$ 1,725,875

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, 2012

**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)	2012	2011
	Salary	Benefits & allowances		
Councillors				
Reeve/Councillor - Division 2	\$ 35,093	\$ 2,035	\$ 37,128	\$ 7,929
Division 1	27,173	4,981	32,154	28,675
Division 2	-	-	-	23,055
Division 3	27,145	5,047	32,192	30,891
Division 4	27,995	4,924	32,919	35,449
Division 5	15,378	4,549	19,927	3,033
Division 6	-	-	-	29,653
Division 7	38,198	5,217	43,415	36,150
Reeve/Councillor - Division 5	-	-	-	24,394
Chief Administrative Officer	115,534	29,341	144,875	167,477
Chief Administrative Officer	-	-	-	57,642
Designated Officers - 2	\$ 167,285	\$ 36,284	\$ 203,569	\$ 192,142

(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 214,000 people and about 423 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 9.91% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.74% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 8.91% of pensionable salary up to the year's maximum pensionable salary and 12.74% on pensionable salary above this amount.

Total current service contributions by the County to the LAPP in 2012 were \$231,796 (2011 - \$229,161). Total current service contributions by the employees of the County to the LAPP in 2012 were \$210,299 (2011 - \$207,189).

At December 31, 2011, the LAPP disclosed an actuarial deficiency of \$4.639 billion.

**19. Commitments and contingencies**

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 \$340,000 (2011 - \$420,000).

**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, 2012

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**21. Approval of financial statements**

These financial statements were approved by Council and Management.

**COUNTY OF WARNER NO. 5**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2012

Schedule of changes in accumulated surplus	Schedule 1				
	Unrestricted	Internally restricted (reserves)	Equity in tangible capital assets	2012	2011
Balance, beginning of year	\$ 2,280,158	\$ 12,556,683	\$ 22,056,882	\$ 36,893,723	\$ 36,651,897
(Deficiency) excess of revenue over expenses	(337,449)	-	-	(337,449)	241,826
Unrestricted funds designated for future use	(275,327)	275,327	-	-	-
Restricted funds used for operations	176,231	(176,231)	-	-	-
Current year funds used for tangible capital assets	(1,758,052)	-	1,758,052	-	-
Contributed tangible capital assets	(46,351)	-	46,351	-	-
Disposal of tangible capital assets	4,365	-	(4,365)	-	-
Annual amortization expense	1,349,370	-	(1,349,370)	-	-
Change in accumulated surplus	(887,213)	99,096	450,668	(337,449)	241,826
<b>Balance, end of year</b>	<b>\$ 1,392,945</b>	<b>\$ 12,655,779</b>	<b>\$ 22,507,550</b>	<b>\$ 36,556,274</b>	<b>\$ 36,893,723</b>

**COUNTY OF WARNER NO. 5**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2012

**Schedule of tangible capital assets**

Schedule 2

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2012	2011
<b>Cost:</b>									
Balance, beginning of year	\$ 2,316,325	\$ 698,427	\$ 1,776,424	\$ 40,969,786	\$ 7,891,814	\$ 3,800,898	\$ 150,055	\$ 57,603,729	\$ 55,920,440
Acquisitions	1,600	85,535	-	382,509	253,195	542,086	539,478	1,804,403	2,282,758
Construction-in-progress	-	-	-	125,027	-	-	(125,027)	-	-
Disposals	-	(7,065)	-	(84,287)	(27,620)	(193,429)	-	(312,401)	(599,469)
<b>Balance, end of year</b>	<b>2,317,925</b>	<b>776,897</b>	<b>1,776,424</b>	<b>41,393,035</b>	<b>8,117,389</b>	<b>4,149,555</b>	<b>564,506</b>	<b>59,095,731</b>	<b>57,603,729</b>
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	364,117	875,574	27,321,347	4,249,180	2,736,629	-	35,546,846	34,757,359
Annual amortization	-	31,907	43,673	651,060	422,124	200,606	-	1,349,370	1,297,414
Disposals	-	(7,065)	-	(84,287)	(26,134)	(190,549)	-	(308,035)	(507,927)
<b>Balance, end of year</b>	<b>-</b>	<b>388,959</b>	<b>919,247</b>	<b>27,888,120</b>	<b>4,645,170</b>	<b>2,746,686</b>	<b>-</b>	<b>36,588,181</b>	<b>35,546,846</b>
<b>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>	<b>\$ 22,056,883</b>
<b>2011 net book value</b>	<b>\$ 2,316,325</b>	<b>\$ 334,310</b>	<b>\$ 900,849</b>	<b>\$ 13,648,439</b>	<b>\$ 3,642,634</b>	<b>\$ 1,064,270</b>	<b>\$ 150,055</b>	<b>\$ 22,056,883</b>	



**COUNTY OF WARNER NO. 5**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2012

**Schedule of segmented disclosure**

Schedule 3

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
<b>Revenue</b>								
Net municipal taxes	\$ 4,505,066	\$ -	\$ -	\$ 768	\$ -	\$ -	\$ -	\$ 4,505,834
User fees and sales of goods	52,607	-	350,415	64,456	-	10,400	167,031	644,909
Government transfers for operating	313,009	-	1,202,678	25,375	-	-	8,000	1,549,062
Investment income	237,611	-	-	-	-	-	-	237,611
Penalties and costs of taxes	-	-	-	-	-	49,553	-	49,553
Licenses and permits	201,118	-	-	-	-	-	-	201,118
Gain on disposal of capital assets	59,149	-	-	-	-	-	-	59,149
Rental	5,780	-	-	-	-	6,163	42,701	54,644
Other	9,403	-	-	-	-	-	-	9,403
	5,383,743	-	1,553,093	90,599	-	66,116	217,732	7,311,283
<b>Expenses</b>								
Salaries, wages and benefits	702,927	98,234	2,180,357	15,697	-	574,512	58,032	3,629,759
Contracted and general services	342,133	47,471	421,108	1,949	-	51,256	63,723	927,640
Materials, goods, supplies and utilities	63,590	172,164	1,398,052	-	-	457,600	32,770	2,124,176
Bank charges and short term interest	7,580	-	-	-	-	-	57	7,637
Transfers to organizations and others	925	43,552	5,408	108,515	25,224	21,909	189,983	395,516
Purchases from other governments	9,040	-	-	-	-	-	-	9,040
Amortization of tangible capital assets	27,644	91,026	1,115,431	13,854	-	81,582	19,833	1,349,370
	1,153,839	452,447	5,120,356	140,015	25,224	1,186,859	364,398	8,443,138
<b>Deficiency of revenue over expenses before other</b>	4,229,904	(452,447)	(3,567,263)	(49,416)	(25,224)	(1,120,743)	(146,666)	(1,131,855)
<b>Other</b>								
Government transfers for capital	-	-	748,055	-	-	-	-	748,055
Contributed assets	-	-	46,351	-	-	-	-	46,351
	-	-	794,406	-	-	-	-	794,406
<b>(Deficiency) excess of revenue over expenses</b>	\$ 4,229,904	\$ (452,447)	\$ (2,772,857)	\$ (49,416)	\$ (25,224)	\$ (1,120,743)	\$ (146,666)	\$ (337,449)