

COUNTY OF WARNER NO. 5

Consolidated Financial Statements

For the year ended December 31, 2015

COUNTY OF WARNER NO. 5
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For the year ended December 31, 2015

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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, 2015, 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, 2015 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

November 8, 2016

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 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'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. Avail LLP has full and free access to the Council.



Chief Administrative Officer

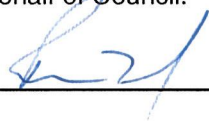
COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2015

	2015	2014
Financial assets		
Cash and temporary investments (note 2)	\$ 9,130,300	\$ 8,530,602
Taxes and grants in place of taxes receivable (note 3)	261,487	191,844
Trade and other receivables (note 4)	500,970	907,608
Land held for resale	26,995	26,995
Investments (note 5)	3,359,373	3,771,561
	13,279,125	13,428,610
Liabilities		
Accounts payable and accrued liabilities	900,468	694,978
Employee benefit obligations (note 6)	427,384	402,360
Deposits	2,354	2,354
Provision for gravel pit reclamation	1,160,000	1,160,000
Deferred revenue (note 7)	2,699,697	3,542,174
	5,189,903	5,801,866
Net financial assets	8,089,222	7,626,744
Non-financial assets		
Prepaid expenses	154,617	156,130
Inventory for consumption (note 8)	5,549,363	5,108,307
Tangible capital assets (schedule 2)	26,482,432	25,282,909
	32,186,412	30,547,346
Accumulated surplus (note 11)	\$ 40,275,634	\$ 38,174,090

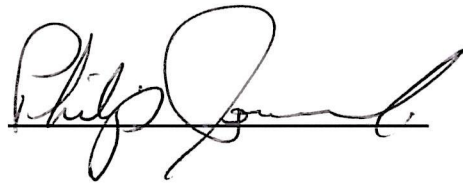
Commitments and contingencies (note 20)

Approved on behalf of Council:

Councillor



Councillor



COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2015

	Budget (Unaudited)	2015	2014
Revenue			
Net municipal taxes (note 13)	\$ 5,343,398	\$ 5,354,055	\$ 5,203,057
User fees and sales of goods	398,173	427,645	671,083
Government transfers for operating (note 14)	1,168,560	1,268,451	1,238,149
Investment income	181,900	148,488	155,993
Penalties and costs of taxes	37,100	39,190	48,429
Licenses and permits	346,500	96,649	456,911
Gain on disposal of capital assets	-	-	76,969
Rental	48,435	55,497	55,919
Other	14,000	267,630	18,704
Fines	35,000	38,289	25,144
	<u>7,573,066</u>	<u>7,695,894</u>	<u>7,950,358</u>
Expenses (note 15)			
Legislative	279,745	263,187	237,509
Administration	1,153,075	1,011,873	981,049
Protective services	497,430	415,879	385,327
Roads, streets, walks and lighting	6,012,231	5,013,035	5,539,557
Water supply and distribution	118,282	146,955	110,061
Waste management	148,301	175,394	152,424
Family and community support services	27,002	27,002	26,464
Land use planning, zoning and development	24,221	24,221	23,138
Economic and agricultural development	1,524,955	1,215,643	1,206,605
Recreation and parks	254,986	265,247	252,386
Culture	38,235	38,295	37,488
Other	132,957	122,793	122,376
	<u>10,211,420</u>	<u>8,719,524</u>	<u>9,074,384</u>
Deficiency of revenue over expenses before other	<u>(2,638,354)</u>	<u>(1,023,630)</u>	<u>(1,124,026)</u>
Other			
Government transfers for capital (note 14)	2,895,000	3,125,174	2,883,652
Excess of revenue over expenses	256,646	2,101,544	1,759,626
Accumulated surplus, beginning of year	38,174,090	38,174,090	36,414,464
Accumulated surplus, end of year	<u>\$ 38,430,736</u>	<u>\$ 40,275,634</u>	<u>\$ 38,174,090</u>

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2015

	Budget (Unaudited)	2015	2014
Excess of revenue over expenses	\$ 256,646	\$ 2,101,544	\$ 1,759,626
Acquisition of tangible capital assets	(1,459,500)	(3,132,909)	(3,803,735)
Amortization of tangible capital assets	1,459,500	1,621,754	1,396,435
Loss (gain) on disposal of tangible capital assets	-	3,599	(76,969)
Proceeds on disposal of tangible capital assets	-	308,033	208,510
	-	(1,199,523)	(2,275,759)
Net change in inventory for consumption	-	(441,056)	(201,991)
Net change in prepaid expense	-	1,513	(15,200)
	-	(439,543)	(217,191)
Decrease in net financial assets	256,646	462,478	(733,324)
Net financial assets, beginning of year	7,626,744	7,626,744	8,360,068
Net financial assets, end of year	\$ 7,883,390	\$ 8,089,222	\$ 7,626,744

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2015

	2015	2014
Operating transactions		
Excess of revenue over expenses	\$ 2,101,544	\$ 1,759,626
Adjustments for items which do not affect cash		
Loss (gain) on disposal of tangible capital assets	3,599	(76,969)
Amortization of tangible capital assets	1,621,754	1,396,435
Provision for gravel pit reclamation	-	140,000
	3,726,897	3,219,092
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(69,643)	47,952
Trade and other receivables	406,638	500,099
Inventory for consumption	(441,056)	(201,991)
Prepaid expenses	1,513	(15,200)
Accounts payable and accrued liabilities	205,490	269,342
Employee benefit obligations	25,024	(3,214)
Deferred revenue	(842,477)	(194,792)
	3,012,386	3,621,288
Capital transactions		
Proceeds on disposal of tangible capital assets	308,033	208,510
Acquisition of tangible capital assets	(3,132,909)	(3,803,735)
	(2,824,876)	(3,595,225)
Investing transactions		
Decrease (increase) in investments	412,188	18,427
Increase in cash and temporary investments	599,698	44,490
Cash and temporary investments, beginning of year	8,530,602	8,486,112
Cash and temporary investments, end of year	\$ 9,130,300	\$ 8,530,602

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

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 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 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.

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, 2015

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, 2015

2. Cash and temporary investments

	2015	2014
Cash	\$ 7,240,752	\$ 7,069,512
Temporary investments	1,889,548	1,461,090
	\$ 9,130,300	\$ 8,530,602

Temporary investments are comprised of Royal Bank of Canada note that bears interest at 3.36%, term deposits, mutual funds, and Guaranteed Investment Certificates that bear interest rates between 1.25 and 1.87%.

Market value for 2015 was \$1,889,166; 2014 - \$1,485,710.

3. Taxes and grants in place of taxes receivables

	2015	2014
Current taxes and grants in place of taxes receivable	\$ 194,907	\$ 138,248
Arrears	66,580	53,596
	\$ 261,487	\$ 191,844

4. Trade and other receivables

	2015	2014
Trade receivables	\$ 126,040	\$ 97,949
Goods and Services Tax (GST)	95,327	122,261
Accrued interest	131,919	109,193
Local government receivables	68,180	106,922
Provincial government receivables	79,504	470,283
Other receivables	-	1,000
	\$ 500,970	\$ 907,608

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

5. Investments

	2015		2014	
	Cost	Market value	Cost	Market value
Guaranteed Investment Certificates	\$ 3,359,373	\$ 3,446,019	\$ 2,069,407	\$ 2,121,173
Royal Bank of Canada	-	-	540,704	545,382
CPN Province of Manitoba	-	-	667,022	672,658
CPN Province of Ontario	-	-	276,893	280,415
CPN Province of British Columbia	-	-	217,535	218,168
	<u>\$ 3,359,373</u>	<u>\$ 3,446,019</u>	<u>\$ 3,771,561</u>	<u>\$ 3,837,796</u>

Guaranteed Investment Certificates bear interest at between 1.25% and 2.75% (2014 - 1.96% and 2.75%) with maturity dates from March 6, 2017 to April 2, 2019. The County no longer holds any bond investments.

6. Employee benefit obligations

	2015	2014
Vacation and overtime	\$ 263,884	\$ 250,560
Post-employment benefits	163,500	151,800
	<u>\$ 427,384</u>	<u>\$ 402,360</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 retirees during the current year was \$nil (2014 - \$30,060).

The post-employment benefit expense includes current period benefit costs of \$16,000 (2014 - \$16,260).

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

7. Deferred revenue

	2015	2014
Municipal Sustainability Initiative	\$ 1,851,024	\$ 3,389,837
Regional Water System	697,846	-
Basic Municipal Transportation	107,711	107,711
Further Education	27,389	28,899
Write Break	15,727	15,727
	\$ 2,699,697	\$ 3,542,174

8. Inventory for consumption

	2015	2014
Gravel	\$ 5,064,292	\$ 4,601,471
Parts and other	229,905	277,899
Chemicals and grass seed	118,266	66,875
Blades and culverts	72,970	58,659
Fuel and oil	63,930	103,403
	\$ 5,549,363	\$ 5,108,307

9. Equity in tangible capital assets

	2015	2014
Tangible capital assets (schedule 2)	\$ 65,685,429	\$ 63,810,648
Accumulated amortization (schedule 2)	(39,202,997)	(38,527,739)
	\$ 26,482,432	\$ 25,282,909

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

10. Reserves

Reserves for operating and capital activities changed as follows:

	2015	2014
Operating		
Mill Rate Stabilization	\$ 5,095,272	\$ 4,879,022
Secondary Highway	1,619,297	1,619,297
Stirling Drain	386,950	361,950
Public works - Gravel	350,000	350,000
Accrued vacation	263,884	250,560
General Road Construction	200,000	200,000
Accrued service	163,500	151,800
Hamlet infrastructure	150,000	150,000
A.S.B. General	100,097	100,097
General recreation	89,031	87,766
South Warner Drain	55,246	52,478
Resource Road	50,000	50,000
Further Education - Basic	38,078	37,897
Waste management	37,071	37,071
Engineering and surveys	30,000	30,000
Write Break - Basic	25,790	26,841
Memorial Scholarship	21,305	21,305
Land/Right of ways	20,000	20,000
Hamlet streets improvement	18,360	-
A.E.S.A. - Salinity	10,676	10,676
Infrastructure	-	18,360
	8,724,557	8,455,120

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

10. Reserves, continued

Capital

Fire Department - Trucks	1,513,826	1,343,826
Public Works - Light Trucks	1,212,500	1,212,500
A.S.B. - Building	955,697	803,697
A.S.B. - Light Trucks	366,427	366,427
General Administration - Office equipment/computer	250,369	175,954
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
General Administration - GIS program	-	74,416
	4,730,888	4,408,889
	\$ 13,455,445	\$ 12,864,009

11. Accumulated surplus

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

	2015	2014
Unrestricted surplus	\$ 337,757	\$ 27,172
Internally restricted surplus (reserves) (note 10)	13,455,445	12,864,009
Equity in tangible capital assets (note 9)	26,482,432	25,282,909
	\$ 40,275,634	\$ 38,174,090

12. Segmented disclosure

The County 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, 2015

13. Net municipal property taxes

	Budget (Unaudited)	2015	2014
Taxation			
Real property taxes	\$ 4,478,288	\$ 4,488,966	\$ 4,405,050
Linear property taxes	2,770,052	2,770,031	2,607,455
Government grants in place of property taxes	8,774	8,773	8,217
Special assessments and local improvements	768	768	768
	<u>7,257,882</u>	<u>7,268,538</u>	<u>7,021,490</u>
Requisitions			
Alberta School Foundation Fund	1,661,174	1,662,154	1,567,173
Seniors' Foundation	228,960	228,960	226,752
School Boards	24,350	23,369	24,508
	<u>1,914,484</u>	<u>1,914,483</u>	<u>1,818,433</u>
	<u>\$ 5,343,398</u>	<u>\$ 5,354,055</u>	<u>\$ 5,203,057</u>

14. Government transfers

	Budget (Unaudited)	2015	2014
Transfers for operating:			
Provincial government	\$ 1,168,560	\$ 1,240,572	\$ 1,213,468
Local government	-	27,879	24,681
	<u>1,168,560</u>	<u>1,268,451</u>	<u>1,238,149</u>
Transfers for capital:			
Provincial government	2,715,000	3,045,670	2,823,587
Federal government	180,000	79,504	60,065
	<u>2,895,000</u>	<u>3,125,174</u>	<u>2,883,652</u>
	<u>\$ 4,063,560</u>	<u>\$ 4,393,625</u>	<u>\$ 4,121,801</u>

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

15. Expenditures by object

	Budget (Unaudited)	2015	2014
Salaries, wages and benefits	\$ 4,254,596	\$ 3,874,337	\$ 3,733,569
Contracted and general services	1,580,054	1,198,415	1,135,313
Materials, goods, supplies and utilities	2,547,961	1,554,238	2,351,224
Bank charges and short-term interest	7,820	3,650	2,094
Transfers to organizations and others	449,489	449,032	433,608
Purchases from other governments	12,000	8,432	9,839
Amortization of tangible capital assets	1,459,500	1,621,754	1,396,435
Other	6,000	6,067	12,302
Loss on disposal of tangible capital assets	(106,000)	3,599	-
	<u>\$ 10,211,420</u>	<u>\$ 8,719,524</u>	<u>\$ 9,074,384</u>

16. Budget amounts

The 2015 budget for the County was approved by Council on , 2015 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	\$ 256,646
Less: Capital expenditures	(1,459,500)
Transfers to reserves	(264,982)
Add: Amortization	1,459,500
Transfers from reserves	8,336
<u>Equals: balanced budget</u>	<u>\$ -</u>

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

17. Debt limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the County be disclosed as follows:

	2015	2014
Total debt limit	\$ 11,543,838	\$ 11,925,534
Debt servicing limit	\$ 1,923,973	\$ 1,987,589

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.

18. 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) Salary	(2) Benefits & allowances	2015	2014
Councillors				
Reeve/Councillor - Division 2	\$ 34,660	\$ 2,612	\$ 37,272	\$ 33,160
Division 1	36,725	5,729	42,454	35,630
Division 3	27,753	4,495	32,248	29,566
Division 4	35,425	5,640	41,065	33,574
Division 5	20,853	4,495	25,348	22,023
Division 6	21,741	4,491	26,232	29,661
Division 7	26,737	5,487	32,224	29,579
Chief Administrative Officer	135,440	35,882	171,322	164,039
Designated Officer	\$ 101,223	\$ 23,522	\$ 124,745	\$ 119,574

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

18. Salary and benefits disclosure, continued

(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.

19. Local authorities pension plan

Employees of the County 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 224,000 people and about 428 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 Village participates in a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan.

The County 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 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 to the LAPP in 2015 were \$314,035 (2014 - \$289,722). Total current service contributions by the employees of the County to the LAPP in 2015 were \$288,964 (2014 - \$266,506).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.45 billion.

20. Contingency

a) 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 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.

b) The County has entered into a professional service agreement for the assessment of all lands and premises within the municipality's boundaries for taxation purposes. This agreement expires in 2016 and the County's total obligation under this agreement is \$90,000 (2014 - \$175,000).

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

21. 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 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 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.

22. Approval of financial statements

These financial statements were approved by Council and Management.

23. Contaminated sites liability

On January 1, 2015, the county adopted PS3260 liability for contaminated sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the county.

24. 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, 2015

	Schedule of changes in accumulated surplus			Schedule 1	
	Unrestricted	Restricted	Equity in tangible capital assets	2015	2014
Balance, beginning of year	\$ 27,172	\$ 12,864,009	\$ 25,282,909	\$ 38,174,090	\$ 36,414,464
Excess of revenue over expenses	2,101,544	-	-	2,101,544	1,759,626
Unrestricted funds designated for future use	(595,487)	595,487	-	-	-
Restricted funds used for operations	4,051	(4,051)	-	-	-
Current year funds used for tangible capital assets	(3,132,909)	-	3,132,909	-	-
Disposal of tangible capital assets	311,632	-	(311,632)	-	-
Amortization of tangible capital assets	1,621,754	-	(1,621,754)	-	-
Change in accumulated surplus	310,585	591,436	1,199,523	2,101,544	1,759,626
Balance, end of year	\$ 337,757	\$ 13,455,445	\$ 26,482,432	\$ 40,275,634	\$ 38,174,090

COUNTY OF WARNER NO. 5
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

Schedule of tangible capital assets

Schedule 2

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2015	2014
Cost:									
Balance, beginning of year	\$ 2,318,325	\$ 878,351	\$ 1,849,253	\$ 45,318,830	\$ 8,573,643	\$ 4,517,605	\$ 354,640	\$ 63,810,647	\$ 60,916,261
Acquisitions	-	-	25,587	1,248,307	1,475,701	169,605	213,709	3,132,909	3,803,735
Transfers	-	-	-	277,533	-	-	(277,533)	-	-
Disposals	-	-	-	(190,398)	(978,729)	(89,000)	-	(1,258,127)	(904,348)
Write downs	-	-	-	-	-	-	-	-	(5,000)
Balance, end of year	2,318,325	878,351	1,874,840	46,654,272	9,070,615	4,598,210	290,816	65,685,429	63,810,648
Accumulated amortization:									
Balance, beginning of year	-	458,229	1,004,468	29,452,661	4,504,495	3,107,886	-	38,527,739	37,909,111
Annual amortization	-	38,935	34,694	682,725	594,182	271,218	-	1,621,754	1,396,435
Disposals	-	-	-	(177,479)	(680,017)	(89,000)	-	(946,496)	(777,807)
Balance, end of year	-	497,164	1,039,162	29,957,907	4,418,660	3,290,104	-	39,202,997	38,527,739
Net book value	\$ 2,318,325	\$ 381,187	\$ 835,678	\$ 16,696,365	\$ 4,651,955	\$ 1,308,106	\$ 290,816	\$ 26,482,432	\$ 25,282,909
2014 net book value	\$ 2,318,325	\$ 420,121	\$ 844,785	\$ 15,866,169	\$ 4,069,149	\$ 1,409,719	\$ 354,640	\$ 25,282,909	

COUNTY OF WARNER NO. 5
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2015

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	\$ 5,353,287	\$ -	\$ -	\$ -	\$ -	\$ 768	\$ -	\$ -	\$ 5,354,055
User fees and sales of goods	9,627	3,600	103,549	67,024	-	210,665	-	33,180	427,645
Government transfers for operating	159,940	-	739,989	-	-	280,792	-	87,730	1,268,451
Investment income	147,975	-	-	-	-	-	-	513	148,488
Penalties and costs of taxes	39,190	-	-	-	-	-	-	-	39,190
Licenses and permits	95,384	-	-	-	-	-	1,265	-	96,649
Rental	5,022	-	8,550	-	-	7,790	34,135	-	55,497
Other	235,743	-	31,387	-	-	-	-	500	267,630
Fines	-	38,289	-	-	-	-	-	-	38,289
	6,046,168	41,889	883,475	67,024	-	500,015	35,400	121,923	7,695,894
Expenses									
Salaries, wages and benefits	857,250	7,022	2,248,347	17,530	-	674,381	-	69,808	3,874,337
Contracted and general services	331,522	178,066	413,045	107,831	-	97,691	25,772	44,488	1,198,415
Materials, goods, supplies and utilities	41,794	100,105	994,061	25,639	-	351,682	32,471	8,486	1,554,238
Bank charges and short term interest	3,638	-	-	-	-	-	-	12	3,650
Transfers to organizations and others	2,562	46,000	6,490	118,953	27,002	31,770	216,255	-	449,032
Purchases from other governments	8,432	-	-	-	-	-	-	-	8,432
Amortization of tangible capital assets	25,810	90,460	1,310,674	52,395	-	113,371	29,044	-	1,621,754
Loss on disposal of tangible capital assets	-	(5,773)	38,403	-	-	(29,032)	-	-	3,599
Other	4,052	-	2,015	-	-	-	-	-	6,067
	1,275,060	415,880	5,013,035	322,348	27,002	1,239,863	303,542	122,794	8,719,524
Deficiency of revenue over expenses before other	4,771,108	(373,991)	(4,129,560)	(255,324)	(27,002)	(739,848)	(268,142)	(871)	(1,023,630)
Other									
Government transfers for capital	-	-	2,923,019	202,155	-	-	-	-	3,125,174
Excess of revenue over expenses	\$ 4,771,108	\$ (373,991)	\$ (1,206,541)	\$ (53,169)	\$ (27,002)	\$ (739,848)	\$ (268,142)	\$ (871)	\$ 2,101,544