

COUNTY OF WARNER NO. 5

Financial Statements

For the year ended December 31, 2005

COUNTY OF WARNER NO. 5
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For the year ended December 31, 2005

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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

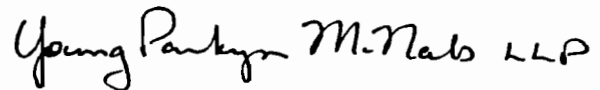
We have audited the consolidated statement of financial position of the County of Warner No. 5 as at December 31, 2005, the consolidated statement of financial activities and change in fund balances, and the consolidated statement of changes in financial position for the year then ended. These financial 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, 2005 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 19, 2006



Chartered Accountants

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2005

	2005	2004
ASSETS		
Financial assets		
Cash and temporary investments (note 2)	\$ 7,973,919	\$ 7,874,692
Taxes and grants in place of taxes receivable (note 3)	196,020	215,408
Trade and other accounts receivable	456,430	302,556
Prepaid expenses	107,114	103,203
Long-term investments (note 4)	3,999,772	3,254,693
	12,733,255	11,750,552
Physical assets		
Capital assets (note 5)	12,079,228	11,643,585
Inventory for consumption (note 6)	2,067,130	1,646,829
	14,146,358	13,290,414
	\$ 26,879,613	\$ 25,040,966

LIABILITIES AND MUNICIPAL EQUITY

Liabilities		
Employee benefit obligation (note 7)	\$ 101,895	\$ 93,908
Deposits received	3,359	27,119
Accounts payable and accrued liabilities	404,208	581,152
Deferred revenue (note 8)	721,339	-
	1,230,801	702,179
Contingency (note 9)		
Municipal equity		
Fund balances		
Operating (schedule 1)	3,490,293	3,432,247
Capital (schedule 2) (note 10)	32,844	32,220
Reserves (schedule 3) (note 11)	10,046,447	9,230,735
	13,569,584	12,695,202
Equity in capital assets (note 12)	12,079,228	11,643,585
	25,648,812	24,338,787
	\$ 26,879,613	\$ 25,040,966

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES
For the year ended December 31, 2005

	Budget (Unaudited)	2005	2004
Revenue			
Net municipal property taxes (note 13)	\$ 3,878,933	\$ 3,996,116	\$ 3,619,159
User fees and sale of goods	130,115	317,873	230,304
Government transfers (note 14)	1,157,851	1,437,468	1,100,690
Penalties and costs on taxes	30,600	36,166	38,741
Investment income	331,214	275,461	306,950
Licenses and permits	11,500	15,773	15,177
Rentals	16,600	33,001	9,977
Proceeds on disposal of capital assets	23,500	12,392	172,654
Other	8,500	50,166	80,790
	5,588,813	6,174,416	5,574,442
Expenditures			
Legislative	196,200	158,105	170,372
Administration	700,540	637,786	609,673
Fire and bylaw enforcement	389,964	281,485	285,675
Roads, streets, walks and lighting	3,153,215	3,145,681	2,933,617
Waste management	103,866	101,577	94,886
Planning, zoning and development	12,653	12,653	12,050
Economic and agricultural development	755,728	677,691	694,872
Family and community support	20,586	20,585	19,977
Recreation and parks	175,025	181,103	137,526
Culture	10,558	10,558	10,520
Continuing education	86,128	72,810	70,796
	5,604,463	5,300,034	5,039,964
Excess (deficiency) of revenue over expenditures	(15,650)	874,382	534,478
Fund balances, beginning of year	12,695,202	12,695,202	12,160,724
Fund balances, end of year	\$ 12,679,552	\$ 13,569,584	\$ 12,695,202

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
For the year ended December 31, 2005

	2005	2004
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures	\$ 874,382	\$ 534,478
Gain (loss) on sale of investments	1,161	(1,817)
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	19,388	(39,514)
Trade and other accounts receivable	(153,874)	52,634
Prepaid expenses	(3,912)	21,978
Inventory for consumption	(420,301)	18,738
Employee benefit obligation	7,987	(4,115)
Deposits received	(23,760)	-
Accounts payable and accrued liabilities	(176,944)	(159,732)
Deferred revenue	721,339	-
	845,466	422,650
Cash flows from investing activities		
Purchase of investments	(1,704,975)	(1,330,400)
Proceeds on disposal of investments	958,736	1,435,645
	(746,239)	105,245
Increase in cash and temporary investments	99,227	527,895
Cash and temporary investments, beginning of year	7,874,692	7,346,797
Cash and temporary investments, end of year	\$ 7,973,919	\$ 7,874,692

COUNTY OF WARNER NO. 5
SCHEDULE 1
SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - OPERATING
For the Year Ended December 31, 2005

	Budget (Unaudited)	2005	2004
Revenue			
Net municipal property taxes (note 13)	\$ 3,878,933	\$ 3,996,116	\$ 3,619,159
User fees and sale of goods	130,115	317,873	230,304
Government transfers	1,157,851	1,391,168	1,048,090
Penalties and costs on taxes	30,600	36,166	38,741
Investment income	331,214	275,461	306,950
Licenses and permits	11,500	15,773	15,177
Rentals	16,600	33,001	9,977
Other	8,500	50,166	80,790
	5,565,313	6,115,724	5,349,188
Expenditures			
Legislative	196,200	158,105	170,372
Administration	685,740	615,251	575,582
Fire and bylaw enforcement	384,964	280,015	194,239
Roads, streets, walks and lighting	2,906,215	2,780,929	2,539,097
Waste management	96,366	95,467	94,886
Planning, zoning and development	12,653	12,653	12,050
Economic and agricultural development	682,128	607,385	646,169
Family and community support	20,586	20,585	19,977
Recreation and parks	165,025	169,585	137,526
Culture	10,558	10,558	10,520
Continuing education	86,128	72,810	69,164
	5,246,563	4,823,343	4,469,582
Excess of revenue over expenditures	318,750	1,292,381	879,606
Net interfund transfers			
Transfer to capital (schedule 2)	(494,900)	(769,123)	(707,928)
Transfer (to) from reserves (schedule 3)	51,150	(465,212)	(111,067)
Change in fund balance	(125,000)	58,046	60,611
Fund balance, beginning of year	3,432,247	3,432,247	3,371,636
Fund balance, end of year	\$ 3,307,247	\$ 3,490,293	\$ 3,432,247

COUNTY OF WARNER NO. 5
SCHEDULE 2
SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE - CAPITAL
For the year ended December 31, 2005

	Budget (Unaudited)	2005	2004
Revenue			
Government transfers	\$ -	\$ 46,300	\$ 52,600
Proceeds on disposal of capital assets	23,500	12,392	172,654
	23,500	58,692	225,254
Expenditures			
Administration	14,800	22,535	34,091
Fire and bylaw enforcement	5,000	1,470	91,436
Roads, streets, walks and lighting	247,000	364,752	394,520
Waste management	7,500	6,110	-
Economic and agricultural development	73,600	70,306	48,703
Recreation and parks	10,000	11,518	-
Continuing education	-	-	1,632
	357,900	476,691	570,382
Deficiency of revenue over expenditures	(334,400)	(417,999)	(345,128)
Capital financing transactions and net interfund transfers			
Transfer from operating (schedule 1)	494,900	769,123	707,928
Transfer to reserves (schedule 3)	(160,500)	(350,500)	(330,580)
Change in fund balance	-	624	32,220
Fund balance, beginning of year	32,220	32,220	-
Fund balance, end of year (note 10)	\$ 32,220	\$ 32,844	\$ 32,220

COUNTY OF WARNER NO. 5
SCHEDULE 3
SCHEDULE OF CHANGE IN FUND BALANCE - RESERVES
For the year ended December 31, 2005

	Budget (Unaudited)	2005	2004
Net interfund transfers			
Transfer from (to) operating (schedule 1)	\$ (51,150)	\$ 465,212	\$ 111,067
Transfer from capital (schedule 2)	160,500	350,500	330,580
Change in fund balance	109,350	815,712	441,647
Fund balance, beginning of year	9,230,735	9,230,735	8,789,088
Fund balance, end of year (note 11)	\$ 9,340,085	\$ 10,046,447	\$ 9,230,735

COUNTY OF WARNER NO. 5
SCHEDULE 4
SCHEDULE OF EXPENDITURES BY FUNCTION AND OBJECT
For the year ended December 31, 2005

	Budget (Unaudited)	2005	2004
Legislative			
Salaries, wages and benefits	\$ 111,500	\$ 91,625	\$ 96,803
Contracted and general services	75,700	60,048	70,153
Materials, goods and supplies	9,000	6,432	3,416
	196,200	158,105	170,372
Administration			
Salaries, wages and benefits	397,420	390,789	366,908
Contracted and general services	198,920	157,519	146,670
Materials, goods and supplies	59,300	37,694	40,370
Audit fee	10,500	10,140	10,361
Purchases from other governments	8,500	5,988	5,810
Grants to individuals and organizations	4,500	1,625	3,425
Bank charges and short-term interest	500	752	283
Tax cancellations and other	6,100	10,744	1,755
Purchase of capital assets	14,800	22,535	34,091
	700,540	637,786	609,673
Fire and bylaw enforcement			
Salaries, wages and benefits	80,192	76,246	75,749
Contracted and general services	48,650	28,659	34,153
Materials, goods and supplies	131,250	66,328	59,967
Transfer to board and agencies	124,872	108,782	24,370
Purchase of capital assets	5,000	1,470	91,436
	389,964	281,485	285,675
Roads, streets, walks and lighting			
Salaries, wages and benefits	1,300,465	1,170,485	1,122,681
Contracted and general services	424,750	301,151	371,594
Materials, goods and supplies	1,177,000	1,305,293	1,040,822
Grants to individuals and organizations	4,000	4,000	4,000
Purchase of capital assets	247,000	364,752	394,520
	3,153,215	3,145,681	2,933,617
Waste management			
Salaries, wages and benefits	10,475	10,452	10,199
Contracted and general services	2,500	1,679	1,351
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	7,500	6,110	-
	103,866	101,577	94,886
Planning, zoning and development			
Transfer to boards and agencies	12,653	12,653	12,050

COUNTY OF WARNER NO. 5
SCHEDULE 4
SCHEDULE OF EXPENDITURES BY FUNCTION AND OBJECT
For the year ended December 31, 2005

	Budget (Unaudited)	2005	2004
Economic and agricultural development			
Salaries, wages and benefits	367,338	368,015	350,520
Contracted and general services	76,168	42,105	66,387
Materials, goods and supplies	236,882	197,115	228,662
Grants to individuals and organizations	1,740	150	600
Purchase of capital assets	73,600	70,306	48,703
	755,728	677,691	694,872
Family and community support			
Transfer to boards and agencies	20,586	20,585	19,977
Recreation and parks			
Salaries, wages and benefits	2,335	1,900	-
Contracted and general services	15,300	14,842	19,480
Materials, goods and supplies	13,550	19,003	9,704
Grants to individuals and organizations	2,000	2,000	2,000
Transfer to boards and agencies	131,840	131,840	106,342
Purchase of capital assets	10,000	11,518	-
	175,025	181,103	137,526
Culture			
Transfer to boards and agencies	10,558	10,558	10,520
Continuing education			
Salaries, wages and benefits	47,317	47,895	46,256
Contracted and general services	28,590	19,107	19,458
Materials, goods and supplies	10,221	5,703	4,966
Grants to individuals and organizations	-	50	94
Bank charges and short-term interest	-	55	22
	86,128	72,810	70,796
Total expenditures	\$ 5,604,463	\$ 5,300,034	\$ 5,039,964

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, 2005

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, 2005

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 management's estimates was the inventory valuation.

2. Cash and temporary investments

	2005	2004
Cash	\$ 5,184,093	\$ 5,175,334
Temporary investments	2,789,826	2,699,358
	<u>\$ 7,973,919</u>	<u>\$ 7,874,692</u>

The temporary investments are comprised of short-term securities with an average interest rate of 2.2%. The investments mature in 2006.

Market value 2005 - \$2,789,826; 2004 - \$2,756,975.

3. Taxes and grants in place of taxes receivable

	2005	2004
Current year	\$ 157,937	\$ 159,367
Arrears	38,083	56,041
	<u>\$ 196,020</u>	<u>\$ 215,408</u>

COUNTY OF WARNER NO. 5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2005

4. Long-term investments

	2005	2004
Guaranteed Investment Certificates	\$ 36,389	\$ 10,000
Bonds	198,152	198,152
Brookfield Asset Management	250,000	-
Bank of Montreal CI Capital Deposit Note	854,561	-
BMO Faircourt Principal Inc. Trust Deposit	306,000	-
Brascan Corporation	-	250,000
TransAlta Corporation 8.15% Preferred Securities	-	194,000
Province of Ontario	513,000	-
CIBC Accrual Note	-	460,000
Renaissance Canadian	6,141	1,012
BDC Managed Future Notes	505,129	505,129
General Motors Acceptance Corporation	-	306,000
BDC Franklin Templeton Notes	577,400	577,400
Blumont Man Multi-Strategy Notes	753,000	753,000
	\$ 3,999,772	\$ 3,254,693

The guaranteed investment certificates bear interest rates between 2.6% and 3.8% and mature between 2007 and 2008.

Market value 2005 - \$4,096,650; 2004 - \$3,345,995.

5. Capital assets

	2005	2004
Land	\$ 80,900	\$ 80,900
Buildings	1,340,784	1,285,434
Engineering structures	122,784	116,674
Machinery, equipment and furnishings	7,316,738	7,085,029
Vehicles	3,218,022	3,075,548
	\$ 12,079,228	\$ 11,643,585

6. Inventory for consumption

	2005	2004
Gravel	\$ 1,734,248	\$ 1,363,535
Parts and other	133,072	107,332
Blades and culverts	92,062	75,249
Chemicals and grass seed	72,300	67,034
Fuel and oil	35,448	33,679
	\$ 2,067,130	\$ 1,646,829

COUNTY OF WARNER NO. 5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2005

7. Employee benefit obligation

This amount is comprised of accrued vacation pay 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.

8. Deferred revenue

	2005	2004
Alberta Municipal Infrastructure Program	\$ 721,339	\$ -

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

	2005	2004
Financing available:		
Geographic Information System	\$ -	\$ 32,220
Municipal Sponsorship Program	32,844	-
	\$ 32,844	\$ 32,220

COUNTY OF WARNER NO. 5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2005

11. Reserves

Reserves for operating and capital activities changed as follows:

	2004	Increase	Decrease	2005
Operating				
Mill Rate Stabilization	\$ 3,901,609	\$ 21,126	\$ -	\$ 3,922,735
Memorial Scholarship	18,521	-	-	18,521
County - Social function	1,579	-	-	1,579
Fire Department - Fire hall	15,000	-	-	15,000
General Administration (A.L.E.T.)	208,636	-	-	208,636
Public works - Gravel	325,000	-	-	325,000
Infrastructure	(5,306)	11,833	-	6,527
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	11,114	-	10,717	397
Economic Development	5,719	-	1,289	4,429
South Warner Drain	24,800	2,768	-	27,568
Stirling Drain	65,500	106,450	-	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
A.E.S.A. - Salinity	10,676	-	-	10,676
A.E.S.A. - Trees	1,500	-	-	1,500
Further Education - Basic	25,447	2,541	-	27,989
Further Education - Rural	1,910	2,418	-	4,328
Write Break - Basic	16,338	1,067	-	17,405
General Recreation	23,181	-	4,308	18,873
General Administration	11,774	88,226	-	100,000
General Road Construction	125,000	-	-	125,000
A.S.B. General	-	100,097	-	100,097
Hamlet infrastructure reserve	-	125,000	-	125,000
	6,556,366	481,526	16,314	7,021,578

Capital

General Administration - Building	181,363	-	-	181,363
Fire Department - Building	125,000	-	-	125,000
A.S.B. - Building	30,000	45,000	-	75,000
General Administration - Office equipment/computer	199,460	15,000	-	214,460

COUNTY OF WARNER NO. 5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2005

11. Reserves, continued

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	50,000	5,000	-	55,000
Public Works - Heavy Equipment	1,065,000	170,500	-	1,235,500
A.S.B. - Heavy Equipment	70,000	-	30,000	40,000
Fire Department - Trucks	478,826	100,000	-	578,826
Bylaw - Trucks	24,944	10,000	-	34,944
A.S.B. - Light Trucks	81,866	25,000	-	106,866
A.S.B. - Heavy Trucks	92,950	5,000	-	97,950
A.S.B. - Trailers	40,000	-	-	40,000
Parks - Land Improvement	6,712	-	-	6,712
A.S.B. - Sprayers	5,000	5,000	-	10,000
	2,674,369	380,500	30,000	3,024,869
	\$ 9,230,735	\$ 862,026	\$ 46,314	\$ 10,046,447

12. Equity in capital assets

	Budget (Unaudited)	2005	2004
Acquisition of capital assets			
Administration	\$ 14,800	\$ 22,535	\$ 34,091
Fire and bylaw enforcement	5,000	1,470	91,436
Roads, streets, walks and lighting	247,000	364,752	394,520
Waste management	7,500	6,110	-
Economic and agricultural development	73,600	70,306	48,703
Recreation and parks	10,000	11,518	1,632
	357,900	476,691	570,382
Disposal of capital assets (cost)			
Vehicles	(17,500)	(27,543)	(71,332)
Machinery and equipment	(6,000)	(13,505)	(281,067)
	(23,500)	(41,048)	(352,399)
Change in equity balance	334,400	435,643	217,983
Equity balance, beginning of year	11,643,585	11,643,585	11,425,602
Equity balance, end of year	\$ 11,977,985	\$ 12,079,228	\$ 11,643,585
Balance consists of:			
Capital assets (note 5)		\$ 12,079,228	\$ 11,643,585

COUNTY OF WARNER NO. 5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2005

13. Net municipal property taxes

	Budget (Unaudited)	2005	2004
Taxation			
Real property taxes	\$ 3,831,294	\$ 3,831,892	\$ 3,769,013
Linear property taxes	2,114,509	2,227,883	1,977,087
Government grants in place of property taxes	1,073	1,073	1,094
Special assessments and local improvement taxes	768	768	768
	<u>5,947,644</u>	<u>6,061,616</u>	<u>5,747,962</u>
Requisitions			
Alberta School Foundation Fund	1,797,652	1,786,405	1,833,998
Seniors' Foundation	216,028	216,028	232,661
School Boards	30,256	30,252	29,934
Other	24,775	32,815	32,210
	<u>2,068,711</u>	<u>2,065,500</u>	<u>2,128,803</u>
	<u>\$ 3,878,933</u>	<u>\$ 3,996,116</u>	<u>\$ 3,619,159</u>

14. Government transfers

	Budget (Unaudited)	2005	2004
Provincial transfers			
Shared-cost agreements and grants	\$ 1,140,300	\$ 1,419,917	\$ 1,083,139
Local government transfers			
Shared-cost agreements and grants	17,551	17,551	17,551
	<u>\$ 1,157,851</u>	<u>\$ 1,437,468</u>	<u>\$ 1,100,690</u>

COUNTY OF WARNER NO. 5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2005

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)	(2)	2005	2004
	Salary	Benefits & allowances		
Councillors				
Reeve/Councillor - Division 5	\$ 19,384	\$ 3,569	\$ 22,953	\$ 23,952
Reeve - Division 2	-	-	-	26,274
Division 1	11,212	3,362	14,574	18,053
Division 2	18,594	1,125	19,719	-
Division 3	16,140	2,079	18,219	4,692
Division 3	-	-	-	18,330
Division 4	18,999	3,510	22,509	5,041
Division 6	16,099	3,489	19,588	4,329
Division 6	-	-	-	17,669
Division 7	18,792	3,544	22,336	26,833
Chief Administrative Officer	100,870	19,191	120,061	114,396
Designated Officers - 2	\$ 124,714	\$ 20,468	\$ 145,182	\$ 138,679

(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, 2005

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 133,000 people and about 389 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 7.40% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.14% on pensionable earnings above this amount. Employees of the County are required to make current service contributions of 6.40% of pensionable salary up to the year's maximum pensionable salary and 9.14% on pensionable salary above this amount.

Total current service contributions by the County to the Local Authorities Pension Plan in 2005 were \$104,792 (2004 - \$87,906). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2005 were \$91,368 (2004 - \$75,069).

At December 31, 2004, the LAPP disclosed an actuarial deficiency of \$1,288.9 million.

17. Subsequent events

Subsequent to year end there were two 2006 Caterpillar 140H graders purchased for a total of \$479,360.

COUNTY OF WARNER NO. 5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2005

18. 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:

	2005	2004
Total debt limit	\$ 9,192,174	\$ 8,282,763
Debt servicing limit	\$ 1,532,029	\$ 1,380,460

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.

19. 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.

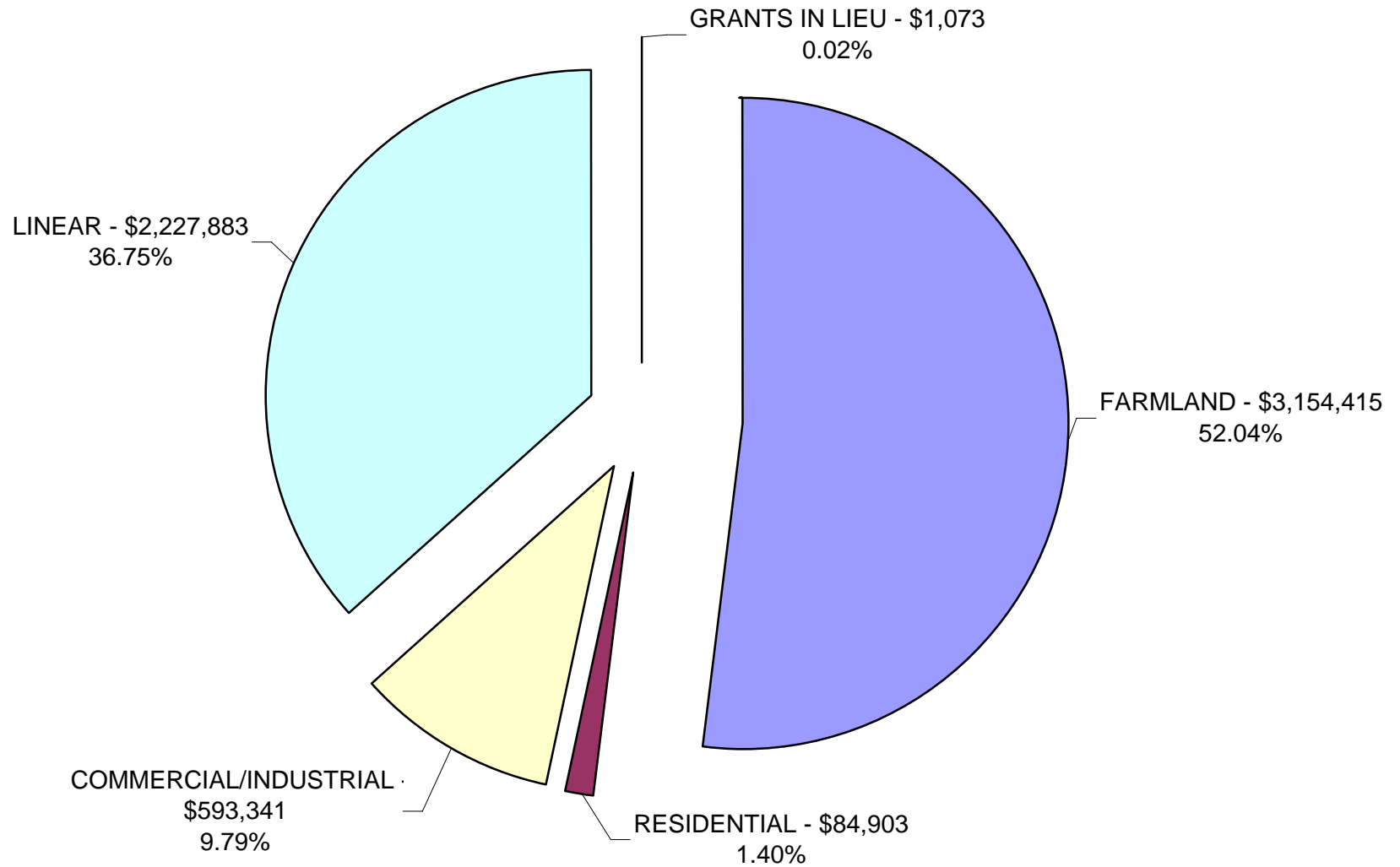
The County is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other accounts receivables. Credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to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

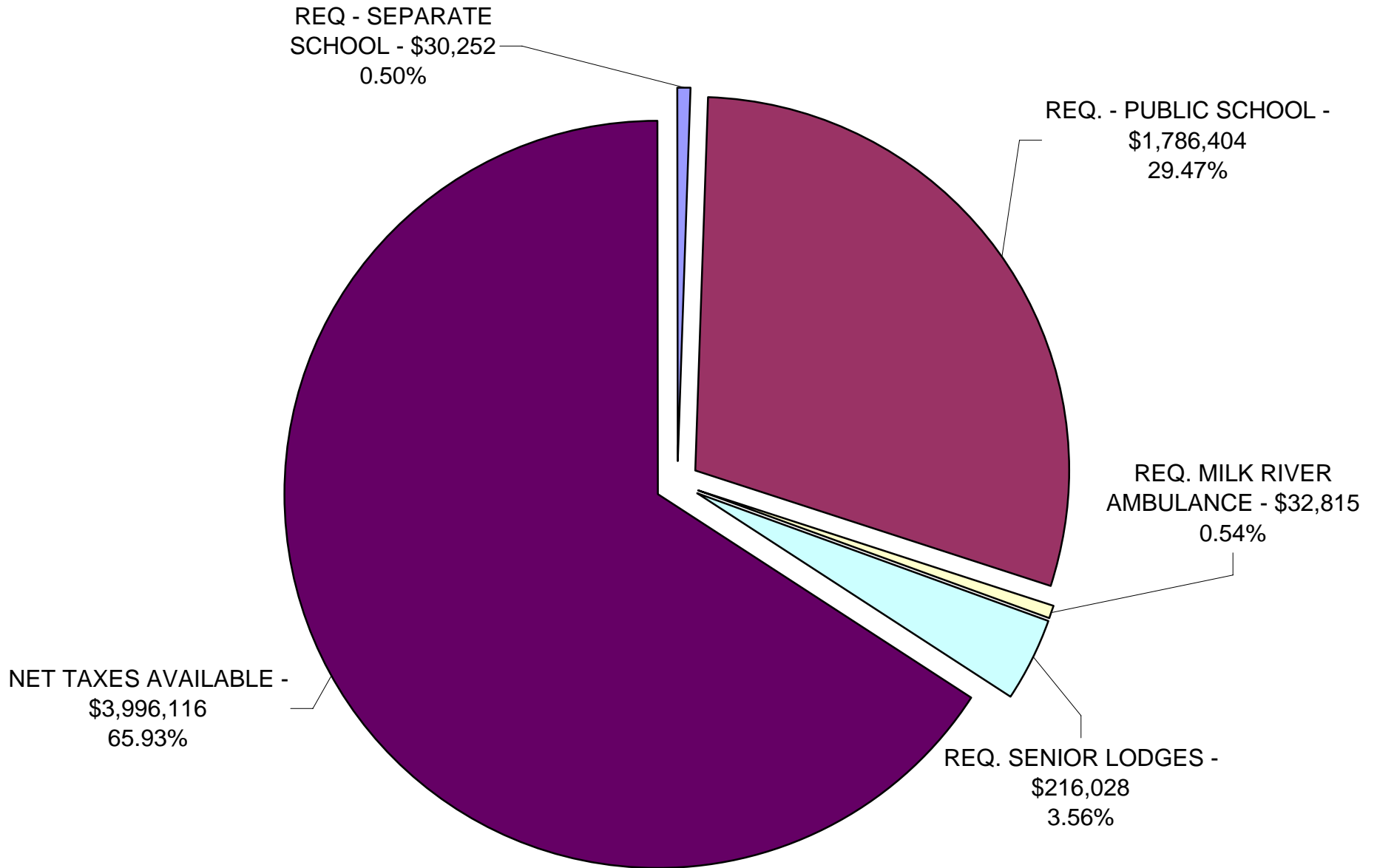
20. Approval of financial statements

These financial statements were approved by Council and Management.

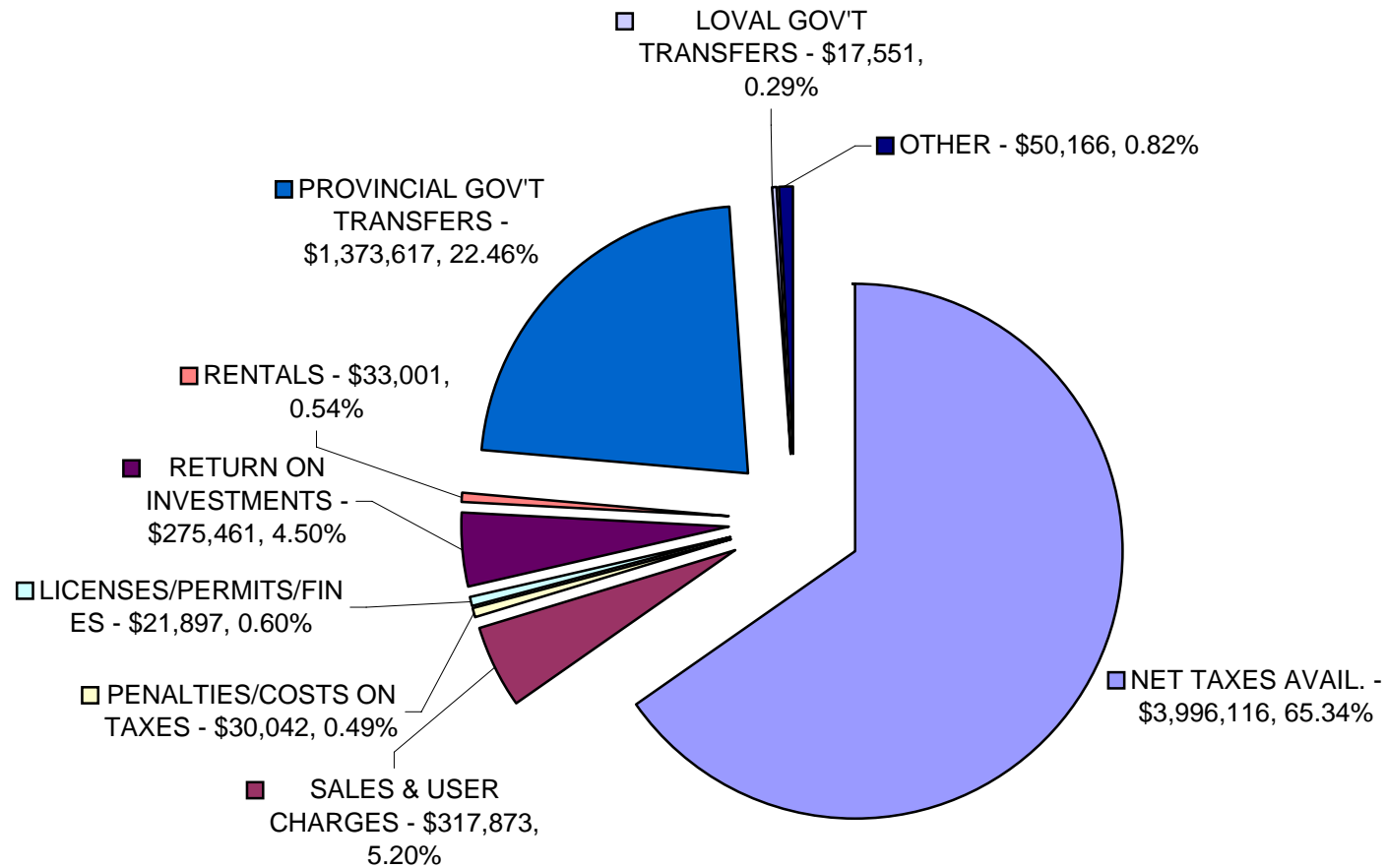
COUNTY OF WARNER NO. 5 TAXATION REVENUE AS OF DECEMBER 2005



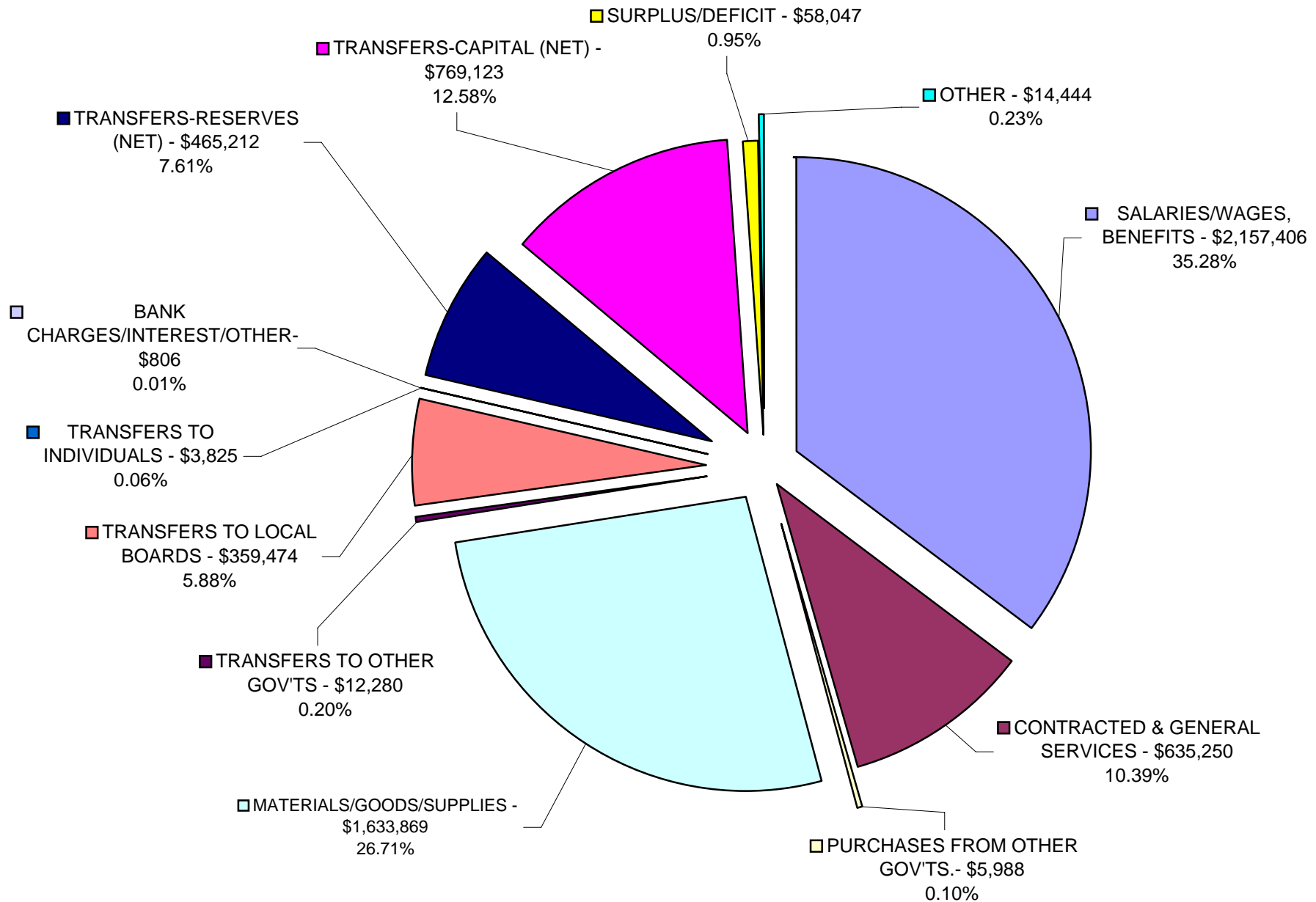
COUNTY OF WARNER NO. 5 TAXATION REVENUE ALLOCATED AS OF DECEMBER 2005



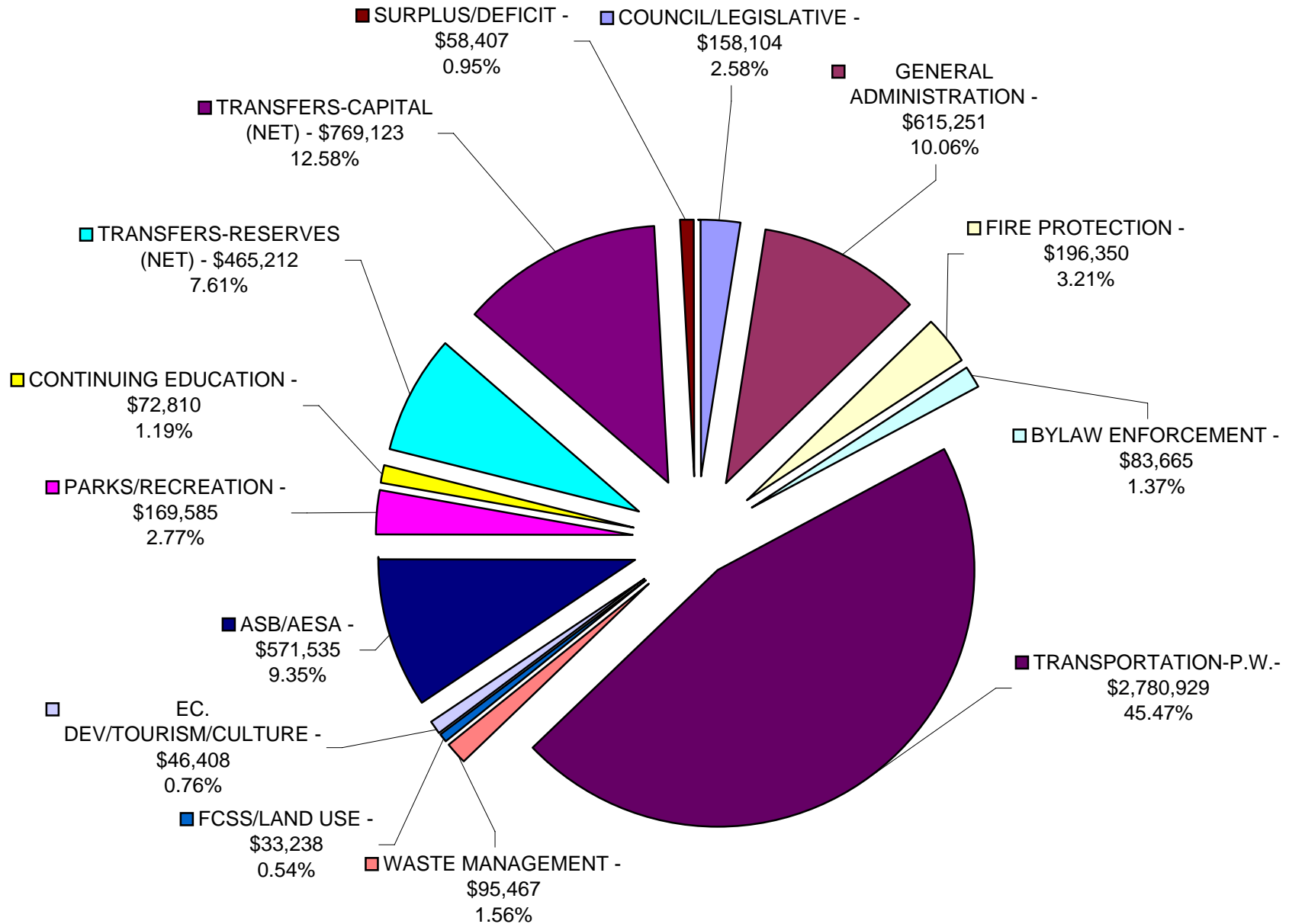
COUNTY OF WARNER NO. 5 MUNICIPAL REVENUES BY TYPE AS OF DECEMBER 2005



COUNTY OF WARNER NO. 5 MUNICIPAL EXPENDITURES BY TYPE/OBJECT AS OF DECEMBER 2005



COUNTY OF WARNER NO. 5 MUNICIPAL EXPENDITURES BY FUNCTION AS OF DECEMBER 2005



**2006 FINAL BUDGET
APPROVED BY COUNTY COUNCIL ON MAY 2, 2006**

COUNTY OF WARNER NO. 5

MUNICIPAL BUDGET SUMMARY	2003 BUDGET	2003 ACTUAL	2004 BUDGET	2004 ACTUAL	2005 BUDGET	2005 ACTUAL	2006 BUDGET	2006 ACTUAL	2006 BUDGET % INCREASE
REVENUE									
TAXATION	5,566,159	5,565,604	5,742,142	5,747,194	5,946,876	6,060,847	6,047,721	0	1.70%
GENERAL SERVICE	533,000	631,911	603,200	530,688	481,813	477,789	487,200	0	1.12%
COUNCIL AND LEG.	0	0	0	0	0	0	0	0	#DIV/0!
GENERAL ADMINISTRATION	63,150	36,216	31,850	104,102	38,824	124,998	57,500	0	48.10%
FIRE PROTECTION	18,000	3,360	18,000	45,555	105,372	89,072	105,372	0	0.00%
BYLAW ENFORCEMENT	13,500	18,787	49,000	61,164	13,000	23,569	12,000	0	-7.69%
PUBLIC WORKS	714,275	977,040	916,770	1,080,876	903,270	955,614	3,035,716	0	236.08%
SPECIAL ROAD GRANTS	0	0	0	0	0	0	0	0	#DIV/0!
GARBAGE COLLECTION	0	0	0	0	0	0	0	0	#DIV/0!
ECONOMIC DEVELOPMENT	22,669	11,638	10,727	9,467	11,852	10,831	15,063	0	27.09%
AGRICULTURAL SERVICES	297,829	367,393	231,531	252,412	267,037	546,453	369,116	0	38.23%
ASA/GIS/GPS	80,903	79,866	52,520	42,612	68,820	57,031	85,066	0	23.61%
PARKS AND RECREATION	14,775	19,769	17,775	20,943	20,500	29,012	32,000	0	56.10%
TOURISM	0	0	0	0	0	0	0	0	#DIV/0!
TOTAL REVENUE	7,324,260	7,711,585	7,673,515	7,895,012	7,857,364	8,375,217	10,246,754	0	30.41%
EXPENDITURES									
COUNCIL AND LEG.	181,300	174,284	183,300	170,372	196,200	158,105	200,900	0	2.40%
GENERAL ADMINISTRATIVE	721,626	710,110	689,795	685,390	715,540	781,041	746,900	0	4.38%
FIRE PROTECTION	302,150	265,002	304,850	304,583	395,922	297,820	388,766	0	-1.81%
BYLAW ENFORCEMENT	93,050	101,294	133,658	131,127	104,092	93,703	104,325	0	0.22%
PUBLIC WORKS	2,825,928	2,978,169	3,125,090	3,187,977	3,234,665	3,459,853	5,522,242	0	70.72%
SPECIAL ROAD PROJECTS	0	0	0	0	0	0	0	0	#DIV/0!
GARBAGE COLLECTION	97,215	93,813	95,517	94,886	103,866	101,577	97,166	0	-6.45%
ECONOMIC DEVELOPMENT	41,669	30,865	33,026	31,696	34,452	55,850	40,115	0	16.44%
AGRICULTURAL SERVICES	664,403	753,784	713,073	771,498	699,375	959,552	825,002	0	17.96%
ASA/GIS/GPS	78,247	60,532	72,270	47,761	81,719	58,110	105,173	0	28.70%
DEPART. OF EXTENSION	0	0	0	0	0	0	0	0	#DIV/0!
PARKS AND RECREATION	44,310	39,715	43,960	35,538	43,185	52,455	58,730	0	36.00%
TOURISM	0	0	0	0	0	0	0	0	#DIV/0!
FISCAL SERVICES	2,274,361	2,379,302	2,278,976	2,373,572	2,248,348	2,266,262	2,157,434	0	-4.04%
TOTAL EXPENDITURES	7,324,260	7,586,870	7,673,516	7,834,402	7,857,364	8,284,327	10,246,754	0	30.41%
SURPLUS/(DEFICIT) FOR YEAR (Includes Operating and Capital)	0	124,715	0	60,611	0	90,889	0	0	
SCHEDULE OF CAPITAL (COSTS ARE INCLUDED ABOVE)									
GENERAL ADMINISTRATIVE	80,000	133,590	32,600	97,978	29,800	65,790	5,000	0	-83.22%
FIRE PROTECTION	105,000	140,000	105,000	195,531	105,000	101,470	105,000	0	0.00%
BYLAW ENFORCEMENT	10,000	25,000	41,000	45,905	10,000	10,000	10,000	0	0.00%
PUBLIC WORKS	215,000	336,508	346,000	486,187	317,500	535,252	1,822,655	0	474.06%
GARBAGE COLLECTION	0	0	0	0	7,500	6,110	0	0	-100.00%
ECONOMIC DEVELOPMENT	0	0	0	0	0	0	0	0	#DIV/0!
AGRICULTURAL SERVICES	76,150	147,929	126,000	175,370	103,600	190,306	117,500	0	13.42%
CAESA/GIS/GPS	0	0	0	0	0	0	17,254	0	#DIV/0!
PARKS AND RECREATION	5,000	1,744	5,000	0	10,000	11,518	20,000	0	100.00%
TOTAL CAPITAL ONLY	491,150	784,771	655,600	1,000,970	583,400	920,446	2,097,409	0	259.51%