

**COUNTY OF WARNER NO. 5**

**Consolidated Financial Statements**

**For the year ended December 31, 2019**

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**COUNTY OF WARNER NO. 5**  
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**For the year ended December 31, 2019**

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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

### *Opinion*

We have audited the consolidated financial statements of the County of Warner No. 5 which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the County of Warner No. 5 as at December 31, 2019, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the County of Warner No. 5 in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the County of Warner No. 5's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the County of Warner No. 5 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the County of Warner No. 5's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

## INDEPENDENT AUDITOR'S REPORT, continued

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 County of Warner No. 5's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County of Warner No. 5's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the County to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### *Report on Other Legal and Regulatory Requirements*

- Debt Limit Regulation:  
In accordance with Alberta Regulation 255/2000, we confirm that the County of Warner No. 5 is in compliance with the Debt Limit Regulation. A detailed account of the County's debt limit can be found in note 19.
- Supplementary Accounting Principles and Standards Regulation:  
In accordance with Alberta Regulation 313/2000, we confirm that the County of Warner No. 5 is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 20.

Lethbridge, Alberta

April 21, 2020



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.



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Chief Administrative Officer



**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2019

	Budget (Unaudited)	2019	2018
<b>Revenue</b>			
Net municipal taxes (note 13)	\$ 6,786,299	\$ 6,813,327	\$ 6,548,287
User fees and sales of goods	852,400	745,626	563,276
Government transfers for operating (note 14)	1,122,400	1,146,926	2,171,750
Investment income	137,000	118,599	104,382
Penalties and costs of taxes	66,500	38,772	44,535
Licenses and permits	122,500	35,567	90,379
Fines	40,000	8,327	21,224
Rental	49,600	51,894	49,903
Other	55,000	106,844	55,067
Gain on disposal of tangible capital assets	5,000	47,963	125,498
	9,236,699	9,113,845	9,774,301
<b>Expenses (note 15)</b>			
Legislative	312,000	327,262	301,329
Administration	1,203,194	1,186,757	1,380,744
Protective services	627,802	515,792	473,850
Roads, streets, walks and lighting	6,592,490	6,147,656	6,189,325
Water supply and distribution	91,545	201,014	192,466
Wastewater treatment and disposal	-	12,000	-
Waste management	168,293	167,617	162,192
Family and community support services	30,037	30,037	28,699
Land use planning, zoning and development	26,761	26,761	26,109
Economic and agricultural development	2,099,168	1,558,202	1,613,157
Recreation and parks	278,233	306,182	290,878
Culture	42,490	42,549	40,855
Other	-	-	57,171
	11,472,013	10,521,829	10,756,775
<b>Deficiency of revenue over expenses before other</b>	<b>(2,235,314)</b>	<b>(1,407,984)</b>	<b>(982,474)</b>
<b>Other</b>			
Government transfers for capital (note 14)	2,424,000	2,032,348	1,763,703
<b>Excess of revenue over expenses</b>	<b>188,686</b>	<b>624,364</b>	<b>781,229</b>
<b>Accumulated surplus, beginning of year</b>	<b>44,242,463</b>	<b>44,242,463</b>	<b>43,461,234</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 44,431,149</b>	<b>\$ 44,866,827</b>	<b>\$ 44,242,463</b>

**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
For the year ended December 31, 2019

	Budget (Unaudited)	2019	2018
<b>Excess of revenue over expenses</b>	\$ 188,686	\$ 624,364	\$ 781,229
Acquisition of tangible capital assets	(1,836,854)	(3,040,602)	(3,894,678)
Amortization of tangible capital assets	1,836,854	2,174,455	1,921,239
Gain on disposal of tangible capital assets	-	(37,151)	(124,336)
Proceeds on disposal of tangible capital assets	-	155,693	244,710
	-	(747,605)	(1,853,065)
Net change in inventory for consumption	-	482,707	520,455
Net change in prepaid expense	-	(19,525)	(3,218)
	-	463,182	517,237
<b>Decrease in net financial assets</b>	188,686	339,941	(554,599)
<b>Net financial assets, beginning of year</b>	4,477,539	4,477,539	5,032,138
<b>Net financial assets, end of year</b>	\$ 4,666,225	\$ 4,817,480	\$ 4,477,539



**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2019

	2019	2018
<b>Operating transactions</b>		
Excess of revenue over expenses	\$ 624,364	\$ 781,229
Adjustments for items which do not affect cash		
Gain on disposal of tangible capital assets	(37,151)	(124,336)
Amortization of tangible capital assets	2,174,455	1,921,239
	2,761,668	2,578,132
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(225,431)	141,472
Trade and other receivables	1,138,409	(458,765)
Inventory for consumption	482,707	520,455
Prepaid expenses	(19,525)	(3,218)
Accounts payable and accrued liabilities	(873,378)	470,731
Employee benefit obligations	(72,976)	39,742
Deferred revenue	(875,276)	515,539
Provision for gravel pit reclamation	(13,685)	25,000
Cash provided by operating transactions	2,302,513	3,829,088
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	155,693	244,710
Acquisition of tangible capital assets	(3,040,602)	(3,894,678)
Cash applied to capital transactions	(2,884,909)	(3,649,968)
<b>Investing transactions</b>		
Decrease in investments	-	964,438
<b>Financing transactions</b>		
Proceeds of long-term debt	350,000	-
Repayment of long-term debt	(300,000)	(300,000)
Cash provided by (applied to) financing transactions	50,000	(300,000)
<b>(Decrease) increase in cash and temporary investments</b>	<b>(532,396)</b>	<b>843,558</b>
<b>Cash and temporary investments, beginning of year</b>	<b>8,700,990</b>	<b>7,857,432</b>
<b>Cash and temporary investments, end of year</b>	<b>\$ 8,168,594</b>	<b>\$ 8,700,990</b>

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**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.

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**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) Provision for gravel pit reclamation

The County of Warner No. 5 is required to fund the stripping and reclamation of various gravel pits. Reclamation activities include the final covering and landscaping.

(j) 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.

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**1. Significant accounting policies, continued**

(k) 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, 2019

**2. Cash and temporary investments**

	2019	2018
Cash	\$ 8,129,702	\$ 4,862,541
Temporary investments	38,892	3,838,449
	\$ 8,168,594	\$ 8,700,990

Temporary investments are comprised of Bank of Montreal high interest savings and Guaranteed Investment Certificates that bear interest of 0.55%% (2018 - between 1.75% and 2.50%) and mature in February 2020.

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, 2019 the line of credit was undrawn.

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

	2019	2018
Current taxes and grants in place of taxes receivable	\$ 442,894	\$ 248,982
Arrears	74,706	43,187
	\$ 517,600	\$ 292,169

**4. Trade and other receivables**

	2019	2018
Goods and Services Tax (GST)	\$ 227,911	\$ 229,321
Local government receivables	143,142	62,065
Provincial government receivables	125,000	1,157,987
Trade receivables	38,545	121,412
Accrued interest	-	102,222
	\$ 534,598	\$ 1,673,007

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**5. Employee benefit obligations**

	2019	2018
Vacation and overtime	\$ 270,444	\$ 322,820
Post-employment benefits	154,700	175,300
	\$ 425,144	\$ 498,120

**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 \$35,550 (2018 - \$7,350).

The post-employment benefit expense includes current period benefit costs of \$16,600 (2018 - \$16,900).

**6. Provision for gravel pit reclamation**

The estimated total liability related to reclamation work on various gravel pits including final coverage and landscaping is \$1,231,315 (2018 - \$1,245,000).

The County of Warner No. 5 has not designated assets for settling reclamation liabilities.

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**7. Deferred revenue**

	2019	2018
Federal Gas Tax Fund	\$ 572,196	\$ 318,500
Municipal Sustainability Initiative	261,631	1,391,514
Alberta Community Partnership	178,000	178,000
Basic Municipal Transportation	45,839	44,928
	\$ 1,057,666	\$ 1,932,942

**8. Long-term debt**

	2019	2018
Bank of Montreal	\$ 1,250,000	\$ 1,200,000

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

	Principal	Interest	Total
2020	\$ 300,000	\$ 28,710	\$ 328,710
2021	300,000	23,070	323,070
2022	150,000	17,070	167,070
2023	150,000	13,785	163,785
2024	350,000	10,040	360,040
	\$ 1,250,000	\$ 92,675	\$ 1,342,675

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, 2019 \$1,250,000 (2018 - \$1,200,000) was outstanding.

Interest on long-term debt amounted to \$28,668 (2018 - \$28,281).

The County's total cash payments for interest in 2019 were \$28,668 (2018 - \$28,281).

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**9. Inventory for consumption**

	2019	2018
Gravel	\$ 3,738,369	\$ 4,226,949
Parts and other	214,415	252,950
Fuel and oil	126,433	83,107
Chemicals and grass seed	110,979	151,643
Blades and culverts	70,521	28,775
	\$ 4,260,717	\$ 4,743,424

**10. Accumulated surplus**

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

	2019	2018
Unrestricted surplus	\$ 1,407,218	\$ 1,096,848
Equity in tangible capital assets (note 11)	34,376,462	33,678,857
Internally restricted surplus (reserves) (note 12)	9,083,147	9,466,758
	\$ 44,866,827	\$ 44,242,463

**11. Equity in tangible capital assets**

	2019	2018
Tangible capital assets (schedule 2)	\$ 80,084,451	\$ 77,453,714
Accumulated amortization (schedule 2)	(44,457,989)	(42,574,857)
Long-term debt (note 8)	(1,250,000)	(1,200,000)
	\$ 34,376,462	\$ 33,678,857



**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**12. Reserves**

Reserves for operating and capital activities changed as follows:

	2019	2018
<b>Operating</b>		
Mill Rate Stabilization	\$ 4,075,272	\$ 4,595,272
Stirling Drain	486,950	461,950
General recreation	107,160	102,960
South Warner Drain	50,607	48,607
Further Education - Basic	45,822	45,633
	4,765,811	5,254,422
<b>Capital</b>		
Fire Department - Trucks	2,085,971	1,950,971
Public Works - Light Trucks	1,212,500	1,212,500
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	46,581	76,581
Parks - Land Improvement	6,712	6,712
	4,317,336	4,212,336
	\$ 9,083,147	\$ 9,466,758

**13. Net municipal property taxes**

	Budget (Unaudited)	2019	2018
<b>Taxation</b>			
Real property taxes	\$ 8,894,533	\$ 5,661,413	\$ 5,542,233
Linear property taxes	-	3,224,552	3,023,945
Government grants in place of property taxes	-	11,966	16,689
Special assessments and local improvements	768	768	768
	8,895,301	8,898,699	8,583,635
<b>Requisitions</b>			
Alberta School Foundation Fund	1,829,017	1,803,448	1,755,611
Seniors' Foundation	252,477	252,477	252,022
School Boards	27,508	29,447	27,715
	2,109,002	2,085,372	2,035,348
	\$ 6,786,299	\$ 6,813,327	\$ 6,548,287

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**14. Government transfers**

	Budget (Unaudited)	2019	2018
<b>Transfers for operating:</b>			
Provincial government	\$ 1,090,400	\$ 1,097,093	\$ 2,136,193
Local government	32,000	45,633	32,293
Federal government	-	4,200	3,264
	1,122,400	1,146,926	2,171,750
<b>Transfers for capital:</b>			
Provincial government	2,000,000	1,833,856	1,447,410
Federal government	424,000	198,492	316,293
	2,424,000	2,032,348	1,763,703
	\$ 3,546,400	\$ 3,179,274	\$ 3,935,453

**15. Expenses by object**

	Budget (Unaudited)	2019	2018
Salaries, wages and benefits	\$ 4,469,512	\$ 4,157,027	\$ 4,171,443
Contracted and general services	1,543,377	1,422,097	1,355,752
Materials, goods, supplies and utilities	2,806,570	2,188,097	2,628,642
Bank charges and short term interest	4,700	3,603	3,864
Interest on long term debt	-	28,668	28,281
Transfers to organizations and others	501,000	507,277	457,273
Amortization of tangible capital assets	1,836,854	2,174,455	1,921,239
Loss on disposal of tangible capital assets	-	10,812	1,162
Other	310,000	29,793	189,119
	\$ 11,472,013	\$ 10,521,829	\$ 10,756,775

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**16. Budget amounts**

The 2019 budget for the County of Warner No. 5 was approved by Council on May 7, 2019 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	\$ 188,686
Less: Capital expenditures	(1,836,854)
Transfers to reserves	(188,686)
Add: Amortization	1,836,854
<hr/>	
Equals: Balanced budget	\$ -
<hr/>	

**17. 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.

**18. 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).

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

**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:

	2019	2018
Total debt limit	\$ 13,670,765	\$ 14,661,450
Total debt	1,250,000	1,200,000
	\$ 12,420,765	\$ 13,461,450
Debt servicing limit	\$ 2,278,461	\$ 2,443,575
Debt servicing	328,710	332,400
	\$ 1,949,751	\$ 2,111,175

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, 2019

**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)	2019	2018
	Salary	Benefits & allowances		
<b>Councillors</b>				
Reeve - Division 2	\$ 31,872	\$ 2,281	\$ 34,153	\$ 44,620
Reeve - Division 4	5,809	1,093	6,902	-
Division 1	-	-	-	45,760
Division 2	6,685	453	7,138	-
Division 3	32,217	5,271	37,488	37,442
Division 4	29,124	5,453	34,577	26,032
Division 5	30,198	6,452	36,650	34,650
Division 6	28,799	5,271	34,070	35,478
Division 7	46,629	5,310	51,939	44,390
Chief Administrative Officer	160,298	37,870	198,168	192,577
Designated Officers	\$ 171,917	\$ 41,369	\$ 213,286	\$ 178,038

(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.

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**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 259,000 people and 420 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 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees of the County of Warner No. 5 are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the County of Warner No. 5 to the LAPP in 2019 were \$300,037 (2018 - \$319,977). Total current service contributions by the employees of the County of Warner No. 5 to the LAPP in 2019 were \$271,908 (2018 - \$292,486).

At December 31, 2018, the LAPP disclosed an actuarial surplus of \$3.5 billion.

**22. Contaminated sites liability**

The County has adopted PS3260 liability for contaminated sites. The County did not identify any financial liabilities in 2019 (2018 - 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.

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

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**24. Subsequent event**

The global coronavirus pandemic has had a significant impact on global financial markets and will have significant accounting, disclosure, and internal control implications for many entities.

Some of the key impacts include, but are not limited to, interruptions of production and supply chains, unavailability of personnel, reductions in revenue, decline in value of financial investments, disruptions or stoppages in non-essential travel, and the closure of facilities and businesses.

The situation is changing rapidly and the future impact on the entity is not readily determinable at this time.

**25. Approval of financial statements**

These financial statements were approved by Council and Management.

**COUNTY OF WARNER NO. 5**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

	Schedule of changes in accumulated surplus			Schedule 1	
	Unrestricted	Restricted	Equity in tangible capital assets	2019	2018
Balance, beginning of year	\$ 1,096,848	\$ 9,466,758	\$ 33,678,857	\$ 44,242,463	\$ 43,461,234
Excess of revenue over expenses	624,364	-	-	624,364	781,229
Unrestricted funds designated for future use	(166,389)	166,389	-	-	-
Restricted funds used for operations	30,000	(30,000)	-	-	-
Restricted funds used for tangible capital assets	-	(520,000)	520,000	-	-
Current year funds used for tangible capital assets	(2,520,602)	-	2,520,602	-	-
Disposal of tangible capital assets	118,542	-	(118,542)	-	-
Amortization of tangible capital assets	2,174,455	-	(2,174,455)	-	-
Long-term debt repaid	(300,000)	-	300,000	-	-
Long-term debt proceeds	350,000	-	(350,000)	-	-
Change in accumulated surplus	310,370	(383,611)	697,605	624,364	781,229
<b>Balance, end of year</b>	<b>\$ 1,407,218</b>	<b>\$ 9,083,147</b>	<b>\$ 34,376,462</b>	<b>\$ 44,866,827</b>	<b>\$ 44,242,463</b>



**COUNTY OF WARNER NO. 5**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2019

	Schedule 2								
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2019	2018
<b>Schedule of tangible capital assets</b>									
<b>Cost:</b>									
Balance, beginning of year	\$ 3,111,309	\$ 937,781	\$ 4,340,125	\$ 53,046,591	\$ 10,587,046	\$ 4,882,842	\$ 548,020	\$ 77,453,714	\$ 74,571,909
Acquisitions	522,579	6,642	-	1,784,316	389,516	232,799	104,750	3,040,602	3,894,678
Transfers	-	-	-	548,020	-	-	(548,020)	-	-
Disposals	-	-	-	(68,274)	(199,611)	(141,980)	-	(409,865)	(1,012,873)
Balance, end of year	3,633,888	944,423	4,340,125	55,310,653	10,776,951	4,973,661	104,750	80,084,451	77,453,714
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	593,108	1,173,534	31,642,021	5,701,913	3,464,281	-	42,574,857	41,546,116
Annual amortization	-	39,049	76,087	1,181,984	588,686	288,649	-	2,174,455	1,921,240
Disposals	-	-	-	(65,618)	(83,726)	(141,979)	-	(291,323)	(892,499)
Balance, end of year	-	632,157	1,249,621	32,758,387	6,206,873	3,610,951	-	44,457,989	42,574,857
<b>Net book value</b>	\$ 3,633,888	\$ 312,266	\$ 3,090,504	\$ 22,552,266	\$ 4,570,078	\$ 1,362,710	\$ 104,750	\$ 35,626,462	\$ 34,878,857
<b>2018 net book value</b>	\$ 3,111,309	\$ 344,674	\$ 3,166,590	\$ 21,404,570	\$ 4,885,133	\$ 1,418,561	\$ 548,020	\$ 34,878,857	

**COUNTY OF WARNER NO. 5**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2019**

**Schedule of segmented disclosure**

**Schedule 3**

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
<b>Revenue</b>								
Net municipal taxes	\$ 6,812,559	\$ -	\$ -	\$ -	\$ -	\$ 768	\$ -	\$ 6,813,327
User fees and sales of goods	47,186	9,770	419,622	74,442	-	194,606	-	745,626
Government transfers for operating	151,557	12,000	692,031	-	-	291,338	-	1,146,926
Investment income	118,599	-	-	-	-	-	-	118,599
Penalties and costs of taxes	38,772	-	-	-	-	-	-	38,772
Licenses and permits	31,367	-	-	-	-	-	4,200	35,567
Gain on disposal of capital assets	-	-	40,112	-	-	7,851	-	47,963
Rental	1,500	-	-	-	-	10,557	39,837	51,894
Other	6,215	-	99,876	-	-	753	-	106,844
Fines	-	8,327	-	-	-	-	-	8,327
	<b>7,207,755</b>	<b>30,097</b>	<b>1,251,641</b>	<b>74,442</b>	<b>-</b>	<b>505,873</b>	<b>44,037</b>	<b>9,113,845</b>
<b>Expenses</b>								
Salaries, wages and benefits	885,939	6,727	2,458,739	20,021	-	785,600	-	4,157,027
Contracted and general services	446,025	213,597	522,898	100,728	-	118,846	20,004	1,422,097
Materials, goods, supplies and utilities	90,224	184,380	1,328,093	34,143	-	499,263	51,993	2,188,097
Bank charges and short term interest	3,603	-	-	-	-	-	-	3,603
Interest on long term debt	28,668	-	-	-	-	-	-	28,668
Transfers to organizations and others	4,208	50,000	6,490	132,003	30,037	32,408	252,132	507,277
Amortization of tangible capital assets	25,556	61,089	1,820,905	93,737	-	148,567	24,602	2,174,455
Loss on disposal of tangible capital assets	-	-	10,532	-	-	279	-	10,812
Other	29,793	-	-	-	-	-	-	29,793
	<b>1,514,016</b>	<b>515,793</b>	<b>6,147,657</b>	<b>380,632</b>	<b>30,037</b>	<b>1,584,963</b>	<b>348,731</b>	<b>10,521,829</b>
<b>Excess (deficiency) of revenue over expenses before other</b>	<b>5,693,739</b>	<b>(485,696)</b>	<b>(4,896,016)</b>	<b>(306,190)</b>	<b>(30,037)</b>	<b>(1,079,090)</b>	<b>(304,694)</b>	<b>(1,407,984)</b>
<b>Other</b>								
Government transfers for capital	-	-	1,990,160	42,188	-	-	-	2,032,348
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 5,693,739</b>	<b>\$ (485,696)</b>	<b>\$ (2,905,856)</b>	<b>\$ (264,002)</b>	<b>\$ (30,037)</b>	<b>\$ (1,079,090)</b>	<b>\$ (304,694)</b>	<b>\$ 624,364</b>



**REFERENCE NUMBER**  
1C62D3A2-6CB6-4B3F-BCCC-E01DA6660DF4

**TRANSACTION DETAILS**

**Reference Number**  
1C62D3A2-6CB6-4B3F-BCCC-E01DA6660DF4

**Transaction Type**  
Signature Request

**Sent At**  
04/22/2020 09:45 MST

**Executed At**  
04/27/2020 07:12 MST

**Identity Method**  
email

**Distribution Method**  
email

**Signed Checksum**  
64b8ce07de0326b34465695645ef75640a03c3e218a3e6b1c0767625d462b247

**Signer Sequencing**  
Disabled

**Document Passcode**  
Disabled

**DOCUMENT DETAILS**

**Document Name**  
2019 County Of Warner No 5mfs

**Filename**  
2019\_county\_of\_warner\_no\_5mfs.pdf

**Pages**  
26 pages

**Content Type**  
application/pdf

**File Size**  
228 KB

**Original Checksum**  
11585248120e171234f729d8b6de6dc0c249a9ec44c9f30410b1dfb2a9add57f

**SIGNERS**

**SIGNER E-SIGNATURE EVENTS**

**Name**  
Shawn Hathaway

**Email**  
shathaway@warnercounty.ca


**Components**  
1

**Status**  
signed

**Multi-factor Digital Fingerprint Checksum**  
113ea5d82d47fee84fce0b19061d04637f051f6a9707d6712999b71597967e8b4

**IP Address**  
173.183.137.13

**Device**  
Chrome via Windows

**Drawn Signature**  


**Signature Reference ID**  
8D534C56

**Signature Biometric Count**  
223

**Viewed At**  
04/27/2020 07:11 MST

**Identity Authenticated At**  
04/27/2020 07:12 MST

**Signed At**  
04/27/2020 07:12 MST

**Name**  
Shawn Rodgers

**Email**  
srodgers@warnercounty.ca


**Components**  
1

**Status**  
signed

**Multi-factor Digital Fingerprint Checksum**  
e0797f37713c876126a274f5f859d47de38909e8f5141497144ac0378fe28489

**IP Address**  
74.127.205.21

**Device**  
Chrome via Windows

**Drawn Signature**  



**Signature Reference ID**  
836E0D55

**Signature Biometric Count**  
1253

**Viewed At**  
04/23/2020 06:23 MST

**Identity Authenticated At**  
04/23/2020 06:28 MST

**Signed At**  
04/23/2020 06:28 MST

SIGNER	E-SIGNATURE	EVENTS
<b>Name</b> Randy Taylor <b>Email</b> rtaylor@warnercounty.ca <b>Components</b> 1	<b>Status</b> signed <b>Multi-factor Digital Fingerprint Checksum</b> 2b14b4e936835570379c6f453863f90baeb407bb44e36245491e15537a8ef81f <b>IP Address</b> 208.38.8.7 <b>Device</b> Mobile Safari via iOS <b>Drawn Signature</b>  <b>Signature Reference ID</b> 9168A2BD <b>Signature Biometric Count</b> 313	<b>Viewed At</b> 04/22/2020 09:49 MST <b>Identity Authenticated At</b> 04/22/2020 09:59 MST <b>Signed At</b> 04/22/2020 09:59 MST

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TIMESTAMP	AUDIT
04/27/2020 07:12 MST	Shawn Hathaway (shathaway@warnercounty.ca) signed the document on Chrome via Windows from 173.183.137.13.
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04/22/2020 09:45 MST	Shawn Rodgers (srodgers@warnercounty.ca) was emailed a link to sign.
04/22/2020 09:45 MST	Amanda Turcato (amanda.turcato@availcpa.com) created document '2019_county_of_warner_no_5mfs.pdf' on Chrome via Windows from 142.59.66.43.