

**COUNTY OF WARNER NO. 5**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2017**

---

**COUNTY OF WARNER NO. 5**  
**TABLE OF CONTENTS**  
**For the year ended December 31, 2017**

---

<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>1</b>
<b>MANAGEMENT REPORT</b>	<b>2</b>
<b>FINANCIAL STATEMENTS</b>	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF OPERATIONS	4
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	5
CONSOLIDATED STATEMENT OF CASH FLOW	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	7 - 19
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS	20 - 22



CHARTERED PROFESSIONAL ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying consolidated financial statements of the County of Warner No. 5 which comprise the consolidated statement of financial position as at December 31, 2017, 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, the consolidated financial statements present fairly, in all material respects, the financial position of the County of Warner No. 5 as at December 31, 2017 and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lethbridge, Alberta

April 26, 2018

A handwritten signature in cursive script that reads "Avail LLP".

Chartered Professional Accountants

## MANAGEMENT REPORT

The consolidated financial statements 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 consolidated financial statements are presented fairly, in all material respects.

The County of Warner No. 5 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 of Warner No. 5'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 Avail LLP Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the County of Warner No. 5. Avail LLP has full and free access to the Council.



Chief Administrative Officer

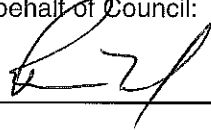
**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2017

	2017	2016
<b>Financial assets</b>		
Cash and temporary investments (note 2)	\$ 7,857,432	\$ 6,490,511
Taxes and grants in place of taxes receivable (note 3)	433,641	362,968
Trade and other receivables (note 4)	1,214,242	1,216,864
Land held for resale	20,407	20,407
Investments (note 5)	964,438	2,047,081
	10,490,160	10,137,831
<b>Liabilities</b>		
Accounts payable and accrued liabilities	860,388	433,154
Employee benefit obligations (note 6)	458,378	444,622
Deposits	1,854	2,354
Provision for gravel pit reclamation	1,220,000	1,160,000
Deferred revenue (note 7)	1,417,403	1,006,687
Long-term debt (note 9)	1,500,000	-
	5,458,023	3,046,817
<b>Net financial assets</b>	5,032,137	7,091,014
<b>Non-financial assets</b>		
Prepaid expenses	139,425	133,966
Inventory for consumption (note 8)	5,263,879	5,329,909
Tangible capital assets (schedule 2)	33,025,793	29,977,470
	38,429,097	35,441,345
<b>Accumulated surplus</b> (note 10 and schedule 1)	\$ 43,461,234	\$ 42,532,359

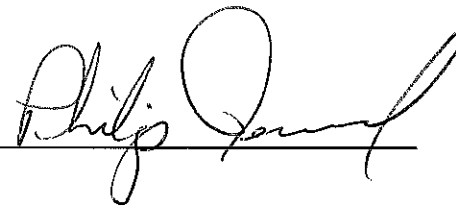
*Commitments and contingencies* (note 19)

Approved on behalf of Council:

Councillor



Councillor



**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2017

	Budget (Unaudited)	2017	2016
<b>Revenue</b>			
Net municipal taxes (note 14)	\$ 6,156,394	\$ 6,144,935	\$ 5,459,132
User fees and sales of goods	543,900	742,782	619,890
Government transfers for operating (note 15)	1,297,066	1,277,611	1,449,943
Investment income	119,380	95,061	121,172
Penalties and costs of taxes	55,000	78,185	52,044
Licenses and permits	102,500	80,678	71,316
Gain on disposal of capital assets	45,000	8,000	78,239
Rental	58,000	56,619	64,531
Other	265,000	391,137	59,628
Fines	40,000	24,501	23,601
	<b>8,682,240</b>	<b>8,899,509</b>	<b>7,999,496</b>
<b>Expenses (note 16)</b>			
Legislative	310,600	282,118	276,606
Administration	1,145,222	1,072,079	1,083,043
Protective services	538,152	485,798	462,550
Roads, streets, walks and lighting	5,597,461	5,531,947	5,385,277
Water supply and distribution	91,370	198,852	61,093
Waste management	161,762	161,633	186,029
Family and community support services	28,078	28,078	27,540
Land use planning, zoning and development	25,202	25,202	25,781
Economic and agricultural development	1,671,200	1,682,327	1,524,015
Recreation and parks	262,650	302,617	255,496
Culture	39,908	39,908	39,063
Other	112,942	105,051	122,687
	<b>9,984,547</b>	<b>9,915,610</b>	<b>9,449,180</b>
<b>Deficiency of revenue over expenses before other</b>	<b>(1,302,307)</b>	<b>(1,016,101)</b>	<b>(1,449,684)</b>
<b>Other</b>			
Government transfers for capital (note 15)	2,478,225	1,944,976	3,706,409
<b>Excess of revenue over expenses</b>	<b>1,175,918</b>	<b>928,875</b>	<b>2,256,725</b>
<b>Accumulated surplus, beginning of year</b>	<b>42,532,359</b>	<b>42,532,359</b>	<b>40,275,634</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 43,708,277</b>	<b>\$ 43,461,234</b>	<b>\$ 42,532,359</b>

**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
For the year ended December 31, 2017

	Budget (Unaudited)	2017	2016
<b>Excess of revenue over expenses</b>	\$ 1,175,918	\$ 928,875	\$ 2,256,725
Acquisition of tangible capital assets	(1,599,854)	(5,051,720)	(5,346,770)
Amortization of tangible capital assets	1,599,854	1,696,241	1,666,887
Loss (gain) on disposal of tangible capital assets	-	99,156	(72,790)
Proceeds on disposal of tangible capital assets	-	208,000	257,635
	-	(3,048,323)	(3,495,038)
Net change in inventory for consumption	-	66,030	219,453
Net change in prepaid expense	-	(5,459)	20,651
	-	60,571	240,104
<b>Decrease in net financial assets</b>	1,175,918	(2,058,877)	(998,209)
<b>Net financial assets, beginning of year</b>	7,091,014	7,091,014	8,089,223
<b>Net financial assets, end of year</b>	\$ 8,266,932	\$ 5,032,137	\$ 7,091,014

**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2017

	2017	2016
<b>Operating transactions</b>		
Excess of revenue over expenses	\$ 928,875	\$ 2,256,725
Adjustments for items which do not affect cash		
Loss (gain) on disposal of tangible capital assets	99,156	(72,790)
Amortization of tangible capital assets	1,696,241	1,666,887
	2,724,272	3,850,822
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(70,673)	(101,481)
Trade and other receivables	2,622	(715,895)
Land held for resale	-	6,588
Inventory for consumption	66,030	219,453
Prepaid expenses	(5,459)	20,651
Accounts payable and accrued liabilities	427,234	(467,313)
Employee benefit obligations	13,756	17,238
Deposits	(500)	-
Deferred revenue	410,716	(1,693,010)
Provision for gravel pit reclamation	60,000	-
	3,627,998	1,137,053
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	208,000	257,635
Acquisition of tangible capital assets	(5,051,720)	(5,346,770)
	(4,843,720)	(5,089,135)
<b>Investing transactions</b>		
Decrease in investments	1,082,643	1,312,293
<b>Financing transactions</b>		
Proceeds of long term debt	1,800,000	-
Repayment of long term debt	(300,000)	-
	1,500,000	-
<b>Increase (decrease) in cash and temporary investments</b>	1,366,921	(2,639,789)
<b>Cash and temporary investments, beginning of year</b>	6,490,511	9,130,300
<b>Cash and temporary investments, end of year</b>	\$ 7,857,432	\$ 6,490,511



---

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2017

---

**1. Significant accounting policies**

The consolidated financial statements of the County of Warner No. 5 are the representations of management prepared in accordance with public sector accounting standards for local government established by the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the County of Warner No. 5 are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, 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 of Warner No. 5 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 public sector accounting standards 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 expense during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Investments

Investments are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

---

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2017**

---

**1. Significant accounting policies, continued**

(e) Government transfers

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

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

(f) Requisition over-levy and under-levy

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

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

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

(g) Inventories for resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Related development costs incurred to provide infrastructure such as water and waste water services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

(h) Tax revenue

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

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

(i) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

---

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2017

---

**1. Significant accounting policies, continued**

(j) Non-financial assets

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

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line 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, 2017

**2. Cash and temporary investments**

	2017	2016
Cash	\$ 4,339,562	\$ 4,062,410
Temporary investments	3,517,870	2,428,101
	<u>\$ 7,857,432</u>	<u>\$ 6,490,511</u>

Temporary investments are comprised of Bank of Montreal high interest savings and Guaranteed Investment Certificates that bear interest rates between 0.55% and 2.28% (2016 - 1.25% and 2.75%).

Under its credit facility with the Bank of Montreal, the County holds a line of credit to a maximum of \$500,000 and bears interest at the bank's prime lending rate. At December 31, 2017 the line of credit was undrawn.

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

	2017	2016
Current taxes and grants in place of taxes receivable	\$ 243,685	\$ 243,608
Arrears	189,956	119,360
	<u>\$ 433,641</u>	<u>\$ 362,968</u>

**4. Trade and other receivables**

	2017	2016
Provincial government receivables	\$ 692,146	\$ 305,639
Goods and Services Tax (GST)	307,992	452,899
Trade receivables	105,228	115,832
Accrued interest	97,871	156,077
Local government receivables	11,005	51,395
Wetland project receivables	-	135,022
	<u>\$ 1,214,242</u>	<u>\$ 1,216,864</u>

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2017

**5. Investments**

	2017		2016	
	Cost	Market value	Cost	Market value
Guaranteed Investment Certificates	\$ 964,438	\$ 998,113	\$ 2,047,081	\$ 2,097,928

Guaranteed Investment Certificates bear interest at between 1.50% and 2.55% (2016 - 1.25% and 2.55%) with maturity dates from March 6, 2019 to April 2, 2019.

**6. Employee benefit obligations**

	2017	2016
Vacation and overtime	\$ 282,278	\$ 278,522
Post-employment benefits	176,100	166,100
	<b>\$ 458,378</b>	<b>\$ 444,622</b>

**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 employees during the current year was \$14,650 (2016 - \$12,600).

The post-employment benefit expense includes current period benefit costs of \$24,750 (2016 - \$15,200).

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2017

**7. Deferred revenue**

	2017	2016
Municipal Sustainability Initiative	\$ 868,152	\$ 874,221
Federal Gas Tax Fund	416,785	-
Basic Municipal Transportation	89,350	89,350
Further Education	43,116	27,389
Write Break	-	15,727
	<b>\$ 1,417,403</b>	<b>\$ 1,006,687</b>

**8. Inventory for consumption**

	2017	2016
Gravel	\$ 4,753,375	\$ 4,790,921
Parts and other	242,270	254,008
Chemicals and grass seed	103,249	108,411
Fuel and oil	96,256	101,273
Blades and culverts	68,729	75,296
	<b>\$ 5,263,879</b>	<b>\$ 5,329,909</b>

**9. Long-term debt**

	2017	2016
Bank of Montreal	\$ 1,500,000	\$ -

Principal and interest repayments based on a 5 year amortization period are due as follows:

	Principal	Interest	Total
2018	\$ 300,000	\$ 40,500	\$ 340,500
2019	300,000	32,400	332,400
2020	300,000	24,300	324,300
2021	300,000	16,200	316,200
2022	300,000	8,100	308,100
	<b>\$ 1,500,000</b>	<b>\$ 121,500</b>	<b>\$ 1,621,500</b>

Long term debt is due on demand and bears interest at the bank's prime lending rate. The County has been authorized to a maximum of \$2,000,000 for capital requirements and as at December 31, 2017 \$1,500,000 was outstanding.

Interest on long-term debt amounted to \$16,763.

The County's total cash payments for interest in 2017 were \$16,763.

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2017

**10. Accumulated surplus**

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

	2017	2016
Unrestricted deficit	\$ (428,685)	\$ (1,082,579)
Equity in tangible capital assets (note 11)	31,525,793	29,977,470
Internally restricted surplus (reserves) (note 12)	12,364,126	13,637,468
	\$ 43,461,234	\$ 42,532,359

**11. Equity in tangible capital assets**

	2017	2016
Tangible capital assets (schedule 2)	\$ 74,571,910	\$ 70,178,105
Accumulated amortization (schedule 2)	(41,546,117)	(40,200,635)
Long-term debt (note 9)	(1,500,000)	-
	\$ 31,525,793	\$ 29,977,470

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2017

**12. Reserves**

Reserves for operating and capital activities changed as follows:

	2017	2016
<b>Operating</b>		
Mill Rate Stabilization	\$ 4,595,272	\$ 5,095,272
Secondary Highway	1,619,297	1,619,297
Stirling Drain	436,950	411,950
Public works - Gravel	350,000	350,000
General Road Construction	200,000	200,000
Accrued vacation	282,278	278,522
Hamlet infrastructure	150,000	150,000
A.S.B. General	100,097	100,097
General recreation	99,558	95,136
Accrued service	176,100	166,100
South Warner Drain	46,607	44,607
Resource Road	50,000	50,000
Further Education - Basic	53,934	33,406
Waste management	37,071	37,071
Engineering and surveys	30,000	30,000
Write Break - Basic	-	29,066
Memorial Scholarship	21,305	21,305
Land/Right of ways	20,000	20,000
A.E.S.A. - Salinity	10,676	10,676
Hamlet streets improvement	18,360	18,360
	<b>8,297,505</b>	<b>8,760,865</b>
<b>Capital</b>		
Fire Department - Trucks	1,805,256	1,659,541
Public Works - Light Trucks	1,212,500	1,212,500
A.S.B. - Building	-	955,697
A.S.B. - Light Trucks	366,427	366,427
General Administration - Office equipment/computer	250,369	250,369
Fire Department - Building	150,000	150,000
Public Works - Building	113,831	113,831
Bylaw - Trucks	84,945	84,945
General Administration - Building	76,581	76,581
Parks - Land Improvement	6,712	6,712
	<b>4,066,621</b>	<b>4,876,603</b>
	<b>\$ 12,364,126</b>	<b>\$ 13,637,468</b>



**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2017

**13. Segmented disclosure**

The County of Warner No. 5 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).

**14. Net municipal property taxes**

	Budget (Unaudited)	2017	2016
<b>Taxation</b>			
Real property taxes	\$ 5,227,906	\$ 5,215,447	\$ 4,664,342
Linear property taxes	2,938,479	2,939,479	2,816,574
Government grants in place of property taxes	14,284	14,284	12,053
Special assessments and local improvements	768	768	768
	<u>8,181,437</u>	<u>8,169,978</u>	<u>7,493,737</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	1,739,070	1,739,586	1,775,380
Seniors' Foundation	259,201	259,201	233,181
School Boards	26,772	26,256	26,044
	<u>2,025,043</u>	<u>2,025,043</u>	<u>2,034,605</u>
	<u>\$ 6,156,394</u>	<u>\$ 6,144,935</u>	<u>\$ 5,459,132</u>

**15. Government transfers**

	Budget (Unaudited)	2017	2016
<b>Transfers for operating:</b>			
Provincial government	\$ 1,297,066	\$ 1,253,820	\$ 1,408,946
Local government	-	19,765	36,965
Federal government	-	4,026	4,032
	<u>1,297,066</u>	<u>1,277,611</u>	<u>1,449,943</u>
<b>Transfers for capital:</b>			
Provincial government	2,478,225	1,944,976	3,706,409
	<u>\$ 3,775,291</u>	<u>\$ 3,222,587</u>	<u>\$ 5,156,352</u>

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2017

**16. Expenses by object**

	Budget (Unaudited)	2017	2016
Salaries, wages and benefits	\$ 4,342,790	\$ 4,202,885	\$ 4,124,690
Contracted and general services	1,277,089	1,158,876	1,118,412
Bank charges and short-term interest	4,730	1,699	3,545
Interest on long term debt	-	16,763	-
Transfers to organizations and others	476,962	560,432	478,708
Materials, goods, supplies and utilities	2,266,822	2,164,587	2,038,686
Amortization of tangible capital assets	1,599,854	1,696,241	1,666,887
Loss on disposal of tangible capital assets	-	107,155	5,450
Other	8,300	6,972	4,661
Purchases from other governments	8,000	-	8,141
	<b>\$ 9,984,547</b>	<b>\$ 9,915,610</b>	<b>\$ 9,449,180</b>

**17. Budget amounts**

The 2017 budget for the County of Warner No. 5 was approved by Council on May 9, 2017 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 approved budget contained reserve transfers as revenues and 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.

Budgeted surplus per financial statements	\$ 1,175,918
Less: Capital expenditures	(1,599,854)
Transfers to reserves	(5,291,104)
Add: Amortization	1,599,854
Transfers from reserves	4,115,186
Equals: Balanced budget	\$ -

**18. Contingency**

The County of Warner No. 5 is a member of GENESIS 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 of Warner No. 5 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.

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2017

**19. Commitments**

As at December 31, 2017, the County of Warner No. 5 is committed to spend an estimated \$1,000,000 to construct the New Dayton south road. Currently, the County has spent \$850,000 on this project. This project is expected to be completed in 2018.

As at December 31, 2017, the County of Warner No. 5 is committed to spend an estimated \$700,000 to complete improvements on the water plant. The project is expected to begin in 2018.

As at December 31, 2017, the County of Warner No. 5 is committed to spend an estimated \$400,000 to construct the wolf creek road. The project is expected to begin in 2018.

**20. 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 of Warner No. 5 be disclosed as follows:

	2017	2016
Total debt limit	\$ 13,349,265	\$ 11,199,243
Total debt	1,500,000	-
	<u>\$ 11,849,265</u>	<u>\$ 11,199,243</u>
Debt servicing limit	\$ 2,224,878	\$ 1,999,874
Debt servicing	340,500	-
	<u>\$ 1,884,378</u>	<u>\$ 1,999,874</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 THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2017

**21. 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)	2017	2016
	Salary	Benefits & allowances		
Councillors				
Reeve/Councillor - Division 2	\$ 42,581	\$ 2,539	\$ 45,120	\$ 49,443
Division 1	37,173	5,848	43,021	44,595
Division 3	32,439	4,938	37,377	36,403
Division 4	24,474	5,766	30,240	41,283
Division 5	9,544	1,058	10,602	16,830
Division 6	28,816	4,894	33,710	33,927
Division 7	32,591	5,562	38,153	29,718
Chief Administrative Officer	146,486	38,179	184,665	175,570
Designated Officer	\$ 105,271	\$ 24,751	\$ 130,022	\$ 128,663

(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 THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2017**

---

**22. Local authorities pension plan**

Employees of the County of Warner No. 5 participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The plan serves about 254,000 people and 417 employers. The LAPP is financed by the employer and employee contributions and by investment earnings of the LAPP Fund.

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

The County of Warner No. 5 is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the County of Warner No. 5 are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the County of Warner No. 5 to the LAPP in 2017 were \$347,075 (2016 - \$343,584). Total current service contributions by the employees of the County of Warner No. 5 to the LAPP in 2017 were \$319,441 (2016 - \$316,070).

At December 31, 2016, the LAPP disclosed an actuarial deficiency of \$637 million.

**23. Contaminated sites liability**

The County has adopted PS3260 liability for contaminated sites. The County did not identify any financial liabilities in 2017 (2016 - nil) as a result of this standard.

**24. 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 of Warner No. 5 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 of Warner No. 5 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.

**25. Approval of financial statements**

These financial statements were approved by Council and Management.

**26. Comparative figures**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

**COUNTY OF WARNER NO. 5**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2017

Schedule of changes in accumulated surplus				Schedule 1	
	Unrestricted	Restricted	Equity in tangible capital assets	2017	2016
Balance, beginning of year	\$ (1,082,578)	\$ 13,637,468	\$ 29,977,469	\$ 42,532,359	\$ 40,275,634
Excess of revenue over expenses	928,875	-	-	928,875	2,256,725
Unrestricted funds designated for future use	(204,793)	204,793	-	-	-
Restricted funds used for operations	522,438	(522,438)	-	-	-
Restricted funds used for tangible capital assets	-	(955,697)	955,697	-	-
Current year funds used for tangible capital assets	(4,096,023)	-	4,096,023	-	-
Disposal of tangible capital assets	307,155	-	(307,155)	-	-
Amortization of tangible capital assets	1,696,241	-	(1,696,241)	-	-
Long-term debt repaid	(300,000)	-	300,000	-	-
Proceeds of term loan	1,800,000	-	(1,800,000)	-	-
Change in accumulated surplus	653,893	(1,273,342)	1,548,324	928,875	2,256,725
<b>Balance, end of year</b>	<b>\$ (428,685)</b>	<b>\$ 12,364,126</b>	<b>\$ 31,525,793</b>	<b>\$ 43,461,234</b>	<b>\$ 42,532,359</b>

**COUNTY OF WARNER NO. 5**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2017

	Schedule 2						
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress
	2017	2017	2017	2017	2017	2016	2016
<b>Schedule of tangible capital assets</b>							
<b>Cost:</b>							
Balance, beginning of year \$	2,324,913	\$ 869,366	\$ 1,874,840	\$ 46,962,190	\$ 10,110,947	\$ 4,688,374	\$ 70,178,105
Acquisitions	686,105	-	2,336,376	1,101,517	872,780	32,701	5,051,720
Transfers	-	-	170,913	3,066,704	-	-	-
Disposals	-	-	-	(173,551)	(469,364)	(15,000)	(657,915)
<b>Balance, end of year</b>	<b>3,011,018</b>	<b>869,366</b>	<b>4,382,129</b>	<b>50,956,860</b>	<b>10,514,363</b>	<b>4,706,075</b>	<b>74,571,910</b>
<b>Accumulated amortization:</b>							
Balance, beginning of year	-	527,022	1,073,495	30,433,903	4,745,795	3,420,420	40,200,635
Annual amortization	-	37,534	34,333	785,894	624,111	214,369	1,696,241
Disposals	-	-	-	(135,565)	(200,194)	(15,000)	(350,759)
<b>Balance, end of year</b>	<b>-</b>	<b>564,556</b>	<b>1,107,828</b>	<b>31,084,232</b>	<b>5,169,712</b>	<b>3,619,789</b>	<b>41,546,117</b>
<b>Net book value</b>	<b>\$ 3,011,018</b>	<b>\$ 304,810</b>	<b>\$ 3,274,301</b>	<b>\$ 19,872,628</b>	<b>\$ 5,344,651</b>	<b>\$ 1,086,286</b>	<b>\$ 33,025,793</b>
<b>2016 net book value</b>	<b>\$ 2,324,913</b>	<b>\$ 342,343</b>	<b>\$ 801,346</b>	<b>\$ 16,528,287</b>	<b>\$ 5,365,152</b>	<b>\$ 1,267,954</b>	<b>\$ 29,977,470</b>

**COUNTY OF WARNER NO. 5**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2017

**Schedule of segmented disclosure**

Schedule 3

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Other	Total
<b>Revenue</b>									
Net municipal taxes	\$ 6,144,167	\$ -	\$ -	\$ -	\$ -	\$ 768	\$ -	\$ -	\$ 6,144,935
User fees and sales of goods	11,009	3,758	215,710	66,312	-	436,121	-	9,872	742,782
Government transfers for operating	174,951	930	692,031	-	-	323,469	-	86,230	1,277,611
Investment income	94,650	-	-	-	-	-	-	411	95,061
Penalties and costs of taxes	78,185	-	-	-	-	-	-	-	78,185
Licenses and permits	76,256	-	-	-	-	-	4,422	-	80,678
Gain on disposal of capital assets	-	-	8,000	-	-	-	-	-	8,000
Rental	3,423	-	25	-	-	-	-	-	3,448
Other	313,115	-	28,022	50,000	-	15,300	37,871	-	56,619
Fines	-	24,501	-	-	-	-	-	-	391,137
	6,895,756	29,189	943,788	116,312	-	775,658	42,293	96,513	8,899,509
<b>Expenses</b>									
Salaries, wages and benefits	867,254	6,486	2,494,082	19,106	-	750,988	-	64,969	4,202,885
Contracted and general services	390,312	182,981	421,000	17,325	-	97,625	-	31,851	1,158,876
Materials, goods, supplies and utilities	57,356	193,098	1,086,649	41,913	-	715,370	61,980	8,221	2,164,587
Bank charges and short term interest	1,689	-	-	-	-	-	-	10	1,699
Interest on long term debt	-	-	-	-	-	16,763	-	-	16,763
Transfers to organizations and others	2,495	30,000	6,490	227,059	28,078	30,402	235,908	-	560,432
Amortization of tangible capital assets	28,121	73,233	1,416,569	55,082	-	96,380	26,856	-	1,696,241
Loss on disposal of tangible capital assets	-	-	107,155	-	-	-	-	-	107,155
Other	6,972	-	-	-	-	-	-	-	6,972
	1,354,199	485,798	5,531,945	360,485	28,078	1,707,528	342,526	105,051	9,915,610
<b>Excess (deficiency) of revenue over expenses before other</b>	5,541,557	(456,609)	(4,588,157)	(244,173)	(28,078)	(931,870)	(300,233)	(8,538)	(1,016,101)
<b>Other</b>									
Government transfers for capital	-	-	1,545,082	399,894	-	-	-	-	1,944,976
<b>Excess (deficiency) of revenue over expenses</b>	\$ 5,541,557	\$ (456,609)	\$ (3,043,075)	\$ 155,721	\$ (28,078)	\$ (931,870)	\$ (300,233)	\$ (8,538)	\$ 928,875