

COUNTY OF WARNER NO. 5
Consolidated Financial Statements
For the year ended December 31, 2016

COUNTY OF WARNER NO. 5
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For the year ended December 31, 2016

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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, 2016, 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, 2016 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 18, 2017

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.



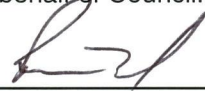
Chief Administrative Officer

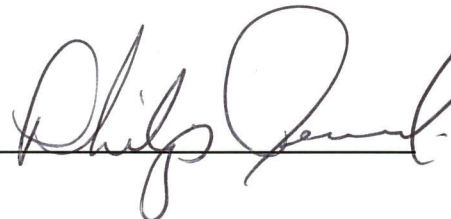
COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2016

	2016	2015
Financial assets		
Cash and temporary investments (note 2)	\$ 6,490,511	\$ 9,130,300
Taxes and grants in place of taxes receivable (note 3)	362,968	261,487
Trade and other receivables (note 4)	1,216,864	500,970
Land held for resale	20,407	26,995
Investments (note 5)	2,047,081	3,359,373
	10,137,831	13,279,125
Liabilities		
Accounts payable and accrued liabilities	433,153	900,467
Employee benefit obligations (note 6)	444,622	427,385
Deposits	2,354	2,354
Provision for gravel pit reclamation	1,160,000	1,160,000
Deferred revenue (note 7)	1,006,687	2,699,697
	3,046,816	5,189,903
Net financial assets	7,091,015	8,089,222
Non-financial assets		
Prepaid expenses	133,966	154,617
Inventory for consumption (note 8)	5,329,909	5,549,363
Tangible capital assets (schedule 2)	29,977,469	26,482,432
	35,441,344	32,186,412
Accumulated surplus (note 9 and schedule 1)	\$ 42,532,359	\$ 40,275,634

Commitments and contingencies (note 17 and 18)

Approved on behalf of Council:

Councillor  _____

Councillor  _____

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2016

	Budget (Unaudited)	2016	2015
Revenue			
Net municipal taxes (note 13)	\$ 5,451,316	\$ 5,459,132	\$ 5,354,055
User fees and sales of goods	453,250	619,890	427,645
Government transfers for operating (note 14)	1,617,755	1,449,943	1,268,451
Investment income	146,875	121,172	148,488
Penalties and costs of taxes	47,100	52,044	39,190
Licenses and permits	131,500	71,316	96,649
Gain on disposal of capital assets	122,500	78,239	88,189
Rental	48,485	64,531	55,497
Other	119,375	59,628	267,630
Fines	50,000	23,601	38,289
	<u>8,188,156</u>	<u>7,999,496</u>	<u>7,784,083</u>
Expenses (note 15)			
Legislative	283,245	276,606	263,187
Administration	1,164,522	1,083,043	1,011,873
Protective services	544,983	462,550	421,652
Roads, streets, walks and lighting	6,136,558	5,385,277	5,066,419
Water supply and distribution	118,282	61,093	146,955
Waste management	158,073	186,029	175,394
Family and community support services	27,540	27,540	27,002
Land use planning, zoning and development	24,948	25,781	24,221
Economic and agricultural development	1,917,731	1,524,015	1,244,675
Recreation and parks	260,819	255,496	265,247
Culture	39,063	39,063	38,295
Other	137,139	122,687	122,793
	<u>10,812,903</u>	<u>9,449,180</u>	<u>8,807,713</u>
Deficiency of revenue over expenses before other	<u>(2,624,747)</u>	<u>(1,449,684)</u>	<u>(1,023,630)</u>
Other			
Government transfers for capital (note 14)	4,768,978	3,706,409	3,125,174
Excess of revenue over expenses	<u>2,144,231</u>	<u>2,256,725</u>	<u>2,101,544</u>
Accumulated surplus, beginning of year	<u>40,275,634</u>	<u>40,275,634</u>	<u>38,174,090</u>
Accumulated surplus, end of year	<u>\$ 42,419,865</u>	<u>\$ 42,532,359</u>	<u>\$ 40,275,634</u>

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2016

	Budget (Unaudited)	2016	2015
Excess of revenue over expenses	\$ 2,144,231	\$ 2,256,725	\$ 2,101,544
Acquisition of tangible capital assets	(3,579,854)	(5,346,770)	(3,132,909)
Amortization of tangible capital assets	1,579,854	1,666,887	1,621,754
(Gain) loss on disposal of tangible capital assets	-	(72,790)	3,599
Proceeds on disposal of tangible capital assets	-	257,636	308,033
	(2,000,000)	(3,495,037)	(1,199,523)
Net change in inventory for consumption	-	219,454	(441,056)
Net change in prepaid expense	-	20,651	1,513
	-	240,105	(439,543)
Decrease in net financial assets	144,231	(998,207)	462,478
Net financial assets, beginning of year	8,089,222	8,089,222	7,626,744
Net financial assets, end of year	\$ 8,233,453	\$ 7,091,015	\$ 8,089,222

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2016

	2016	2015
Operating transactions		
Excess of revenue over expenses	\$ 2,256,725	\$ 2,101,544
Adjustments for items which do not affect cash		
(Gain) loss on disposal of tangible capital assets	(72,790)	3,599
Amortization of tangible capital assets	1,666,887	1,621,754
	3,850,822	3,726,897
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(101,481)	(69,643)
Trade and other receivables	(715,894)	406,638
Land held for resale	6,588	-
Inventory for consumption	219,454	(441,056)
Prepaid expenses	20,651	1,513
Accounts payable and accrued liabilities	(467,314)	205,489
Employee benefit obligations	17,237	25,025
Deferred revenue	(1,693,010)	(842,477)
	1,137,053	3,012,386
Capital transactions		
Proceeds on disposal of tangible capital assets	257,636	308,033
Acquisition of tangible capital assets	(5,346,770)	(3,132,909)
	(5,089,134)	(2,824,876)
Investing transactions		
Decrease in investments	1,312,292	412,188
(Decrease) increase in cash and temporary investments	(2,639,789)	599,698
Cash and temporary investments, beginning of year	9,130,300	8,530,602
Cash and temporary investments, end of year	\$ 6,490,511	\$ 9,130,300

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

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, 2016

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, 2016

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, 2016

2. Cash and temporary investments

	2016	2015
Cash	\$ 4,062,410	\$ 7,240,752
Temporary investments	2,428,101	1,889,548
	\$ 6,490,511	\$ 9,130,300

Temporary investments are comprised of Bank of Montreal high interest savings and Guaranteed Investment Certificates that bear interest rates between 1.25% and 2.75% (2015 - 1.25% and 1.87%).

3. Taxes and grants in place of taxes receivables

	2016	2015
Current taxes and grants in place of taxes receivable	\$ 243,608	\$ 194,907
Arrears	119,360	66,580
	\$ 362,968	\$ 261,487

4. Trade and other receivables

	2016	2015
Goods and Services Tax (GST)	\$ 452,899	\$ 95,327
Provincial government receivables	305,639	79,504
Accrued interest	156,077	131,919
Wetland project receivables	135,022	-
Trade receivables	115,832	126,040
Local government receivables	51,395	68,180
	\$ 1,216,864	\$ 500,970

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

5. Investments

	2016		2015	
	Cost	Market value	Cost	Market value
Guaranteed Investment Certificates	\$ 2,047,081	\$ 2,097,928	\$ 3,359,373	\$ 3,446,019

Guaranteed Investment Certificates bear interest at between 1.25% and 2.55% (2015 - 1.25% and 2.75%) with maturity dates from January 11, 2018 to April 2, 2019.

6. Employee benefit obligations

	2016	2015
Vacation and overtime	\$ 278,522	\$ 263,885
Post-employment benefits	166,100	163,500
	<u>\$ 444,622</u>	<u>\$ 427,385</u>

Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

Post-employment benefits

Effective in 2006 the County provides a service recognition benefit for its employees. Retiring employees with over 10 years of service to the County are eligible for the allowance at a rate of \$200 per year for the first 10 years of employment and \$500 per year for each year of service over 10 years up to 40 years. These benefits are prorated for permanent part time staff.

Employees terminating their employment with over 10 years of service to the County are eligible for the allowance at a rate of \$50 per year for the first 10 years of employment and \$100 per year for each year of service over 10 years up to 40 years. These benefits are prorated for permanent part time staff. The benefit is paid out when the individual ceases to be an employee of the County.

The benefit payments on behalf of employees during the current year was \$12,600 (2015 - \$nil).

The post-employment benefit expense includes current period benefit costs of \$15,200 (2015 - \$16,000).

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

7. Deferred revenue

	2016	2015
Municipal Sustainability Initiative	\$ 855,860	\$ 1,851,024
Basic Municipal Transportation	107,711	107,711
Further Education	27,389	27,389
Write Break	15,727	15,727
Regional Water System	-	697,846
	\$ 1,006,687	\$ 2,699,697

8. Inventory for consumption

	2016	2015
Gravel	\$ 4,790,921	\$ 5,064,292
Parts and other	254,008	229,905
Blades and culverts	75,296	72,970
Chemicals and grass seed	108,411	118,266
Fuel and oil	101,273	63,930
	\$ 5,329,909	\$ 5,549,363

9. Accumulated surplus

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

	2016	2015
Unrestricted (deficit) surplus	\$ (1,082,578)	\$ 337,757
Equity in tangible capital assets (note 10)	29,977,469	26,482,432
Internally restricted surplus (reserves) (note 11)	13,637,468	13,455,445
	\$ 42,532,359	\$ 40,275,634

10. Equity in tangible capital assets

	2016	2015
Tangible capital assets (schedule 2)	\$ 70,178,105	\$ 65,685,429
Accumulated amortization (schedule 2)	(40,200,636)	(39,202,997)
	\$ 29,977,469	\$ 26,482,432

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

11. Reserves

Reserves for operating and capital activities changed as follows:

	2016	2015
Operating		
Mill Rate Stabilization	\$ 5,095,272	\$ 5,095,272
Secondary Highway	1,619,297	1,619,297
Stirling Drain	411,950	386,950
Public works - Gravel	350,000	350,000
Accrued vacation	278,522	263,884
General Road Construction	200,000	200,000
Accrued service	166,100	163,500
Hamlet infrastructure	150,000	150,000
A.S.B. General	100,097	100,097
General recreation	95,136	89,031
Resource Road	50,000	50,000
South Warner Drain	44,607	55,246
Waste management	37,071	37,071
Further Education - Basic	33,406	38,078
Engineering and surveys	30,000	30,000
Write Break - Basic	29,066	25,790
Memorial Scholarship	21,305	21,305
Land/Right of ways	20,000	20,000
Hamlet streets improvement	18,360	18,360
A.E.S.A. - Salinity	10,676	10,676
	8,760,865	8,724,557
Capital		
Fire Department - Trucks	1,659,541	1,513,826
Public Works - Light Trucks	1,212,500	1,212,500
A.S.B. - Building	955,697	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
	4,876,603	4,730,888
	\$ 13,637,468	\$ 13,455,445

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

12. 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).

13. Net municipal property taxes

	Budget (Unaudited)	2016	2015
Taxation			
Real property taxes	\$ 4,706,326	\$ 4,664,342	\$ 4,488,966
Linear property taxes	2,770,052	2,816,574	2,770,031
Government grants in place of property taxes	8,774	12,053	8,773
Special assessments and local improvements	768	768	768
	<u>7,485,920</u>	<u>7,493,737</u>	<u>7,268,538</u>
Requisitions			
Alberta School Foundation Fund	1,775,379	1,775,380	1,662,154
Seniors' Foundation	233,181	233,181	228,960
School Boards	26,044	26,044	23,369
	<u>2,034,604</u>	<u>2,034,605</u>	<u>1,914,483</u>
	<u>\$ 5,451,316</u>	<u>\$ 5,459,132</u>	<u>\$ 5,354,055</u>

14. Government transfers

	Budget (Unaudited)	2016	2015
Transfers for operating:			
Provincial government	\$ 1,617,755	\$ 1,412,978	\$ 1,240,572
Local government	-	36,965	27,879
	<u>1,617,755</u>	<u>1,449,943</u>	<u>1,268,451</u>
Transfers for capital:			
Provincial government	4,768,978	3,706,409	3,045,670
Federal government	-	-	79,504
	<u>4,768,978</u>	<u>3,706,409</u>	<u>3,125,174</u>
	<u>\$ 6,386,733</u>	<u>\$ 5,156,352</u>	<u>\$ 4,393,625</u>

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

15. Expenses by object

	Budget (Unaudited)	2016	2015
Salaries, wages and benefits	\$ 4,323,123	\$ 4,124,690	\$ 3,874,338
Materials, goods, supplies and utilities	2,963,540	2,038,686	1,554,238
Contracted and general services	1,457,733	1,118,412	1,198,415
Transfers to organizations and others	463,133	478,708	449,032
Purchases from other governments	10,000	8,141	8,432
Other	7,700	4,661	6,067
Bank charges and short-term interest	7,820	3,545	3,650
Loss on disposal of tangible capital assets	-	5,450	91,787
Amortization of tangible capital assets	1,579,854	1,666,887	1,621,754
	\$ 10,812,903	\$ 9,449,180	\$ 8,807,713

16. Budget amounts

The 2016 budget for the County of Warner No. 5 was approved by Council on May 10, 2016 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	\$ 2,144,231
Less: Capital expenditures	(3,579,854)
Transfers to reserves	(362,815)
Add: Amortization	1,579,854
Transfers from reserves	218,584
Equals: Balanced budget	\$ -

17. 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. 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, 2016

18. Commitments

As at December 31, 2016, the County of Warner No. 5 is committed to spend an estimated \$2,500,000 to construct a new Ag Service Building. Currently, the County has spent \$170,912 on this project. This project is expected to be completed by September 2017.

As at December 31, 2016, the County of Warner No. 5 is committed to spend an estimated \$2,900,000 to construct a new regional waterline. Currently, the County has spent \$2,090,017 on this project. This project is expected to be completed in 2017.

19. 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:

	2016	2015
Total debt limit	\$ 11,999,243	\$ 11,676,122
Debt servicing limit	\$ 1,999,874	\$ 1,946,020

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, 2016

20. 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)	2016	2015
	Salary	Benefits & allowances		
Councillors				
Reeve/Councillor - Division 2	\$ 46,441	\$ 3,002	\$ 49,443	\$ 37,272
Division 1	38,662	5,933	44,595	42,454
Division 3	31,798	4,605	36,403	32,248
Division 4	35,389	5,894	41,283	41,065
Division 5	12,992	3,838	16,830	25,348
Division 6	29,366	4,561	33,927	26,232
Division 7	24,230	5,488	29,718	32,224
Chief Administrative Officer	138,825	36,745	175,570	171,322
Designated Officer	\$ 104,439	\$ 24,224	\$ 128,663	\$ 124,745

(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.

21. 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 244,621 people and about 426 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP fund. The LAPP Contributions for current service are recorded as expenditures in the year in which they become due.

The County 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 2016 were

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

21. Local authorities pension plan, continued

\$343,584 (2015 - \$314,035). Total current service contributions by the employees of the County of Warner No. 5 to the LAPP in 2016 were \$316,070 (2015 - \$288,964).

At December 31, 2015, the LAPP disclosed an actuarial deficiency of \$923 million.

22. Contaminated sites liability

The County has adopted PS3260 liability for contaminated sites. The County did not identify any financial liabilities in 2016 (2015 - nil) as a result of this standard.

23. 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.

24. Approval of financial statements

These financial statements were approved by Council and Management.

25. 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, 2016

	Schedule of changes in accumulated surplus			Schedule 1	
	Unrestricted	Restricted	Equity in tangible capital assets	2016	2015
Balance, beginning of year	\$ 337,757	\$ 13,455,445	\$ 26,482,432	\$ 40,275,634	\$ 38,174,090
Excess of revenue over expenses	2,256,725	-	-	2,256,725	2,101,544
Unrestricted funds designated for future use	(212,916)	212,916	-	-	-
Restricted funds used for operations	30,893	(30,893)	-	-	-
Current year funds used for tangible capital assets	(5,346,770)	-	5,346,770	-	-
Disposal of tangible capital assets	184,846	-	(184,846)	-	-
Amortization of tangible capital assets	1,666,887	-	(1,666,887)	-	-
Change in accumulated surplus	(1,420,335)	182,023	3,495,037	2,256,725	2,101,544
Balance, end of year	\$ (1,082,578)	\$ 13,637,468	\$ 29,977,469	\$ 42,532,359	\$ 40,275,634

COUNTY OF WARNER NO. 5
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

Schedule of tangible capital assets

Schedule 2

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2016	2015
Cost:									
Balance, beginning of year	\$ 2,318,325	\$ 878,351	\$ 1,874,840	\$ 46,654,272	\$ 9,070,615	\$ 4,598,210	\$ 290,816	\$ 65,685,428	\$ 63,810,647
Acquisitions	6,588	-	-	587,247	1,504,542	191,734	3,056,659	5,346,770	3,132,909
Disposals	-	(8,984)	-	(279,329)	(464,210)	(101,570)	-	(854,093)	(1,258,127)
Balance, end of year	2,324,913	869,367	1,874,840	46,962,190	10,110,947	4,688,374	3,347,475	70,178,105	65,685,429
Accumulated amortization:									
Balance, beginning of year	-	497,164	1,039,162	29,957,907	4,418,660	3,290,104	-	39,202,997	38,527,739
Annual amortization	-	38,844	34,333	755,325	607,729	230,656	-	1,666,887	1,621,754
Disposals	-	(8,985)	-	(279,329)	(280,594)	(100,340)	-	(669,248)	(946,496)
Balance, end of year	-	527,023	1,073,495	30,433,903	4,745,795	3,420,420	-	40,200,636	39,202,997
Net book value	\$ 2,324,913	\$ 342,344	\$ 801,345	\$ 16,528,287	\$ 5,365,152	\$ 1,267,954	\$ 3,347,475	\$ 29,977,469	\$ 26,482,432
2015 net book value	\$ 2,318,325	\$ 381,187	\$ 835,679	\$ 16,696,365	\$ 4,651,955	\$ 1,308,105	\$ 290,816	\$ 26,482,432	

COUNTY OF WARNER NO. 5
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

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
Revenue									
Net municipal taxes	\$ 5,458,364	\$ -	\$ -	\$ -	\$ -	\$ 768	\$ -	\$ -	\$ 5,459,132
User fees and sales of goods	12,632	7,050	166,892	77,044	-	325,239	-	31,033	619,890
Government transfers for operating	210,325	-	692,031	-	-	461,357	-	86,230	1,449,943
Investment income	120,788	-	-	-	-	-	-	384	121,172
Penalties and costs of taxes	52,044	-	-	-	-	-	-	-	52,044
Licenses and permits	65,211	-	-	-	-	-	6,105	-	71,316
Gain on disposal of capital assets	-	26,602	39,332	-	-	12,305	-	-	78,239
Rental	3,883	-	300	-	-	8,047	52,301	-	64,531
Other	17,780	-	9,928	28,275	-	-	-	3,645	59,628
Fines	-	23,601	-	-	-	-	-	-	23,601
	5,941,027	57,253	908,483	105,319	-	807,716	58,406	121,292	7,999,496
Expenses									
Salaries, wages and benefits	844,164	6,018	2,425,906	19,239	-	755,665	-	73,698	4,124,690
Contracted and general services	380,487	169,798	327,201	75,093	-	108,392	19,382	38,059	1,118,412
Materials, goods, supplies and utilities	84,578	166,795	1,243,088	(41,540)	-	550,734	24,155	10,876	2,038,686
Bank charges and short term interest	3,490	-	-	-	-	-	-	55	3,545
Transfers to organizations and others	6,007	43,000	6,489	141,935	27,540	30,881	222,856	-	478,708
Purchases from other governments	8,141	-	-	-	-	-	-	-	8,141
Amortization of tangible capital assets	28,121	76,939	1,377,142	52,395	-	104,124	28,166	-	1,666,887
Loss on disposal of tangible capital assets	-	-	5,450	-	-	-	-	-	5,450
Other	4,661	-	-	-	-	-	-	-	4,661
	1,359,649	462,550	5,385,276	247,122	27,540	1,549,796	294,559	122,688	9,449,180
Excess (deficiency) of revenue over expenses before other	4,581,378	(405,297)	(4,476,793)	(141,803)	(27,540)	(742,080)	(236,153)	(1,396)	(1,449,684)
Other									
Government transfers for capital	-	-	2,208,564	1,497,845	-	-	-	-	3,706,409
Excess (deficiency) of revenue over expenses	\$ 4,581,378	\$ (405,297)	\$ (2,268,229)	\$ 1,356,042	\$ (27,540)	\$ (742,080)	\$ (236,153)	\$ (1,396)	\$ 2,256,725