

COUNTY OF WARNER NO. 5
Consolidated Financial Statements
For the year ended December 31, 2020

COUNTY OF WARNER NO. 5
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For the year ended December 31, 2020

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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, 2020, 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, 2020, 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

May 4, 2021



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, 2020

	2020	2019
Financial assets		
Cash and temporary investments (note 2)	\$ 8,105,479	\$ 8,168,594
Taxes and grants in place of taxes receivable (note 3)	744,064	517,600
Trade and other receivables (note 4)	376,509	534,598
Land held for resale	20,407	20,407
	9,246,459	9,241,199
Liabilities		
Accounts payable and accrued liabilities	619,938	457,740
Employee benefit obligations (note 5)	401,851	425,144
Deposits	1,854	1,854
Provision for gravel pit reclamation (note 6)	1,748,815	1,231,315
Deferred revenue (note 7)	481,832	1,057,666
Long-term debt (note 8)	950,000	1,250,000
	4,204,290	4,423,719
Net financial assets	5,042,169	4,817,480
Non-financial assets		
Prepaid expenses	236,376	162,168
Inventory for consumption (note 9)	3,736,782	4,260,717
Tangible capital assets (schedule 2)	35,570,723	35,626,462
	39,543,881	40,049,347
Accumulated surplus (note 10 and schedule 1)	\$ 44,586,050	\$ 44,866,827

Commitments and contingencies (note 17)

Approved on behalf of Council:

Councillor _____

Councillor _____

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2020

	Budget (Unaudited)	2020	2019
Revenue			
Net municipal taxes (note 13)	\$ 6,945,096	\$ 6,909,864	\$ 6,813,327
User fees and sales of goods	628,900	638,843	745,626
Government transfers for operating (note 14)	1,173,455	1,745,293	1,146,926
Investment income	90,000	98,555	118,599
Penalties and costs of taxes	66,500	89,212	38,772
Licenses and permits	72,500	43,637	35,567
Fines	10,000	4,506	8,327
Rental	48,850	71,777	51,894
Other	18,000	10,619	106,844
Gain on disposal of tangible capital assets	5,000	28,867	47,963
	9,058,301	9,641,173	9,113,845
Expenses (note 15)			
Legislative	315,500	245,775	327,262
Administration	1,192,306	1,268,617	1,186,757
Protective services	664,349	585,635	515,792
Roads, streets, walks and lighting	5,955,113	7,388,668	6,147,656
Water supply and distribution	91,176	190,917	201,014
Wastewater treatment and disposal	-	-	12,000
Waste management	176,179	175,639	167,617
Family and community support services	30,037	30,037	30,037
Land use planning, zoning and development	28,369	28,369	26,761
Economic and agricultural development	1,916,956	1,462,856	1,558,202
Recreation and parks	286,451	325,114	306,182
Culture	43,180	43,180	42,549
	10,699,616	11,744,807	10,521,829
Deficiency of revenue over expenses before other	(1,641,315)	(2,103,634)	(1,407,984)
Other			
Government transfers for capital (note 14)	1,658,315	1,822,857	2,032,348
Excess (deficiency) of revenue over expenses	17,000	(280,777)	624,364
Accumulated surplus, beginning of year	44,866,827	44,866,827	44,242,463
Accumulated surplus, end of year	\$ 44,883,827	\$ 44,586,050	\$ 44,866,827

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2020

	Budget (Unaudited)	2020	2019
Excess (deficiency) of revenue over expenses	\$ 17,000	\$ (280,777)	\$ 624,364
Acquisition of tangible capital assets	(1,761,854)	(2,341,639)	(3,040,602)
Amortization of tangible capital assets	1,761,854	2,279,581	2,174,455
Gain on disposal of tangible capital assets	-	(22,502)	(37,151)
Proceeds on disposal of tangible capital assets	-	140,299	155,693
	-	55,739	(747,605)
Net change in inventory for consumption	-	523,935	482,707
Net change in prepaid expense	-	(74,208)	(19,525)
	-	449,727	463,182
Decrease in net financial assets	17,000	224,689	339,941
Net financial assets, beginning of year	4,817,480	4,817,480	4,477,539
Net financial assets, end of year	\$ 4,834,480	\$ 5,042,169	\$ 4,817,480

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2020

	2020	2019
Operating transactions		
Excess (deficiency) of revenue over expenses	\$ (280,777)	\$ 624,364
Adjustments for items which do not affect cash		
Gain on disposal of tangible capital assets	(22,502)	(37,151)
Amortization of tangible capital assets	2,279,581	2,174,455
	1,976,302	2,761,668
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(226,464)	(225,431)
Trade and other receivables	158,089	1,138,409
Inventory for consumption	523,935	482,707
Prepaid expenses	(74,208)	(19,525)
Accounts payable and accrued liabilities	162,198	(873,378)
Employee benefit obligations	(23,293)	(72,976)
Deferred revenue	(575,834)	(875,276)
Provision for gravel pit reclamation	517,500	(13,685)
	2,438,225	2,302,513
Capital transactions		
Proceeds on disposal of tangible capital assets	140,299	155,693
Acquisition of tangible capital assets	(2,341,639)	(3,040,602)
	(2,201,340)	(2,884,909)
Financing transactions		
Proceeds of long-term debt	-	350,000
Repayment of long-term debt	(300,000)	(300,000)
	(300,000)	50,000
Decrease in cash and temporary investments	(63,115)	(532,396)
Cash and temporary investments, beginning of year	8,168,594	8,700,990
Cash and temporary investments, end of year	\$ 8,105,479	\$ 8,168,594

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

1. Significant accounting policies

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

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the County of Warner No. 5 and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) Investments

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

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

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.

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

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, 2020

2. Cash and temporary investments

	2020	2019
Cash	\$ 8,105,479	\$ 8,129,702
Temporary investments	-	38,892
	\$ 8,105,479	\$ 8,168,594

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, 2020 the line of credit was undrawn.

3. Taxes and grants in place of taxes receivables

	2020	2019
Current taxes and grants in place of taxes receivable	\$ 392,842	\$ 442,894
Arrears	351,222	74,706
	\$ 744,064	\$ 517,600

4. Trade and other receivables

	2020	2019
Provincial government receivables	\$ 203,000	\$ 125,000
Goods and Services Tax (GST)	123,190	227,911
Trade receivables	38,345	38,545
Local government receivables	11,974	143,142
	\$ 376,509	\$ 534,598

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

5. Employee benefit obligations

	2020	2019
Vacation and overtime	\$ 252,851	\$ 270,444
Post-employment benefits	149,000	154,700
	\$ 401,851	\$ 425,144

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 \$21,000 (2019 - \$35,550).

The post-employment benefit expense includes current period benefit costs of \$15,500 (2019 - \$16,600).

6. Provision for gravel pit reclamation

The estimated total liability related to reclamation work on various gravel pits including final coverage and landscaping is \$1,748,815 (2019 - \$1,231,315).

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, 2020

7. Deferred revenue

Deferred revenue consists of government transfers.

Government transfers consist of funding received from the federal and provincial governments for which stipulations have not yet been met. The use of these funds is restricted to eligible projects approved under the funding agreements.

	2020	2019
Federal Gas Tax Fund	\$ 419,332	\$ 572,196
Alberta Community Partnership	62,500	178,000
Municipal Sustainability Initiative	-	261,631
Basic Municipal Transportation	-	45,839
	<u>\$ 481,832</u>	<u>\$ 1,057,666</u>

8. Long-term debt

	2020	2019
Bank of Montreal	\$ 950,000	\$ 1,250,000

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

	Principal	Interest	Total
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
	<u>\$ 950,000</u>	<u>\$ 63,965</u>	<u>\$ 1,013,965</u>

Long term debt is due on demand and bears interest at rates between 2.00% and 3.85%. The County has been authorized to a maximum of \$2,000,000 for capital requirements and as at December 31, 2020 \$950,000 (2019 - \$1,250,000) was outstanding.

Interest on long term debt amounted to \$29,585 (2019 - \$28,668).

The County's total cash payments for interest in 2020 were \$29,585 (2019 - \$28,668).

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

9. Inventory for consumption

	2020	2019
Gravel	\$ 3,161,833	\$ 3,738,369
Parts and other	282,464	214,415
Chemicals and grass seed	201,331	110,979
Fuel and oil	73,886	126,433
Blades and culverts	17,268	70,521
	\$ 3,736,782	\$ 4,260,717

10. Accumulated surplus

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

	2020	2019
Unrestricted surplus	\$ 1,397,686	\$ 1,407,218
Equity in tangible capital assets (note 11)	34,620,723	34,376,462
Internally restricted surplus (reserves) (note 12)	8,567,641	9,083,147
	\$ 44,586,050	\$ 44,866,827

11. Equity in tangible capital assets

	2020	2019
Tangible capital assets (schedule 2)	\$ 81,873,547	\$ 80,084,451
Accumulated amortization (schedule 2)	(46,302,824)	(44,457,989)
Long-term debt (note 8)	(950,000)	(1,250,000)
	\$ 34,620,723	\$ 34,376,462

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

12. Reserves

Reserves for operating and capital activities changed as follows:

	2020	2019
Operating		
Mill rate stabilization	\$ 4,075,272	\$ 4,075,272
Stirling drain	486,950	486,950
General recreation	107,160	107,160
South Warner drain	50,607	50,607
Further Education - basic	45,916	45,822
	4,765,905	4,765,811
Capital		
Fire department - trucks	2,085,971	2,085,971
Public works - light trucks	696,900	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	46,581
Parks - land Improvement	6,712	6,712
	3,801,736	4,317,336
	\$ 8,567,641	\$ 9,083,147

13. Net municipal property taxes

	Budget (Unaudited)	2020	2019
Taxation			
Real property taxes	\$ 9,130,065	\$ 5,818,364	\$ 5,661,413
Linear property taxes	-	3,264,049	3,224,552
Government grants in place of property taxes	-	12,496	11,966
Special assessments and local improvements	768	768	768
	9,130,833	9,095,677	8,898,699
Requisitions			
Alberta School Foundation Fund	1,903,434	1,903,510	1,803,448
Seniors' Foundation	251,481	251,481	252,477
School Boards	30,822	30,822	29,447
	2,185,737	2,185,813	2,085,372
	\$ 6,945,096	\$ 6,909,864	\$ 6,813,327

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

14. Government transfers

	Budget (Unaudited)	2020	2019
Transfers for operating:			
Provincial government	\$ 1,135,665	\$ 1,705,240	\$ 1,097,093
Local government	33,590	31,653	45,633
Federal government	4,200	8,400	4,200
	1,173,455	1,745,293	1,146,926
Transfers for capital:			
Provincial government	1,358,315	1,439,148	1,833,856
Federal government	300,000	383,709	198,492
	1,658,315	1,822,857	2,032,348
	\$ 2,831,770	\$ 3,568,150	\$ 3,179,274

15. Expenses by object

	Budget (Unaudited)	2020	2019
Salaries, wages and benefits	\$ 4,170,946	\$ 4,107,366	\$ 4,157,027
Contracted and general services	1,603,984	1,341,778	1,422,097
Materials, goods, supplies and utilities	2,215,170	3,378,460	2,188,097
Bank charges and short term interest	3,700	3,633	3,603
Interest on long term debt	28,500	29,585	28,668
Transfers to organizations and others	606,712	585,594	507,277
Amortization of tangible capital assets	1,761,854	2,279,581	2,174,455
Loss on disposal of tangible capital assets	-	6,364	10,812
Other	308,750	12,446	29,793
	\$ 10,699,616	\$ 11,744,807	\$ 10,521,829

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

16. Budget amounts

The 2020 budget for the County of Warner No. 5 was approved by Council on April 9, 2020 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	\$	17,000
Less: Capital expenditures		(1,761,854)
Add: Amortization		1,761,854
Transfers from reserves		(17,000)
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Equals: Balanced budget	\$	-
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17. 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.

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, 2020

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:

	2020	2019
Total debt limit	\$ 14,461,758	\$ 13,670,765
Total debt	950,000	1,250,000
	<u>\$ 13,511,758</u>	<u>\$ 12,420,765</u>
Debt servicing limit	\$ 2,410,293	\$ 2,278,461
Debt servicing	323,070	328,710
	<u>\$ 2,087,223</u>	<u>\$ 1,949,751</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, 2020

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)	2020	2019
	Salary	Benefits & allowances		
Councillors				
Reeve - Division 2	\$ -	\$ -	\$ -	\$ 34,153
Reeve - Division 4	34,548	6,768	41,316	6,902
Division 1	27,504	6,452	33,956	-
Division 2	25,596	2,434	28,030	7,138
Division 3	25,887	5,264	31,151	37,488
Division 4	-	-	-	34,577
Division 5	22,543	6,211	28,754	36,650
Division 6	23,818	5,264	29,082	34,070
Division 7	31,725	5,269	36,994	51,939
Chief Administrative Officer	160,298	37,936	198,234	198,168
Designated Officers	\$ 180,427	\$ 42,516	\$ 222,943	\$ 213,286

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

(2) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long- and short-term disability plans, professional memberships, and tuition.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

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 274,000 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 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 2020 were \$284,723 (2019 - \$300,037). Total current service contributions by the employees of the County of Warner No. 5 to the LAPP in 2020 were \$262,594 (2019 - \$271,908).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.9 billion.

22. Contaminated sites liability

The County has adopted PS3260 liability for contaminated sites. The County did not identify any financial liabilities in 2020 (2019 - 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.

COUNTY OF WARNER NO. 5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

24. 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.

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, 2020

Schedule of changes in accumulated surplus
Schedule 1

	Unrestricted	Restricted	Equity in tangible capital assets	2020	2019
Balance, beginning of year	\$ 1,407,218	\$ 9,083,147	\$ 34,376,462	\$ 44,866,827	\$ 44,242,463
(Deficiency) excess of revenue over expenses	(280,777)	-	-	(280,777)	624,364
Unrestricted funds designated for future use	(94)	94	-	-	-
Restricted funds used for tangible capital assets	-	(515,600)	515,600	-	-
Current year funds used for tangible capital assets	(1,826,039)	-	1,826,039	-	-
Disposal of tangible capital assets	117,797	-	(117,797)	-	-
Amortization of tangible capital assets	2,279,581	-	(2,279,581)	-	-
Long-term debt repaid	(300,000)	-	300,000	-	-
Change in accumulated surplus	(9,532)	(515,506)	244,261	(280,777)	624,364
Balance, end of year	\$ 1,397,686	\$ 8,567,641	\$ 34,620,723	\$ 44,586,050	\$ 44,866,827

COUNTY OF WARNER NO. 5
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

Schedule of tangible capital assets								Schedule 2	
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2020	2019
Cost:									
Balance, beginning 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
Acquisitions	-	189,070	-	760,935	1,148,279	232,918	10,437	2,341,639	3,040,602
Transfers	-	79,347	-	15,478	-	-	(94,825)	-	-
Disposals	-	-	-	(103,807)	(389,235)	(59,501)	-	(552,543)	(409,865)
Balance, end 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
Accumulated amortization:									
Balance, beginning of year	-	632,157	1,249,621	32,758,387	6,206,873	3,610,951	-	44,457,989	42,574,857
Annual amortization	-	45,922	76,087	1,331,326	549,299	276,948	-	2,279,582	2,174,455
Disposals	-	-	-	(100,780)	(274,466)	(59,501)	-	(434,747)	(291,323)
Balance, end of year	-	678,079	1,325,708	33,988,933	6,481,706	3,828,398	-	46,302,824	44,457,989
Net book value	\$ 3,633,888	\$ 534,761	\$ 3,014,417	\$ 21,994,326	\$ 5,054,289	\$ 1,318,680	\$ 20,362	\$ 35,570,723	\$ 35,626,462
2019 net book value	\$ 3,633,888	\$ 312,267	\$ 3,090,504	\$ 22,552,267	\$ 4,570,078	\$ 1,362,710	\$ 104,750	\$ 35,626,462	

COUNTY OF WARNER NO. 5
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

Schedule of segmented disclosure

Schedule 3

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net municipal taxes	\$ 6,909,096	\$ -	\$ -	\$ -	\$ -	\$ 768	\$ -	\$ 6,909,864
User fees and sales of goods	26,933	1,100	339,318	76,402	-	195,090	-	638,843
Government transfers for operating	745,875	22,000	737,870	-	-	239,548	-	1,745,293
Investment income	98,555	-	-	-	-	-	-	98,555
Penalties and costs of taxes	89,212	-	-	-	-	-	-	89,212
Licenses and permits	43,637	-	-	-	-	-	-	43,637
Gain on disposal of capital assets	-	-	2,614	-	-	26,253	-	28,867
Rental	750	-	-	-	-	9,812	61,215	71,777
Other	2,813	-	5,985	75	-	1,746	-	10,619
Fines	-	4,506	-	-	-	-	-	4,506
	7,916,871	27,606	1,085,787	76,477	-	473,217	61,215	9,641,173
Expenses								
Salaries, wages and benefits	896,517	5,421	2,419,248	19,652	-	766,528	-	4,107,366
Contracted and general services	509,629	226,189	402,967	77,422	-	101,606	23,965	1,341,778
Materials, goods, supplies and utilities	41,668	181,247	2,627,110	33,024	-	439,279	56,132	3,378,460
Bank charges and short term interest	3,633	-	-	-	-	-	-	3,633
Interest on long term debt	29,585	-	-	-	-	-	-	29,585
Transfers to organizations and others	1,445	113,057	6,490	139,687	30,037	32,896	261,982	585,594
Amortization of tangible capital assets	19,471	59,721	1,926,489	96,770	-	150,915	26,215	2,279,581
Loss on disposal of tangible capital assets	-	-	6,364	-	-	-	-	6,364
Other	12,446	-	-	-	-	-	-	12,446
	1,514,394	585,635	7,388,668	366,555	30,037	1,491,224	368,294	11,744,807
Excess (deficiency) of revenue over expenses before other	6,402,477	(558,029)	(6,302,881)	(290,078)	(30,037)	(1,018,007)	(307,079)	(2,103,634)
Other								
Government transfers for capital	-	-	1,822,857	-	-	-	-	1,822,857
Excess (deficiency) of revenue over expenses	\$ 6,402,477	\$ (558,029)	\$ (4,480,024)	\$ (290,078)	\$ (30,037)	\$ (1,018,007)	\$ (307,079)	\$ (280,777)