

**COUNTY OF WARNER NO. 5**

**Consolidated Financial Statements**

**For the year ended December 31, 2021**

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**COUNTY OF WARNER NO. 5**  
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**For the year ended December 31, 2021**

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## 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, 2021, 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, 2021, 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 19, 2022



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, 2021**

	2021	2020
<b>Financial assets</b>		
Cash (note 2)	\$ 7,455,199	\$ 8,105,479
Taxes and grants in place of taxes receivable (note 3)	1,020,172	744,064
Trade and other receivables (note 4)	1,148,672	376,509
Land held for resale	17,783	20,407
	9,641,826	9,246,459
<b>Liabilities</b>		
Accounts payable and accrued liabilities	782,301	619,938
Employee benefit obligations (note 5)	411,199	401,851
Deposits	34,400	1,854
Provision for gravel pit reclamation (note 6)	1,808,815	1,748,815
Deferred revenue	-	481,832
Long-term debt (note 7)	650,000	950,000
	3,686,715	4,204,290
<b>Net financial assets</b>	5,955,111	5,042,169
<b>Non-financial assets</b>		
Prepaid expenses	165,079	236,376
Inventory for consumption (note 8)	3,563,274	3,736,782
Tangible capital assets (schedule 2)	34,752,408	35,570,723
	38,480,761	39,543,881
<b>Accumulated surplus</b> (note 9 and schedule 1)	\$ 44,435,872	\$ 44,586,050

*Commitments and contingencies* (note 16)

Approved on behalf of Council:

Councillor



Councillor



**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2021

	Budget (Unaudited)	2021	2020
<b>Revenue</b>			
Net municipal taxes (note 12)	\$ 7,186,376	\$ 7,213,407	\$ 6,909,864
User fees and sales of goods	661,400	734,202	638,843
Government transfers for operating (note 13)	443,009	1,030,190	1,745,293
Investment income	90,000	63,186	98,555
Penalties and costs of taxes	71,500	126,691	89,212
Licenses and permits	9,500	15,002	43,637
Fines	10,000	7,797	4,506
Rental	64,350	68,055	71,777
Other	18,000	25,478	10,619
Gain on disposal of tangible capital assets	5,000	60,015	28,867
	8,559,135	9,344,023	9,641,173
<b>Expenses (note 14)</b>			
Legislative	312,072	263,093	245,775
Administration	1,207,373	1,451,555	1,268,617
Protective services	673,743	663,163	585,635
Roads, streets, walks and lighting	6,274,786	7,129,582	7,388,668
Water supply and distribution	168,956	217,969	190,917
Waste management	190,323	202,948	175,639
Family and community support services	30,037	30,037	30,037
Land use planning, zoning and development	34,448	34,448	28,369
Economic and agricultural development	1,941,502	1,474,621	1,462,856
Recreation and parks	329,295	412,356	325,114
Culture	41,562	41,562	43,180
	11,204,097	11,921,334	11,744,807
<b>Deficiency of revenue over expenses before other</b>	<b>(2,644,962)</b>	<b>(2,577,311)</b>	<b>(2,103,634)</b>
<b>Other</b>			
Government transfers for capital (note 13)	2,627,362	2,427,133	1,822,857
<b>Deficiency of revenue over expenses</b>	<b>(17,600)</b>	<b>(150,178)</b>	<b>(280,777)</b>
<b>Accumulated surplus, beginning of year</b>	<b>44,586,050</b>	<b>44,586,050</b>	<b>44,866,827</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 44,568,450</b>	<b>\$ 44,435,872</b>	<b>\$ 44,586,050</b>

**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**For the year ended December 31, 2021**

	Budget (Unaudited)	2021	2020
<b>Deficiency of revenue over expenses</b>	\$ (17,600)	\$ (150,178)	\$ (280,777)
Acquisition of tangible capital assets	(2,114,375)	(2,355,309)	(2,341,639)
Amortization of tangible capital assets	2,114,375	2,465,403	2,279,581
Loss (gain) on disposal of tangible capital assets	-	80,672	(22,502)
Proceeds on disposal of tangible capital assets	-	627,550	140,299
	-	818,316	55,739
Net change in inventory for consumption	-	173,507	523,935
Net change in prepaid expense	-	71,297	(74,208)
	-	244,804	449,727
<b>Increase (decrease) in net financial assets</b>	(17,600)	912,942	224,689
<b>Net financial assets, beginning of year</b>	5,042,169	5,042,169	4,817,480
<b>Net financial assets, end of year</b>	\$ 5,024,569	\$ 5,955,111	\$ 5,042,169



**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2021

	2021	2020
<b>Operating transactions</b>		
Deficiency of revenue over expenses	\$ (150,178)	\$ (280,777)
Adjustments for items which do not affect cash		
Loss (gain) on disposal of tangible capital assets	80,672	(22,502)
Amortization of tangible capital assets	2,465,403	2,279,581
	2,395,897	1,976,302
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(276,108)	(226,464)
Trade and other receivables	(772,163)	158,089
Land held for resale	2,624	-
Inventory for consumption	173,507	523,935
Prepaid expenses	71,297	(74,208)
Accounts payable and accrued liabilities	162,363	162,198
Employee benefit obligations	9,348	(23,293)
Deposits	32,546	-
Deferred revenue	(481,832)	(575,834)
Provision for gravel pit reclamation	60,000	517,500
	1,377,479	2,438,225
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	627,550	140,299
Acquisition of tangible capital assets	(2,355,309)	(2,341,639)
	(1,727,759)	(2,201,340)
<b>Financing transactions</b>		
Repayment of long-term debt	(300,000)	(300,000)
<b>Decrease in cash and temporary investments</b>	(650,280)	(63,115)
<b>Cash, beginning of year</b>	8,105,479	8,168,594
<b>Cash, end of year</b>	\$ 7,455,199	\$ 8,105,479

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

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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, 2021**

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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, 2021

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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 over the estimated useful life as follows:

	Years
Land improvements	10-45 straight line
Buildings	25-50 straight line
Engineered structures	5-75 straight line
Machinery and equipment	5-25 declining balance
Vehicles	10-40 declining balance

Amortization is charged in the month following the month 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, 2021

**2. Cash**

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, 2021 the line of credit was undrawn.

Under its credit facility with ATB Financial, the County holds a line of credit to a maximum of \$5,000,000 and bears interest at the bank's prime lending rate plus 1%. At December 31, 2021 the line of credit was undrawn.

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

	2021	2020
Current taxes and grants in place of taxes receivable	\$ 464,850	\$ 392,842
Arrears	555,322	351,222
	\$ 1,020,172	\$ 744,064

**4. Trade and other receivables**

	2021	2020
Provincial government receivables	\$ 973,757	\$ 203,000
Goods and Services Tax (GST)	118,257	123,190
Trade receivables	52,882	38,345
Local government receivables	3,776	11,974
	\$ 1,148,672	\$ 376,509

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**5. Employee benefit obligations**

	2021	2020
Vacation and overtime	\$ 256,199	\$ 252,851
Post-employment benefits	155,000	149,000
	\$ 411,199	\$ 401,851

**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 \$8,050 (2020 - \$21,000).

The post-employment benefit expense includes current period benefit costs of \$14,050 (2020 - \$15,500).

**6. Provision for gravel pit reclamation**

The estimated total liability related to reclamation work on various gravel pits including final coverage and landscaping is \$1,808,815 (2020 - \$1,748,815).

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, 2021

**7. Long-term debt**

	2021	2020
Bank of Montreal	\$ 650,000	\$ 950,000

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

	Principal	Interest	Total
2022	\$ 150,000	\$ 20,045	\$ 170,045
2023	150,000	16,760	166,760
2024	350,000	13,475	363,475
	\$ 650,000	\$ 50,280	\$ 700,280

Long term debt is due on demand and bears interest at rates between 2.19% and 3.85%. The County has been authorized to a maximum of \$2,000,000 for capital requirements and as at December 31, 2021 \$650,000 (2020 - \$950,000) was outstanding.

Interest on long term debt amounted to \$26,829 (2020 - \$29,585).

The County's total cash payments for interest in 2021 were \$26,829 (2020 - \$29,585).

**8. Inventory for consumption**

	2021	2020
Gravel	\$ 2,898,044	\$ 3,161,833
Parts and other	332,926	282,464
Chemicals and grass seed	206,798	201,331
Fuel and oil	96,844	73,886
Blades and culverts	28,662	17,268
	\$ 3,563,274	\$ 3,736,782

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**9. Accumulated surplus**

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

	2021	2020
Unrestricted surplus	\$ 1,866,911	\$ 1,397,686
Internally restricted surplus (reserves) (note 11)	8,466,553	8,567,641
Equity in tangible capital assets (note 10)	34,102,408	34,620,723
	<b>\$ 44,435,872</b>	<b>\$ 44,586,050</b>

**10. Equity in tangible capital assets**

	2021	2020
Tangible capital assets (schedule 2)	\$ 82,644,959	\$ 81,873,547
Accumulated amortization (schedule 2)	(47,892,551)	(46,302,824)
Long-term debt (note 7)	(650,000)	(950,000)
	<b>\$ 34,102,408</b>	<b>\$ 34,620,723</b>



**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**11. Reserves**

Reserves for operating and capital activities changed as follows:

	2021	2020
<b>Operating</b>		
Mill rate stabilization	\$ 3,993,969	\$ 4,075,272
Stirling drain	486,950	486,950
General recreation	117,357	107,160
South Warner drain	50,607	50,607
Further Education - basic	45,934	45,916
	4,694,817	4,765,905
<b>Capital</b>		
Fire department - trucks	2,085,971	2,085,971
Public works - light trucks	696,900	696,900
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	83,831	113,831
Bylaw - trucks	84,945	84,945
General administration - building	46,581	46,581
Parks - land Improvement	6,712	6,712
	3,771,736	3,801,736
	\$ 8,466,553	\$ 8,567,641

**12. Net municipal property taxes**

	Budget (Unaudited)	2021	2020
<b>Taxation</b>			
Real property taxes	\$ 9,403,967	\$ 6,142,729	\$ 5,818,364
Linear property taxes	-	3,266,663	3,264,049
Government grants in place of property taxes	-	13,091	12,496
Special assessments and local improvements	768	768	768
	9,404,735	9,423,251	9,095,677
<b>Requisitions</b>			
Alberta School Foundation Fund	1,935,016	1,926,501	1,903,510
Seniors' Foundation	250,030	250,030	251,481
School Boards	33,313	33,313	30,822
	2,218,359	2,209,844	2,185,813
	\$ 7,186,376	\$ 7,213,407	\$ 6,909,864

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**13. Government transfers**

	Budget (Unaudited)	2021	2020
<b>Transfers for operating:</b>			
Provincial government	\$ 388,609	\$ 990,448	\$ 1,705,240
Local government	42,000	27,142	31,653
Federal government	12,400	12,600	8,400
	443,009	1,030,190	1,745,293
<b>Transfers for capital:</b>			
Provincial government	2,127,362	1,745,104	1,439,148
Federal government	500,000	682,029	383,709
	2,627,362	2,427,133	1,822,857
	\$ 3,070,371	\$ 3,457,323	\$ 3,568,150

**14. Expenses by object**

	Budget (Unaudited)	2021	2020
Salaries, wages and benefits	\$ 4,286,628	\$ 4,066,644	\$ 4,107,366
Contracted and general services	1,499,465	1,060,691	1,341,778
Materials, goods, supplies and utilities	2,265,367	3,377,387	3,378,460
Bank charges and short term interest	2,950	3,934	3,633
Interest on long term debt	28,000	26,829	29,585
Transfers to organizations and others	697,662	681,505	585,594
Amortization of tangible capital assets	2,114,375	2,465,403	2,279,581
Loss on disposal of tangible capital assets	-	140,687	6,364
Other	309,650	98,254	12,446
	\$ 11,204,097	\$ 11,921,334	\$ 11,744,807

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

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**15. Budget amounts**

The 2021 budget for the County of Warner No. 5 was approved by Council on May 18, 2021 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 deficit per financial statements	\$ (17,600)
Less: Capital expenditures	(2,114,375)
Transfers to reserves	(4,500)
Add: Amortization	2,114,375
Transfers from reserves	22,100
<hr/>	
Equals: Balanced budget	\$ -
<hr/>	

**16. Commitments and contingencies**

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.

With the changes to the collective agreement with the National Police Federation, the County could have a potential liability for the retroactive pay increases identified in the agreement. It is unknown if costs will be downloaded to the County and the specific amounts associated with the retroactive pay rates are not yet finalized. As a result, no amounts have been accrued in the financial statements as at December 31, 2021.

**17. 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).

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

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**18. Debt limits**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the County of Warner No. 5 be disclosed as follows:

	2021	2020
Total debt limit	\$ 14,016,033	\$ 14,461,758
Total debt	650,000	950,000
	<u>\$ 13,366,033</u>	<u>\$ 13,511,758</u>
Debt servicing limit	\$ 2,336,006	\$ 2,410,293
Debt servicing	170,045	323,070
	<u>\$ 2,165,961</u>	<u>\$ 2,087,223</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, 2021

**19. 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)	2021	2020
	Salary	Benefits & allowances		
<b>Councillors</b>				
Reeve - Division 4	\$ 34,814	\$ 6,779	\$ 41,593	\$ 41,316
Division 1	29,852	6,458	36,310	33,956
Division 2	29,483	2,642	32,125	28,030
Division 3	24,864	5,167	30,031	31,151
Division 5	26,167	6,320	32,487	28,754
Division 6	30,268	5,168	35,436	29,082
Division 7	31,305	5,173	36,478	36,994
Chief Administrative Officer	169,783	38,833	208,616	198,234
Designated Officers	\$ 182,800	\$ 43,795	\$ 226,595	\$ 222,943

(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, 2021

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**20. 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 275,800 people and 430 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 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the County of Warner No. 5 are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the County of Warner No. 5 to the LAPP in 2021 were \$279,294 (2020 - \$284,723). Total current service contributions by the employees of the County of Warner No. 5 to the LAPP in 2021 were \$254,418 (2020 - \$262,594).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$4.96 billion.

**21. Contaminated sites liability**

The County has adopted PS3260 liability for contaminated sites. The County did not identify any financial liabilities in 2021 (2020 - nil) as a result of this standard.

**22. 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, 2021

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**23. COVID-19**

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the pandemic, as well as the effectiveness of government responses, remain unclear at this time.

Potential impacts on the County could include future decreases in revenue and delays in completing capital project work, temporary declines in investment income, closure of facilities including recreation, library, and administrative buildings, temporary and/ or permanent termination of public employees and mandatory working from home requirements for those able to do so.

The County has continued to develop strategies to manage the impacts of the COVID-19 outbreak. Administration continues to monitor revenue, expenses, and projects for the County. Cost saving measures have been instituted where appropriate. The County continues to follow protocols set by the Alberta Government and to make suitable adjustments in the face of the pandemic.

Administration is not aware of any impairments, at this time, that will impact the financial assets or liabilities of the County due to the pandemic.

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

**24. 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, 2021

**Schedule of changes in accumulated surplus**  
**Schedule 1**

	Unrestricted	Restricted	Equity in tangible capital assets	2021	2020
Balance, beginning of year	\$ 1,397,686	\$ 8,567,641	\$ 34,620,723	\$ 44,586,050	\$ 44,866,827
Deficiency of revenue over expenses	(150,178)	-	-	(150,178)	(280,777)
Unrestricted funds designated for future use	(10,215)	10,215	-	-	-
Restricted funds used for operations	81,303	(81,303)	-	-	-
Restricted funds used for tangible capital assets	-	(30,000)	30,000	-	-
Current year funds used for tangible capital assets	(2,325,310)	-	2,325,310	-	-
Disposal of tangible capital assets	708,222	-	(708,222)	-	-
Amortization of tangible capital assets	2,465,403	-	(2,465,403)	-	-
Long-term debt repaid	(300,000)	-	300,000	-	-
Change in accumulated surplus	469,225	(101,088)	(518,315)	(150,178)	(280,777)
<b>Balance, end of year</b>	<b>\$ 1,866,911</b>	<b>\$ 8,466,553</b>	<b>\$ 34,102,408</b>	<b>\$ 44,435,872</b>	<b>\$ 44,586,050</b>



**COUNTY OF WARNER NO. 5**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**Schedule of tangible capital assets**

**Schedule 2**

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2021	2020
<b>Cost:</b>									
Balance, beginning of year	\$ 3,633,888	\$ 1,212,840	\$ 4,340,125	\$ 55,983,259	\$ 11,535,995	\$ 5,147,078	\$ 20,362	\$ 81,873,547	\$ 80,084,451
Acquisitions	106,424	-	330,684	749,840	886,652	-	281,709	2,355,309	2,341,639
Disposals	-	-	-	(33,750)	(1,550,147)	-	-	(1,583,897)	(552,543)
<b>Balance, end of year</b>	<b>3,740,312</b>	<b>1,212,840</b>	<b>4,670,809</b>	<b>56,699,349</b>	<b>10,872,500</b>	<b>5,147,078</b>	<b>302,071</b>	<b>82,644,959</b>	<b>81,873,547</b>
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	678,079	1,325,708	33,988,933	6,481,706	3,828,398	-	46,302,823	44,457,989
Annual amortization	-	52,640	76,087	1,422,526	647,702	266,449	-	2,465,404	2,279,582
Disposals	-	-	-	(33,750)	(841,926)	-	-	(875,676)	(434,747)
<b>Balance, end of year</b>	<b>-</b>	<b>730,719</b>	<b>1,401,795</b>	<b>35,377,709</b>	<b>6,287,482</b>	<b>4,094,847</b>	<b>-</b>	<b>47,892,551</b>	<b>46,302,824</b>
<b>Net book value</b>	<b>\$ 3,740,312</b>	<b>\$ 482,121</b>	<b>\$ 3,269,014</b>	<b>\$ 21,321,640</b>	<b>\$ 4,585,018</b>	<b>\$ 1,052,231</b>	<b>\$ 302,071</b>	<b>\$ 34,752,408</b>	<b>\$ 35,570,723</b>
<b>2020 net book value</b>	<b>\$ 3,633,888</b>	<b>\$ 534,761</b>	<b>\$ 3,014,417</b>	<b>\$ 21,994,326</b>	<b>\$ 5,054,289</b>	<b>\$ 1,318,680</b>	<b>\$ 20,362</b>	<b>\$ 35,570,724</b>	

**COUNTY OF WARNER NO. 5**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

**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	\$ 7,212,639	\$ -	\$ -	\$ -	\$ -	\$ 768	\$ -	\$ 7,213,407
User fees and sales of goods	49,586	750	347,576	76,959	-	259,331	-	734,202
Government transfers for operating	237,472	22,643	439,176	-	-	330,899	-	1,030,190
Investment income	63,186	-	-	-	-	-	-	63,186
Penalties and costs of taxes	126,691	-	-	-	-	-	-	126,691
Licenses and permits	4,805	-	-	-	-	-	10,197	15,002
Gain on disposal of capital assets	-	-	57,164	-	-	2,851	-	60,015
Rental	1,200	-	-	-	-	9,793	57,062	68,055
Other	10,588	-	14,730	160	-	-	-	25,478
Fines	-	7,797	-	-	-	-	-	7,797
	7,706,167	31,190	858,646	77,119	-	603,642	67,259	9,344,023
<b>Expenses</b>								
Salaries, wages and benefits	951,760	7,548	2,327,023	21,603	-	758,710	-	4,066,644
Contracted and general services	560,612	217,058	97,162	78,298	-	82,097	25,464	1,060,691
Materials, goods, supplies and utilities	48,019	237,037	2,438,065	73,437	-	487,437	93,392	3,377,387
Bank charges and short term interest	3,934	-	-	-	-	-	-	3,934
Interest on long term debt	26,829	-	-	-	-	-	-	26,829
Transfers to organizations and others	6,794	147,858	6,490	150,810	30,037	34,448	305,068	681,505
Amortization of tangible capital assets	18,443	53,662	2,120,156	96,770	-	146,378	29,994	2,465,403
Loss on disposal of tangible capital assets	-	-	140,687	-	-	-	-	140,687
Other	98,254	-	-	-	-	-	-	98,254
	1,714,645	663,163	7,129,583	420,918	30,037	1,509,070	453,918	11,921,334
<b>Excess (deficiency) of revenue over expenses before other</b>	5,991,522	(631,973)	(6,270,937)	(343,799)	(30,037)	(905,428)	(386,659)	(2,577,311)
<b>Other</b>								
Government transfers for capital	-	-	2,427,133	-	-	-	-	2,427,133
<b>Excess (deficiency) of revenue over expenses</b>	\$ 5,991,522	\$ (631,973)	\$ (3,843,804)	\$ (343,799)	\$ (30,037)	\$ (905,428)	\$ (386,659)	\$ (150,178)