

COUNTY OF WARNER NO. 5

Financial Statements

For the year ended December 31, 2006

COUNTY OF WARNER NO. 5
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For the year ended December 31, 2006

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Young Parkyn McNab LLP

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

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

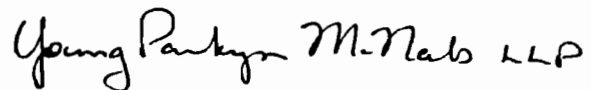
We have audited the consolidated statement of financial position of the County of Warner No. 5 as at December 31, 2006, the consolidated statement of financial activities and change in fund balances, and the consolidated statement of changes in financial position for the year then ended. These financial statements are the responsibility of the municipal management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the County of Warner No. 5 as at December 31, 2006 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted principles.

Lethbridge, Alberta

April 11, 2007



Chartered Accountants

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2006

	2006	2005
ASSETS		
Financial assets		
Cash and temporary investments (note 2)	\$ 8,929,225	\$ 7,973,919
Taxes and grants in place of taxes receivable (note 3)	159,944	196,020
Trade and other accounts receivable	428,606	456,430
Prepaid expenses	110,687	107,114
Long-term investments (note 4)	4,028,211	3,999,772
	13,656,673	12,733,255
Physical assets		
Capital assets (note 5)	12,669,291	12,079,228
Inventory for consumption (note 6)	1,748,309	2,067,130
	14,417,600	14,146,358
	\$ 28,074,273	\$ 26,879,613

LIABILITIES AND MUNICIPAL EQUITY

Liabilities		
Accounts payable and accrued liabilities	\$ 404,099	\$ 404,209
Deposits received	3,359	3,359
Employee benefit obligations (note 7)	224,533	101,895
Deferred revenue (note 8)	853,162	721,339
	1,485,153	1,230,802
Municipal equity		
Fund balances		
Operating (schedule 1)	3,490,802	3,490,292
Capital (schedule 2) (note 10)	52,117	32,844
Reserves (schedule 3) (note 11)	10,376,910	10,046,447
	13,919,829	13,569,583
Equity in capital assets (note 12)	12,669,291	12,079,228
	26,589,120	25,648,811
	\$ 28,074,273	\$ 26,879,613

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES
For the year ended December 31, 2006

	Budget (Unaudited)	2006	2005
Revenue			
Net municipal property taxes (note 13)	\$ 4,087,631	\$ 4,081,654	\$ 3,996,116
User fees and sale of goods	179,384	387,849	317,873
Government transfers (note 14)	2,809,572	2,113,596	1,437,468
Penalties and costs on taxes	25,600	34,300	36,166
Investment income	268,477	318,853	275,461
Licenses and permits	12,500	21,519	15,773
Rentals	19,400	37,104	33,001
Proceeds on disposal of capital assets	343,500	184,100	12,392
Other	15,050	87,451	50,166
	7,761,114	7,266,426	6,174,416
Expenditures			
Legislative	200,900	162,936	158,105
Administration	746,900	697,304	637,786
Fire and bylaw enforcement	383,091	310,658	281,485
Roads, streets, walks and lighting	5,430,641	4,409,032	3,145,681
Waste management	97,166	95,781	101,577
Planning, zoning and development	13,286	13,286	12,653
Economic and agricultural development	925,473	922,598	677,691
Family and community support	21,231	21,231	20,585
Recreation and parks	190,203	160,882	181,103
Culture	27,086	26,586	10,558
Continuing education	103,989	95,886	72,810
	8,139,966	6,916,180	5,300,034
Excess (deficiency) of revenue over expenditures	(378,852)	350,246	874,382
Fund balances, beginning of year	13,569,583	13,569,583	12,695,201
Fund balances, end of year	\$ 13,190,731	\$ 13,919,829	\$ 13,569,583

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
For the year ended December 31, 2006

	2006	2005
Cash flows from operating activities		
Excess of revenue over expenditures	\$ 350,246	\$ 874,382
Loss on sale of investments	-	1,161
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	36,076	19,388
Trade and other accounts receivable	27,824	(153,874)
Prepaid expenses	(3,571)	(3,912)
Inventory for consumption	318,821	(420,301)
Accounts payable and accrued liabilities	(110)	(176,943)
Deposits received	-	(23,760)
Employee benefit obligations	122,638	7,987
Deferred revenue	131,823	721,339
	983,747	845,467
Cash flows from investing activities		
Purchase of investments	(53,826)	(1,704,976)
Proceeds on disposal of investments	25,385	958,736
	(28,441)	(746,240)
Increase in cash and temporary investments	955,306	99,227
Cash and temporary investments, beginning of year	7,973,919	7,874,692
Cash and temporary investments, end of year	\$ 8,929,225	\$ 7,973,919

COUNTY OF WARNER NO. 5
SCHEDULE 1
SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - OPERATING
For the Year Ended December 31, 2006

	Budget (Unaudited)	2006	2005
Revenue			
Net municipal property taxes (note 13)	\$ 4,087,631	\$ 4,081,654	\$ 3,996,116
User fees and sale of goods	179,384	387,849	317,873
Government transfers	2,809,572	2,061,479	1,391,168
Penalties and costs on taxes	25,600	34,300	36,166
Investment income	268,477	318,853	275,461
Licenses and permits	12,500	21,519	15,773
Rentals	19,400	37,104	33,001
Other	15,050	87,451	50,166
	<u>7,417,614</u>	<u>7,030,209</u>	<u>6,115,724</u>
Expenditures			
Legislative	200,900	162,936	158,105
Administration	741,900	668,121	615,251
Fire and bylaw enforcement	378,091	310,658	280,015
Roads, streets, walks and lighting	3,607,986	3,437,483	2,780,929
Waste management	97,166	95,781	95,467
Planning, zoning and development	13,286	13,286	12,653
Economic and agricultural development	805,719	826,101	607,385
Family and community support	21,231	21,231	20,585
Recreation and parks	170,203	160,882	169,585
Culture	27,086	26,586	10,558
Continuing education	103,989	95,886	72,810
	<u>6,167,557</u>	<u>5,818,951</u>	<u>4,823,343</u>
Excess of revenue over expenditures	1,250,057	1,211,258	1,292,381
Net interfund transfers			
Transfer to capital (schedule 2)	(1,242,709)	(1,033,737)	(769,123)
Transfer to reserves (schedule 3)	(7,348)	(177,011)	(465,212)
Change in fund balance	-	510	58,046
Fund balance, beginning of year	3,490,292	3,490,292	3,432,246
Fund balance, end of year	<u>\$ 3,490,292</u>	<u>\$ 3,490,802</u>	<u>\$ 3,490,292</u>

COUNTY OF WARNER NO. 5
SCHEDULE 2
SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - CAPITAL
For the year ended December 31, 2006

	Budget (Unaudited)	2006	2005
Revenue			
Government transfers	\$ -	\$ 52,117	\$ 46,300
Proceeds on disposal of capital assets	343,500	184,100	12,392
	<u>343,500</u>	<u>236,217</u>	<u>58,692</u>
Expenditures			
Administration	5,000	29,183	22,535
Fire and bylaw enforcement	5,000	-	1,470
Roads, streets, walks and lighting	1,822,655	971,549	364,752
Waste management	-	-	6,110
Economic and agricultural development	119,754	96,497	70,306
Recreation and parks	20,000	-	11,518
	<u>1,972,409</u>	<u>1,097,229</u>	<u>476,691</u>
Deficiency of revenue over expenditures	(1,628,909)	(861,012)	(417,999)
Capital financing transactions and net interfund transfers			
Transfer from operating (schedule 1)	1,242,709	1,033,737	769,123
Transfer (to) from reserves (schedule 3)	386,200	(153,452)	(350,500)
Change in fund balance	-	19,273	624
Fund balance, beginning of year	32,844	32,844	32,220
Fund balance, end of year (note 10)	\$ 32,844	\$ 52,117	\$ 32,844

COUNTY OF WARNER NO. 5
SCHEDULE 3
SCHEDULE OF CHANGE IN FUND BALANCE - RESERVES
For the year ended December 31, 2006

	Budget (Unaudited)	2006	2005
Net interfund transfers			
Transfer from operating (schedule 1)	\$ 7,348	\$ 177,011	\$ 465,212
Transfer from (to) capital (schedule 2)	(386,200)	153,452	350,500
Change in fund balance	(378,852)	330,463	815,712
Fund balance, beginning of year	10,046,447	10,046,447	9,230,735
Fund balance, end of year (note 11)	\$ 9,667,595	\$ 10,376,910	\$ 10,046,447

COUNTY OF WARNER NO. 5
SCHEDULE 4
SCHEDULE OF EXPENDITURES BY FUNCTION AND OBJECT
For the year ended December 31, 2006

	Budget (Unaudited)	2006	2005
Legislative			
Salaries, wages and benefits	\$ 110,000	\$ 93,890	\$ 91,625
Contracted and general services	78,700	66,056	60,048
Materials, goods and supplies	12,200	2,990	6,432
	200,900	162,936	158,105
Administration			
Salaries, wages and benefits	433,800	438,609	390,789
Contracted and general services	190,700	164,949	157,519
Materials, goods and supplies	87,300	41,967	37,694
Audit fee	10,500	9,861	10,140
Purchases from other governments	6,500	5,948	5,988
Grants to individuals and organizations	6,500	1,320	1,625
Bank charges and short-term interest	500	644	752
Tax cancellations and other	6,100	4,823	10,744
Purchase of capital assets	5,000	29,183	22,535
	746,900	697,304	637,786
Fire and bylaw enforcement			
Salaries, wages and benefits	80,475	87,931	76,283
Contracted and general services	49,694	31,543	28,659
Materials, goods and supplies	123,050	81,359	66,328
Transfer to board and agencies	124,872	109,825	108,745
Purchase of capital assets	5,000	-	1,470
	383,091	310,658	281,485
Roads, streets, walks and lighting			
Salaries, wages and benefits	1,420,230	1,329,424	1,170,447
Contracted and general services	508,750	456,419	301,151
Materials, goods and supplies	1,675,006	1,647,640	1,305,331
Grants to individuals and organizations	4,000	4,000	4,000
Purchase of capital assets	1,822,655	971,549	364,752
	5,430,641	4,409,032	3,145,681
Waste management			
Salaries, wages and benefits	11,275	10,803	10,452
Contracted and general services	2,500	1,642	1,679
Transfer to other governments	12,335	12,280	12,280
Transfer to boards and agencies	71,056	71,056	71,056
Purchase of capital assets	-	-	6,110
	97,166	95,781	101,577
Planning, zoning and development			
Transfer to boards and agencies	13,286	13,286	12,653

COUNTY OF WARNER NO. 5
SCHEDULE 4
SCHEDULE OF EXPENDITURES BY FUNCTION AND OBJECT
For the year ended December 31, 2006

	Budget (Unaudited)	2006	2005
Economic and agricultural development			
Salaries, wages and benefits	404,103	383,629	368,015
Contracted and general services	120,019	93,943	42,105
Materials, goods and supplies	278,857	346,889	197,115
Grants to individuals and organizations	2,740	1,640	150
Purchase of capital assets	119,754	96,497	70,306
	925,473	922,598	677,691
Family and community support			
Transfer to boards and agencies	21,231	21,231	20,585
Recreation and parks			
Salaries, wages and benefits	2,880	2,408	1,900
Contracted and general services	20,300	14,440	14,842
Materials, goods and supplies	13,550	10,561	19,003
Grants to individuals and organizations	2,000	2,000	2,000
Transfer to boards and agencies	131,473	131,473	131,840
Purchase of capital assets	20,000	-	11,518
	190,203	160,882	181,103
Culture			
Transfer to boards and agencies	27,086	26,586	10,558
Continuing education			
Salaries, wages and benefits	51,332	51,777	47,895
Contracted and general services	38,367	36,541	19,107
Materials, goods and supplies	14,190	7,563	5,703
Grants to individuals and organizations	50	-	50
Bank charges and short-term interest	50	5	55
	103,989	95,886	72,810
Total expenditures	\$ 8,139,966	\$ 6,916,180	\$ 5,300,034

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 governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures, changes in fund balances and 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

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the municipality has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Fund accounting

For reporting purposes, established funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Gains or losses from land sales are recorded as operating fund revenue or expenditures.

(d) Investments

Investments are recorded at 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 CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2006

1. Significant accounting policies, continued

- (e) Inventories
Inventories of materials and supplies for consumption are valued at the lower of cost and net realizable value with cost determined by the average cost method.

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 capital assets under their respective function.

- (f) Capital assets
Capital assets are reported as expenditures in the period that they are acquired. Capital assets are recorded at cost except for donated assets, which are recorded at estimated fair value when acquired.

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

Capital assets are not amortized.

- (g) 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.

- (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) Operating fund
Operating fund represents the amounts available to offset future operational revenue requirements (or the shortfall which will be financed from future operational revenues).

- (j) Capital fund
Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.

COUNTY OF WARNER NO. 5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2006

1. Significant accounting policies, continued

(k) Reserve fund
Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and/or from the reserve fund are reflected as an adjustment to the respective fund.

(l) Equity in capital assets
Equity in capital assets represents the County's net investment in its total capital assets, after deducting work in progress, the portion financed by third parties through debenture, bond, and mortgage debts, long-term capital borrowing, capitalized leases, and other capital liabilities.

(m) 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.

A significant area requiring the use of estimates is the gravel inventory valuation. The value of the inventory is determined using estimated measurements prepared by a contracted engineer. Since the actual quantity of the inventory is estimated, errors in the measurements could result in a misstatement of the gravel inventory.

2. Cash and temporary investments

	2006	2005
Cash	\$ 6,073,779	\$ 5,184,093
Temporary investments	2,855,446	2,789,826
	\$ 8,929,225	\$ 7,973,919

The temporary investments are comprised of mutual funds and short-term securities with an average interest rate of 4.09%. The investments mature in 2007.

Market value 2006 - \$2,868,640; 2005 - \$2,789,826.

3. Taxes and grants in place of taxes receivable

	2006	2005
Current year	\$ 133,914	\$ 157,937
Arrears	26,030	38,083
	\$ 159,944	\$ 196,020

COUNTY OF WARNER NO. 5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2006

4. Long-term investments

	2006	2005
Guaranteed Investment Certificates	\$ 64,645	\$ 36,389
Bonds	198,152	198,152
Brookfield Asset Management	250,000	250,000
Bank of Montreal CI Capital Deposit Note	854,561	854,561
BMO Faircourt Principal Inc. Trust Deposit	306,000	306,000
Province of Ontario	513,000	513,000
Renaissance Canadian	6,324	6,141
BDC Managed Future Notes	505,129	505,129
BDC Franklin Templeton Notes	577,400	577,400
Blumont Man Multi-Strategy Notes	753,000	753,000
	\$ 4,028,211	\$ 3,999,772

The guaranteed investment certificates bear interest rates between 3.5% and 4.1% and mature between 2007 and 2009.

Market value 2006 - \$4,067,668; 2005 - \$4,096,650

5. Capital assets

	2006	2005
Land	\$ 86,900	\$ 80,900
Buildings	1,404,332	1,340,784
Engineering structures	122,784	122,784
Machinery, equipment and furnishings	7,781,353	7,316,738
Vehicles	3,273,922	3,218,022
	\$ 12,669,291	\$ 12,079,228

6. Inventory for consumption

	2006	2005
Gravel	\$ 1,418,655	\$ 1,734,248
Parts and other	141,944	133,072
Blades and culverts	83,255	92,062
Chemicals and grass seed	67,374	72,300
Fuel and oil	37,081	35,448
	\$ 1,748,309	\$ 2,067,130

COUNTY OF WARNER NO. 5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2006

7. Employee benefit obligations

	2006	2005
Vacation and overtime	\$ 119,033	\$ 101,895
Post-employment benefits	105,500	-
	\$ 224,533	\$ 101,895

Vacation and overtime

The vacation and overtime liability is comprised of the vacation 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.

There were no benefit payments on behalf of retirees during the current year.

The post-employment benefit expenditure includes current period benefit costs of \$105,500 (2005 - \$0).

8. Deferred revenue

	2006	2005
Alberta Municipal Infrastructure Program	\$ 715,626	\$ 721,339
New Deal for Cities and Communities	137,536	-
	\$ 853,162	\$ 721,339

Alberta Municipal Infrastructure Program

Funding in the amount of \$721,339 was received in the current year from the Alberta Municipal Infrastructure Program. The use of these funds is restricted to eligible municipal infrastructure projects, as approved under the funding agreement, which are scheduled for completion in 2007.

New Deal for Cities and Communities

Funding in the amount of \$137,536 was received in the current year from the New Deal for Cities and Communities. The use of these funds is restricted to eligible environmentally sustainable infrastructure projects, as approved under the funding agreement, which are scheduled for completion in 2007.

COUNTY OF WARNER NO. 5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2006

9. Contingency

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. The County was also a member of the Alberta Local Authorities Reciprocal Insurance Exchange (ALARIE), which is in the process of being wound down.

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.

10. Capital fund

	2006	2005
Financing available:		
Municipal Sponsorship Program	\$ 52,117	\$ 32,844

11. Reserves

Reserves for operating and capital activities changed as follows:

	2005	Increase	Decrease	2006
Operating				
Mill Rate Stabilization	\$ 3,922,735	\$ 54,849	\$ -	\$ 3,977,584
Memorial Scholarship	18,521	-	-	18,521
County - Social function	1,579	62	-	1,641
Fire Department - Fire hall	15,000	-	-	15,000
General Administration (A.L.E.T.)	208,636	-	-	208,636
Public works - Gravel	325,000	25,000	-	350,000
Infrastructure	6,527	11,833	-	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	397	-	2,698	(2,301)
Economic Development	4,429	-	-	4,429
South Warner Drain	27,568	2,769	-	30,337
Stirling Drain	171,950	-	-	171,950
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

COUNTY OF WARNER NO. 5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2006

11. Reserves, continued

A.E.S.A. - Salinity	10,676	-	-	10,676
A.E.S.A. - Trees	1,500	-	1,500	-
Further Education - Basic	27,989	2,929	-	30,918
Further Education - Rural	4,328	704	-	5,032
Write Break - Basic	17,405	1,983	-	19,388
General Recreation	18,873	6,081	-	24,954
General Administration	100,000	-	-	100,000
General Road Construction	125,000	75,000	-	200,000
A.S.B. General	100,097	-	-	100,097
Hamlet infrastructure reserve	125,000	-	-	125,000
	<u>7,021,578</u>	<u>181,210</u>	<u>4,198</u>	<u>7,198,590</u>

The Hospital/Milk River ambulance reserve is overdrawn as the project cost more than what had been allocated to the reserve. This overdrawn reserve will be replenished in 2007 as the County will budget to cover the overexpenditure.

Capital

General Administration - Building	181,363	-	-	181,363
Fire Department - Building	125,000	25,000	-	150,000
A.S.B. - Building	75,000	-	38,549	36,452
General Administration - Office equipment/computer	214,459	-	-	214,459
General Administration - GIS program	74,416	-	-	74,416
Public Works - GIS program	74,416	-	-	74,416
A.S.B. - GIS program	74,416	-	-	74,416
A.S.B. - Light Equipment	55,000	50,000	-	105,000
Public Works - Heavy Equipment	1,235,500	-	158,000	1,077,500
A.S.B. - Heavy Equipment	40,000	50,000	-	90,000
Fire Department - Trucks	578,826	100,000	-	678,826
Bylaw - Trucks	34,945	10,000	-	44,944
A.S.B. - Light Trucks	106,866	65,000	-	171,866
A.S.B. - Heavy Trucks	97,950	50,000	-	147,950
A.S.B. - Trailers	40,000	-	-	40,000
Parks - Land Improvement	6,712	-	-	6,712
A.S.B. - Sprayers	10,000	-	-	10,000
	<u>3,024,869</u>	<u>350,000</u>	<u>196,549</u>	<u>3,178,320</u>
	<u>\$ 10,046,447</u>	<u>\$ 531,210</u>	<u>\$ 200,747</u>	<u>\$ 10,376,910</u>

COUNTY OF WARNER NO. 5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2006

12. Equity in capital assets

	Budget (Unaudited)	2006	2005
Acquisition of capital assets			
Administration	\$ 5,000	\$ 29,184	\$ 22,535
Fire and bylaw enforcement	5,000	-	1,470
Roads, streets, walks and lighting	1,822,655	971,549	364,752
Waste management	-	-	6,110
Economic and agricultural development	119,754	96,497	70,306
Recreation and parks	20,000	-	11,518
	1,972,409	1,097,230	476,691
Disposal of capital assets (cost)			
Vehicles	-	-	(27,543)
Machinery and equipment	(338,500)	(507,167)	(13,505)
	(338,500)	(507,167)	(41,048)
Change in equity balance	1,633,909	590,063	435,643
Equity balance, beginning of year	12,079,228	12,079,228	11,643,585
Equity balance, end of year	\$ 13,713,137	\$ 12,669,291	\$ 12,079,228
Balance consists of:			
Capital assets (note 5)		\$ 12,669,291	\$ 12,079,228

13. Net municipal property taxes

	Budget (Unaudited)	2006	2005
Taxation			
Real property taxes	\$ 3,740,512	\$ 3,735,988	\$ 3,831,892
Linear property taxes	2,306,201	2,307,223	2,227,883
Government grants in place of property taxes	1,008	1,007	1,073
Special assessments and local improvement taxes	768	768	768
	6,048,489	6,044,986	6,061,616
Requisitions			
Alberta School Foundation Fund	1,699,155	1,698,931	1,786,405
Seniors' Foundation	201,152	201,152	216,028
School Boards	28,545	28,545	30,252
Other	32,006	34,704	32,815
	1,960,858	1,963,332	2,065,500
	\$ 4,087,631	\$ 4,081,654	\$ 3,996,116

COUNTY OF WARNER NO. 5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2006

14. Government transfers

	Budget (Unaudited)	2006	2005
Provincial transfers			
Shared-cost agreements and grants	\$ 2,790,885	\$ 2,110,485	\$ 1,419,917
Local government transfers			
Shared-cost agreements and grants	18,687	3,111	17,551
	\$ 2,809,572	\$ 2,113,596	\$ 1,437,468

15. 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	2006	2005
Councillors				
Reeve/Councillor - Division 5	\$ 20,516	\$ 3,872	\$ 24,388	\$ 22,953
Division 1	14,318	3,741	18,059	14,574
Division 2	19,534	1,231	20,765	19,719
Division 3	15,365	2,561	17,926	18,219
Division 4	20,801	3,910	24,711	22,509
Division 6	13,179	3,738	16,917	19,588
Division 7	17,810	3,803	21,613	22,336
Chief Administrative Officer	104,905	20,830	125,735	120,061
Designated Officers - 2	\$ 129,942	\$ 22,105	\$ 152,047	\$ 145,182

(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.

COUNTY OF WARNER NO. 5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2006

16. 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 covered by the Public Sector Pension Plans Act. The Plan serves about 168,000 people and about 408 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

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

Total current service contributions by the County to the Local Authorities Pension Plan in 2006 were \$110,902 (2005 - \$104,792). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2006 were \$97,416 (2005 - \$91,368).

At December 31, 2005, the LAPP disclosed an actuarial deficiency of \$863.6 million.

17. 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:

	2006	2005
<u>Total debt limit</u>	<u>\$ 10,821,464</u>	<u>\$ 9,192,174</u>
<u>Debt servicing limit</u>	<u>\$ 1,803,577</u>	<u>\$ 1,532,029</u>

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 CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2006

18. Financial instruments

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

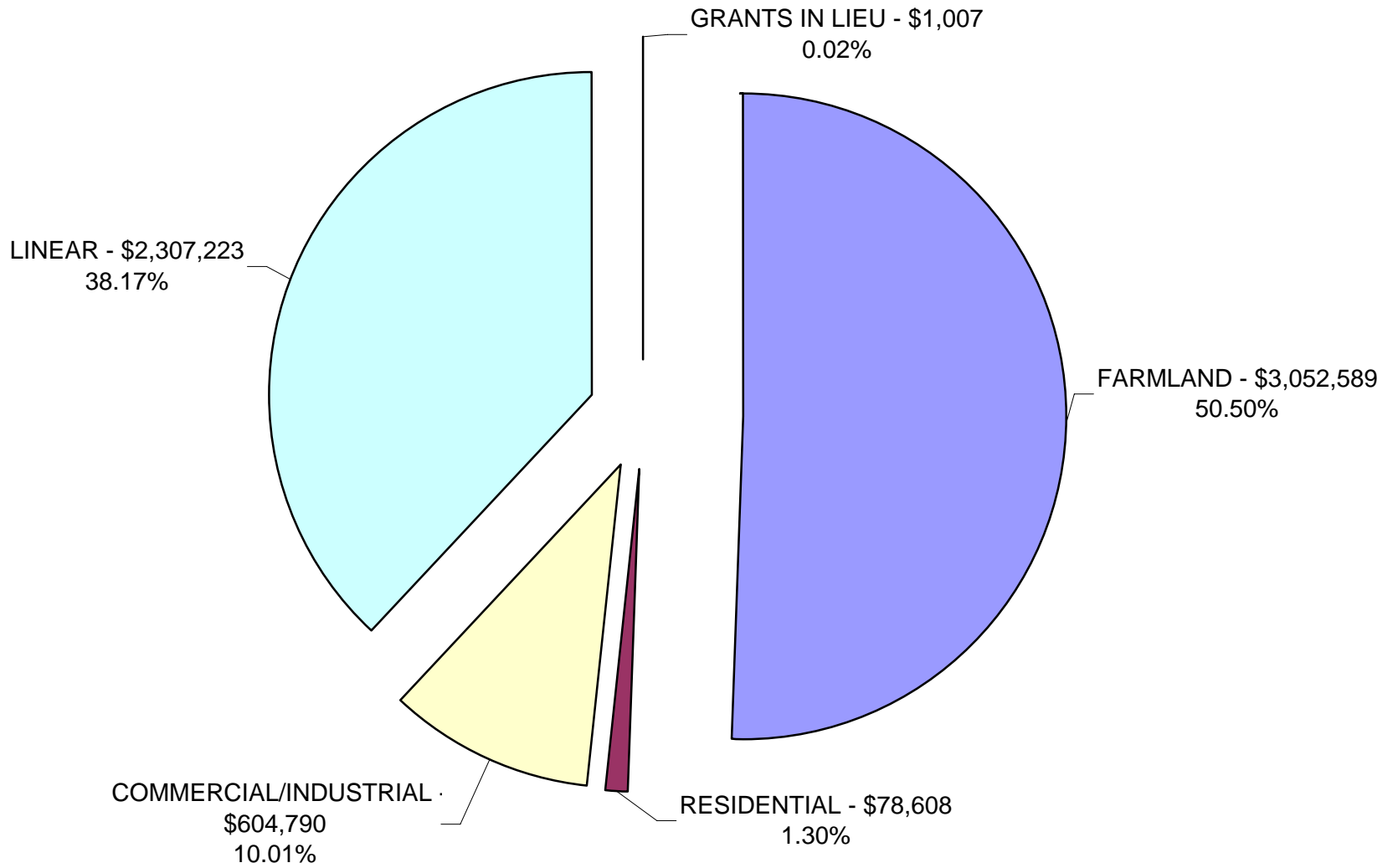
The County is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other accounts receivables. Credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

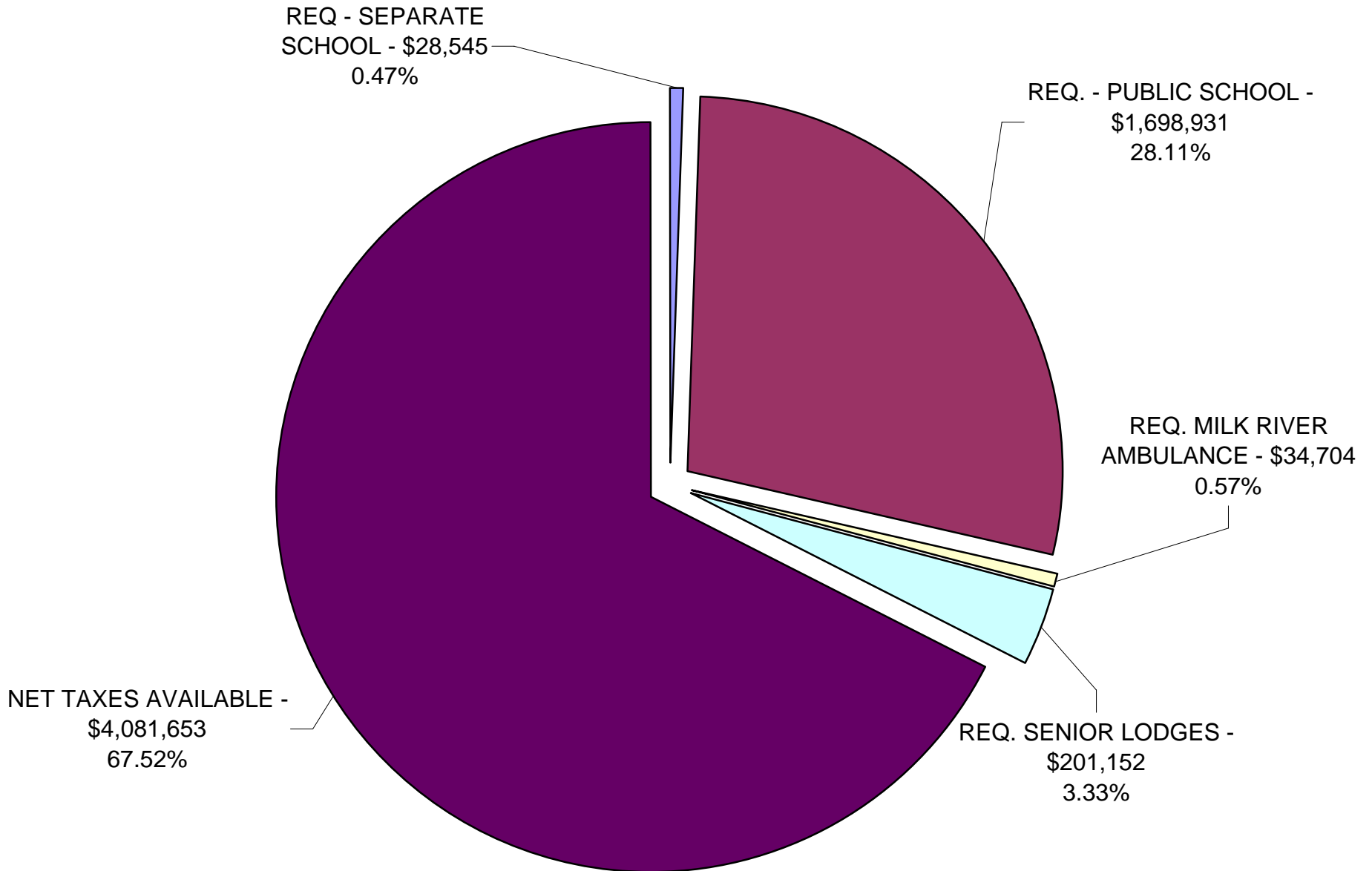
19. Approval of financial statements

These financial statements were approved by Council and Management.

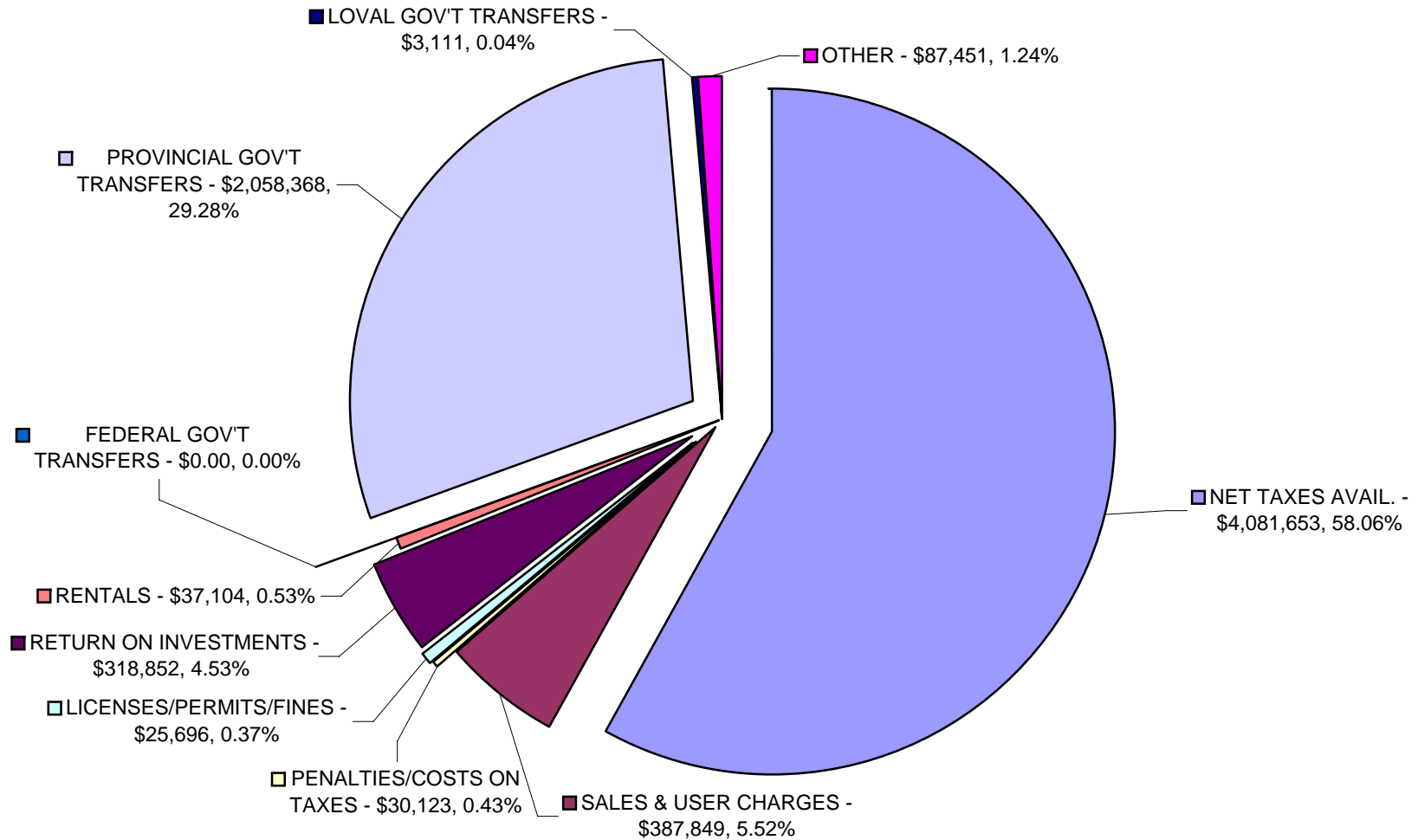
COUNTY OF WARNER NO. 5 TAXATION REVENUE AS OF DECEMBER 2006



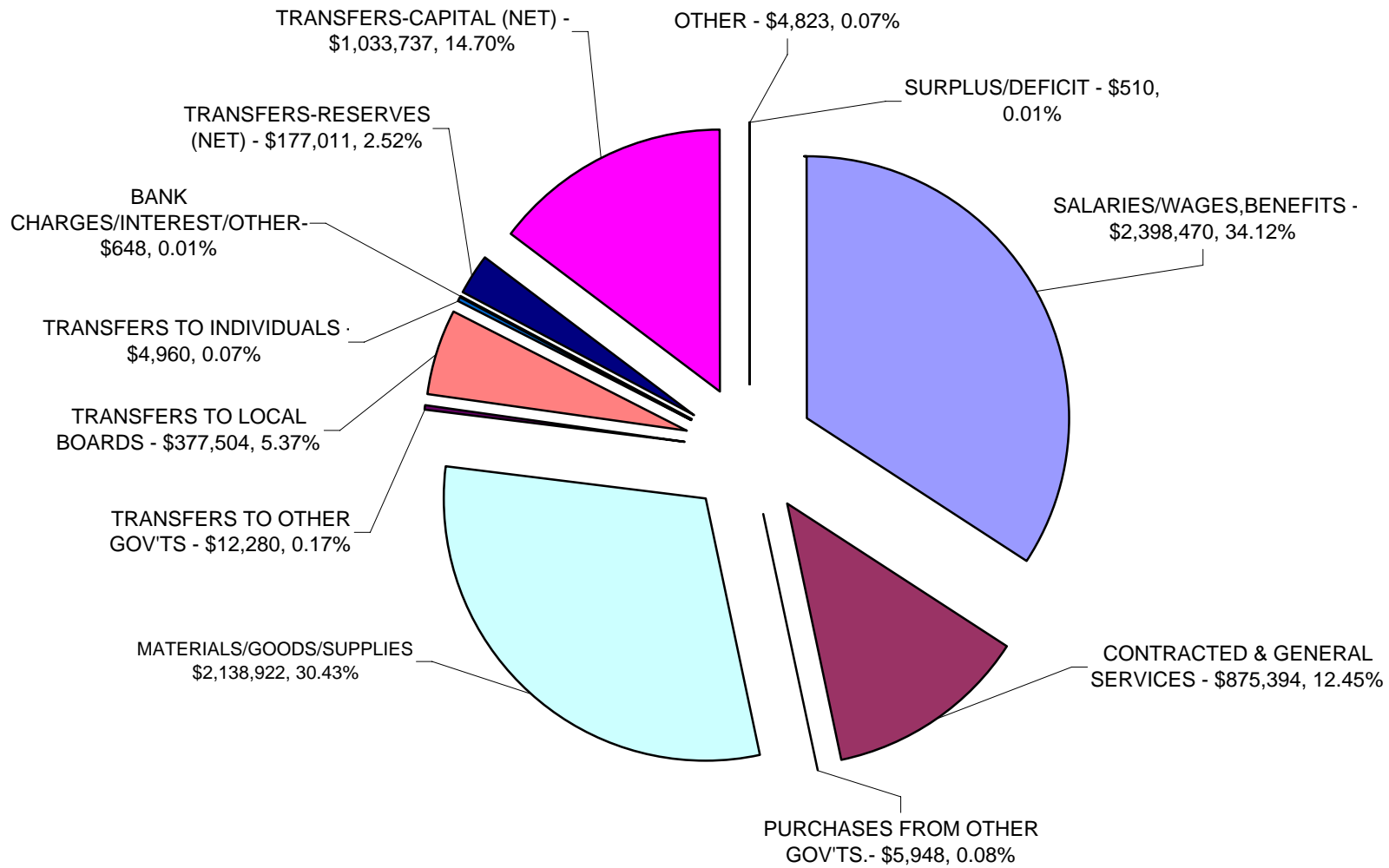
COUNTY OF WARNER NO. 5 TAXATION REVENUE ALLOCATED AS OF DECEMBER 2006



COUNTY OF WARNER NO. 5 MUNICIPAL REVENUES BY TYPE AS OF DECEMBER 2006



COUNTY OF WARNER NO. 5
MUNICIPAL EXPENDITURES BY TYPE/OBJECT
AS OF DECEMBER 2006



COUNTY OF WARNER NO. 5 MUNICIPAL EXPENDITURES BY FUNCTION AS OF DECEMBER 2006

