

**COUNTY OF WARNER NO. 5**

**Consolidated Financial Statements**

**For the year ended December 31, 2023**

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**COUNTY OF WARNER NO. 5**  
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**For the year ended December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To: The Mayor 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, 2023, and the consolidated statements of operations, remeasurement gains and losses, 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, 2023, the results of its operations, remeasurement gains and losses, 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 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.

### *Emphasis of Matter*

We draw attention to note 2 to the financial statements which describes the amendments made to the prior year's figures as a result of adopting the new accounting standard PS 3280 Asset Retirement Obligations. Our audit opinion is not modified in respect of this matter.

### *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'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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the County'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'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'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 company 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.

Lethbridge, Alberta

April 16, 2024



Chartered Professional Accountants

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the County of Warner No. 5 is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the County's financial position as at December 31, 2023 and the results of its operations for the yearend then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The County Council carries out its responsibilities for review of the consolidated financial statements principally through its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Audit Committee with and without the presence of management. The County Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Avail LLP Chartered Professional Accountants, the independent external auditors appointed by the County. The accompanying independent Auditor's Report outlines their responsibilities, the scope of the examination and their opinion on the County's consolidated financial statements.



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Chief Administrative Officer

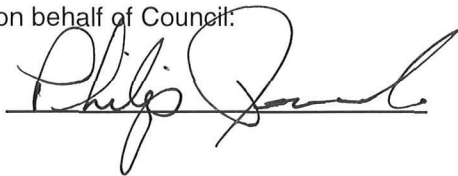
**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2023**

	2023	2022
<b>Financial assets</b>		
Cash and temporary investments (note 3)	\$ 6,635,279	\$ 6,792,042
Taxes and grants in place of taxes receivable (note 4)	1,541,825	1,181,049
Trade and other receivables (note 5)	336,537	1,068,081
Land held for resale	17,783	17,783
	8,531,424	9,058,955
<b>Liabilities</b>		
Accounts payable and accrued liabilities	730,549	363,792
Employee benefit obligations (note 6)	420,219	418,014
Deposits	-	34,400
Provision for reclamation (note 8)	1,493,500	1,568,500
Deferred revenue (note 9)	102,316	21,450
Long-term debt (note 10)	350,000	500,000
	3,096,584	2,906,156
<b>Net financial assets</b>	5,434,840	6,152,799
<b>Non-financial assets</b>		
Prepaid expenses	181,348	159,551
Inventory for consumption (note 11)	3,266,221	3,277,041
Tangible capital assets (schedule 2)	34,225,528	33,492,035
	37,673,097	36,928,627
<b>Accumulated surplus</b> (note 12 and schedule 1)		
Accumulated operating surplus	43,107,937	43,081,426
Accumulated remeasurement gains (losses)	-	-
	\$ 43,107,937	\$ 43,081,426

*Commitments and contingencies* (note 19)

Approved on behalf of Council:

Councillor



Councillor



**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2023

	Budget (Unaudited)	2023	2022
<b>Revenue</b>			
Net municipal taxes (note 15)	\$ 8,054,815	\$ 8,096,888	\$ 7,695,574
User fees and sales of goods	662,000	786,654	1,186,297
Government transfers for operating (note 16)	619,955	627,441	414,849
Investment income	100,000	255,108	137,097
Penalties and costs of taxes	96,500	201,662	160,066
Licenses and permits	10,000	11,315	11,235
Rental	72,350	83,788	72,303
Other	20,500	10,434	9,652
Gain on disposal of tangible capital assets	-	263,123	86,925
	9,636,120	10,336,413	9,773,998
<b>Expenses (note 17)</b>			
Legislative	322,500	304,739	294,699
Administration	1,318,020	1,295,111	1,461,695
Other protective services	815,615	829,994	692,562
Transportation services	6,292,510	7,489,406	7,492,265
Environmental use and protection	362,377	400,372	384,313
Public health and welfare services	34,320	34,320	30,944
Planning and development	1,844,153	1,632,543	1,382,812
Recreation and culture	378,745	439,424	479,154
	11,368,240	12,425,909	12,218,444
<b>Deficiency of revenue over expenses before capital revenue</b>	(1,732,120)	(2,089,496)	(2,444,446)
<b>Capital revenue</b>			
Government transfers for capital (note 16)	1,734,620	2,116,007	1,090,000
<b>Excess (deficiency) of revenue over expenses</b>	2,500	26,511	(1,354,446)
<b>Accumulated operating surplus, beginning of year</b>	43,081,426	43,081,426	44,435,872
<b>Accumulated operating surplus, end of year</b>	\$ 43,083,926	\$ 43,107,937	\$ 43,081,426

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**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
**For the year ended December 31, 2023**

	2023	2022
<b>Accumulated remeasurement gains (losses), beginning of year</b>	\$ -	\$ -
Unrealized gains (losses) attributable to: Equity investments	-	-
Amounts reclassified to statements of operations: Equity investments realized gains	-	-
<b>Net remeasurement gains (losses) for the year</b>	-	-
<b>Accumulated remeasurement gains (losses), end of year</b>	\$ -	\$ -

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**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**For the year ended December 31, 2023**

	Budget (Unaudited)	2023	2022
<b>Excess (deficiency) of revenue over expenses</b>	\$ 2,500	\$ 26,511	\$ (1,354,446)
Acquisition of tangible capital assets	(2,125,493)	(3,163,137)	(1,217,552)
Amortization of tangible capital assets	2,125,493	2,387,970	2,471,791
Gain on disposal of tangible capital assets	-	(255,977)	(80,855)
Proceeds on disposal of tangible capital assets	-	297,649	86,990
	-	(733,495)	1,260,374
Net change in inventory for consumption	-	10,822	286,231
Net change in prepaid expense	-	(21,797)	5,528
	-	(10,975)	291,759
<b>Increase (decrease) in net financial assets</b>	2,500	(717,959)	197,687
<b>Net financial assets, beginning of year</b>	6,152,799	6,152,799	5,955,112
<b>Net financial assets, end of year</b>	\$ 6,155,299	\$ 5,434,840	\$ 6,152,799

**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2023

	2023	2022
<b>Operating transactions</b>		
Excess (deficiency) of revenue over expenses	\$ 26,511	\$ (1,354,446)
Adjustments for items which do not affect cash		
Gain on disposal of tangible capital assets	(255,977)	(80,855)
Amortization of tangible capital assets	2,387,970	2,471,791
	2,158,504	1,036,490
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(360,776)	(160,877)
Trade and other receivables	731,544	80,592
Inventory for consumption	10,822	286,231
Prepaid expenses	(21,797)	5,528
Accounts payable and accrued liabilities	366,757	(418,509)
Employee benefit obligations	2,205	6,815
Deposits	(34,400)	-
Deferred revenue	80,866	21,450
Provision for reclamation	(75,000)	(240,315)
Cash provided by operating transactions	2,858,725	617,405
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	297,649	86,990
Acquisition of tangible capital assets	(3,163,137)	(1,217,552)
Cash applied to capital transactions	(2,865,488)	(1,130,562)
<b>Financing transactions</b>		
Repayment of long-term debt	(150,000)	(150,000)
<b>Decrease in cash and temporary investments</b>	(156,763)	(663,157)
<b>Cash and temporary investments, beginning of year</b>	6,792,042	7,455,199
<b>Cash and temporary investments, end of year</b>	\$ 6,635,279	\$ 6,792,042

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

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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 generally accepted accounting principles for local governments established by the Public Sector Accounting Board of 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.

There is measurement uncertainty related to asset retirement obligations as it involves estimates in determining settlement amount, discount rates and timing of settlement. Changes to any of these estimates and assumptions may result in change to the obligation.

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

**1. Significant accounting policies, continued**

(d) *Valuation of financial assets and liabilities*

The County's financial assets and financial liabilities are measured as follows:

Financial statement component	Measurement
Cash	Cost and amortized cost
Short-term investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term debt	Amortized cost

(e) *Investments*

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations.

Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. 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.

(f) *Long-term debt*

Long-term debt is initially recognized net of any premiums, discounts, fees and transactions costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

(g) *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.

(h) *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.

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

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**1. Significant accounting policies, continued**

- (i) 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.

- (j) Asset retirement obligation  
A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the county to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the county reviews the carrying amount of the liability. The county recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The county continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

- (k) 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, 2023**

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**1. Significant accounting policies, continued**

(l) *Revenue recognition*

Revenue from transactions with no performance obligation is recognized at realizable value when the County has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

(m) *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.

(n) *Deferred revenue*

Deferred revenue represent government transfers, donations, and other amounts which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met. Interest earned on deferred revenues, reserves, and offsite levies are calculated using an average investment earnings monthly.

(o) *Provision for gravel pit reclamation*

The County is required to fund the stripping and reclamation of various gravel pits. Reclamation activities include the final covering and landscaping.

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

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**1. Significant accounting policies, continued**

(p) *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/straight line
Vehicles	10-40 declining balance/straight line

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.

**1. Significant accounting policies, continued**

(q) Future change in accounting policy

The following summarizes upcoming changes to Canadian public sector accounting standards. In 2023, the County will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently.

a) Revenue

PS3400, Revenue establishes standards on how to account for and report on revenue, specifically in regard to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). This standard is applicable for fiscal years beginning on or after April 1, 2023.

b) Purchased Intangibles

PSG-8, Purchased Intangibles, allows for purchased intangible assets to be recognized as assets in the public sector entity's financial statements. This standard is applicable for fiscal years beginning on or after April 1, 2023.

c) Public Private Partnerships

PS3160, Public Private Partnerships, establishes standards on how to account for certain arrangements between public and private entities. The standard provides guidance on situations where a public entity acquires infrastructure asset past the point where it is ready for use. This standard is applicable for fiscal years beginning on or after April 1, 2023.



**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

**2. Change in accounting policy**

Effective January 1, 2023, the County adopted the new accounting standard PS 3280 Asset Retirement Obligations and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

On the effective date of the PS 3280 standard, the County recognized the following to conform to the new standard:

- asset retirement obligations, adjusted for accumulated accretion to the effective date;
- asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- accumulated amortization on the capitalized cost; and
- adjustment to the opening balance of the accumulated surplus/deficit.

Amounts are measured using information, assumptions and discount rates where applicable that are current on the effective date of the standard. The amount recognized as an asset retirement cost is measured as of the date the asset retirement obligation was incurred. Accumulated accretion and amortization are measured for the period from the date the liability would have been recognized had the provisions of this standard been in effect to the date as of which this standard is first applied.

There were no asset retirement obligation liabilities identified and as a result there is no impact on the prior year's financial statements as a result of the change in accounting policy.

**3. Cash and temporary investments**

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, 2023 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, 2023 the line of credit was undrawn.

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

	2023	2022
Current taxes and grants in place of taxes receivable	\$ 435,311	\$ 400,022
Arrears	1,106,514	781,027
	\$ 1,541,825	\$ 1,181,049

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**5. Trade and other receivables**

	2023	2022
Provincial government receivables	\$ 153,815	\$ 968,181
Local government receivables	70,206	7,138
Trade receivables	62,284	60,760
Goods and Services Tax (GST)	50,232	32,002
	\$ 336,537	\$ 1,068,081

**6. Employee benefit obligations**

	2023	2022
Vacation and overtime	\$ 264,619	\$ 272,314
Post-employment benefits	155,600	145,700
	\$ 420,219	\$ 418,014

**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 \$5,050 (2022 - \$22,650).

The post-employment benefit expense includes current period benefit costs of \$14,800 (2022 - \$14,650).

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

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**7. Asset retirement obligation**

The County has assessed potential asset retirement obligations. As of December 31, 2023, no obligations requiring recognition in the financial statements were identified. This evaluation encompasses current operations, contractual agreements, regulatory mandates, and environmental obligations.

**8. Provision for gravel pit reclamation**

The estimated total liability related to reclamation work on various gravel pits including final coverage and landscaping is \$1,493,500 (2022 - \$1,568,500).

The County has not designated assets for settling reclamation liabilities.

**9. Deferred revenue**

Deferred revenue is comprised of the funds noted below, the use of which, together with any earnings thereon, is restricted by agreement. These funds are recognized as revenue in the period in which they are used for the purpose specified.

	2023	2022
Canada Community Building Fund (CCBF)	\$ 55,666	\$ -
Environment and Climate Change Canada (ECCC)	46,650	21,450
	<u>\$ 102,316</u>	<u>\$ 21,450</u>

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

**10. Long-term debt**

	2023	2022
Bank of Montreal	\$ 350,000	\$ 500,000

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

	Principal	Interest	Total
2024	\$ 350,000	\$ 11,375	\$ 361,375

Long term debt is due on demand and bears interest at rates between 2.19% and 3.25%. The County has been authorized to a maximum of \$2,000,000 for capital requirements and as at December 31, 2023 \$350,000 (2022 - \$500,000) was outstanding.

Interest on long term debt amounted to \$14,007 (2022 - \$17,945).

The County's total cash payments for interest in 2023 were \$14,007 (2022 - \$17,945).

**11. Inventory for consumption**

	2023	2022
Gravel	\$ 2,568,023	\$ 2,640,728
Parts and other	465,947	391,399
Blades and culverts	57,992	45,957
Chemicals and grass seed	78,095	70,637
Fuel and oil	96,164	128,320
	\$ 3,266,221	\$ 3,277,041

**12. Accumulated operating surplus**

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

	2023	2022
Unrestricted surplus	\$ 1,407,892	\$ 1,884,962
Internally restricted reserves (note 14)	7,824,517	8,204,429
Equity in tangible capital assets (note 13)	33,875,528	32,992,035
	\$ 43,107,937	\$ 43,081,426

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**13. Equity in tangible capital assets**

	2023	2022
Tangible capital assets (schedule 2)	\$ 85,523,333	\$ 83,326,030
Accumulated amortization (schedule 2)	(51,297,805)	(49,833,995)
Long-term debt (note 10)	(350,000)	(500,000)
	\$ 33,875,528	\$ 32,992,035

**14. Reserves**

Reserves for operating and capital activities changed as follows:

	2023	2022
<b>Operating</b>		
Mill rate stabilization	\$ 3,698,809	\$ 3,731,827
Stirling drain	486,950	486,950
General recreation	121,397	117,357
South Warner drain	50,607	50,607
Further Education - basic	45,952	45,952
	4,403,715	4,432,693
<b>Capital</b>		
Fire department - trucks	1,735,037	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	83,831
Bylaw - trucks	84,945	84,945
General administration - building	46,581	46,581
Parks - land Improvement	6,712	6,712
	3,420,802	3,771,736
	\$ 7,824,517	\$ 8,204,429

**COUNTY OF WARNER NO. 5**  
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**15. Net municipal property taxes**

	Budget (Unaudited)	2023	2022
<b>Net municipal taxes (after requisitions)</b>			
Real property taxes	\$ 8,054,815	\$ 5,121,147	\$ 4,778,256
Linear property taxes	-	2,964,185	2,905,985
Government grants in place of property taxes	-	11,556	11,333
	<u>8,054,815</u>	<u>8,096,888</u>	<u>7,695,574</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	1,972,606	1,939,588	1,884,277
Seniors Lodge	213,516	213,525	223,537
School Boards	36,823	35,572	37,252
	<u>\$ 2,222,945</u>	<u>\$ 2,188,685</u>	<u>\$ 2,145,066</u>

**16. Government transfers**

	Budget (Unaudited)	2023	2022
<b>Transfers for operating:</b>			
Provincial government	\$ 570,738	\$ 611,978	\$ 378,134
Local government	-	14,000	28,315
Federal government	49,217	1,463	8,400
	<u>619,955</u>	<u>627,441</u>	<u>414,849</u>
<b>Transfers for capital:</b>			
Provincial government	1,134,620	1,486,935	1,090,000
Federal government	600,000	629,072	-
	<u>1,734,620</u>	<u>2,116,007</u>	<u>1,090,000</u>
	<u>\$ 2,354,575</u>	<u>\$ 2,743,448</u>	<u>\$ 1,504,849</u>

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**17. Expenses by object**

	Budget (Unaudited)	2023	2022
Salaries, wages and benefits	\$ 4,483,959	\$ 4,422,795	\$ 4,134,339
Contracted and general services	1,441,055	1,768,109	1,655,253
Materials, goods and utilities	2,289,885	2,955,040	3,027,583
Bank charges and short term interest	2,800	4,182	3,537
Interest on long term debt	15,000	14,007	17,945
Transfers to local boards and agencies	853,798	843,390	744,822
Amortization of tangible capital assets	2,125,493	2,387,970	2,471,791
Loss on disposal of tangible capital assets	(5,000)	8,056	6,070
Other expenditures	161,250	22,360	157,104
	<u>\$ 11,368,240</u>	<u>\$ 12,425,909</u>	<u>\$ 12,218,444</u>

**18. Budget amounts**

The 2023 budget for the County was approved by Council on April 4, 2023 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers as revenues and expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

Budgeted surplus per financial statements	\$ 2,500
Less: Capital expenditures	(2,125,493)
Transfers to reserves	(2,500)
Add: Amortization	2,125,493
Equals: <u>Balanced budget</u>	<u>\$ -</u>

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**19. Commitments and contingencies**

The County 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 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, 2023.

**20. 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).

**21. Debt limits and debt servicing limit**

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:

	2023	2022
Total debt limit	\$ 15,504,620	\$ 14,660,996
Total debt	350,000	500,000
	\$ 15,154,620	\$ 14,160,996
Debt servicing limit	\$ 2,584,103	\$ 2,443,499
Debt servicing	361,375	167,945
	\$ 2,222,728	\$ 2,275,554

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, 2023

**22. 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)	2023	2022
	Salary	Benefits & allowances		
Councillors				
Reeve - Division 4	\$ 39,900	\$ 7,320	\$ 47,220	\$ 50,984
Division 1	42,128	7,303	49,431	41,792
Division 2	33,744	2,907	36,651	30,388
Division 3	23,255	5,532	28,787	28,257
Division 5	24,692	6,664	31,356	33,610
Division 6	29,282	5,532	34,814	39,733
Division 7	33,538	5,532	39,070	39,731
Chief Administrative Officer	185,649	40,523	226,172	212,240
Designated Officers	\$ 177,829	\$ 37,356	\$ 215,185	\$ 200,240

(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.

**23. 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 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 is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% on pensionable earnings above this amount.

Total current service contributions by the County to the LAPP in 2023 were \$255,293 (2022 - \$258,275). Total current service contributions by the employees of the County to the LAPP in 2023 were \$227,802 (2022 - \$230,828).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.67 billion.

**24. Contaminated sites liability**

The County has adopted PS3260 liability for contaminated sites. The County did not identify any financial liabilities in 2023 (2022 - nil) as a result of this standard.

**25. Financial instruments**

The County'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 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.

**26. 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, 2023**

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

	Unrestricted	Restricted reserves	Equity in tangible capital assets	2023	2022
Balance, beginning of year	\$ 1,884,962	\$ 8,204,429	\$ 32,992,035	\$ 43,081,426	\$ 44,435,872
Excess (deficiency) of revenue over expenses	26,511	-	-	26,511	(1,354,446)
Restricted funds used for operations	28,978	(28,978)	-	-	-
Restricted funds used for tangible capital assets	-	(350,934)	350,934	-	-
Current year funds used for tangible capital assets	(2,812,203)	-	2,812,203	-	-
Disposal of tangible capital assets	41,674	-	(41,674)	-	-
Amortization of tangible capital assets	2,387,970	-	(2,387,970)	-	-
Long-term debt related to tangible capital assets repaid	(150,000)	-	150,000	-	-
Change in accumulated surplus	(477,070)	(379,912)	883,493	26,511	(1,354,446)
<b>Balance, end of year</b>	<b>\$ 1,407,892</b>	<b>\$ 7,824,517</b>	<b>\$ 33,875,528</b>	<b>\$ 43,107,937</b>	<b>\$ 43,081,426</b>

**COUNTY OF WARNER NO. 5**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**Schedule of tangible capital assets**

**Schedule 2**

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2023	2022
<b>Cost:</b>									
Balance, beginning of year	\$ 3,740,312	\$ 1,904,395	\$ 4,698,782	\$ 56,829,284	\$ 11,394,116	\$ 4,759,141	\$ -	\$ 83,326,030	\$ 82,644,958
Acquisitions	-	19,564	-	989,067	1,233,779	303,868	616,859	3,163,137	1,217,552
Disposals	-	-	-	(69,235)	(568,727)	(327,872)	-	(965,834)	(536,480)
<b>Balance, end of year</b>	<b>3,740,312</b>	<b>1,923,959</b>	<b>4,698,782</b>	<b>57,749,116</b>	<b>12,059,168</b>	<b>4,735,137</b>	<b>616,859</b>	<b>85,523,333</b>	<b>83,326,030</b>
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	795,217	1,485,119	36,866,300	6,759,280	3,928,079	-	49,833,995	47,892,551
Annual amortization	-	79,888	83,260	1,370,822	642,008	211,993	-	2,387,971	2,471,789
Disposals	-	-	-	(69,235)	(549,603)	(305,323)	-	(924,161)	(530,345)
<b>Balance, end of year</b>	<b>-</b>	<b>875,105</b>	<b>1,568,379</b>	<b>38,167,887</b>	<b>6,851,685</b>	<b>3,834,749</b>	<b>-</b>	<b>51,297,805</b>	<b>49,833,995</b>
<b>Net book value</b>	<b>\$ 3,740,312</b>	<b>\$ 1,048,854</b>	<b>\$ 3,130,403</b>	<b>\$ 19,581,229</b>	<b>\$ 5,207,483</b>	<b>\$ 900,388</b>	<b>\$ 616,859</b>	<b>\$ 34,225,528</b>	<b>\$ 33,492,035</b>
<b>2022 net book value</b>	<b>\$ 3,740,312</b>	<b>\$ 1,109,178</b>	<b>\$ 3,213,663</b>	<b>\$ 19,962,984</b>	<b>\$ 4,634,836</b>	<b>\$ 831,061</b>	<b>\$ -</b>	<b>\$ 33,492,035</b>	

**COUNTY OF WARNER NO. 5**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

Schedule of segmented disclosure

Schedule 3

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Other	Housing	Total
<b>Revenue</b>										
Net municipal taxes	\$ 8,096,888	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,096,888
User fees and sales of goods	18,023	177	505,669	78,539	-	184,246	-	-	-	786,654
Government transfers for operating	312,204	14,000	-	-	-	301,237	-	-	-	627,441
Investment income	255,108	-	-	-	-	-	-	-	-	255,108
Penalties and costs of taxes	201,662	-	-	-	-	-	-	-	-	201,662
Licenses and permits	7,275	-	-	-	-	-	4,040	-	-	11,315
Gain on disposal of capital assets	-	-	263,123	-	-	-	-	-	-	263,123
Rental	11,640	-	-	-	-	17,160	54,988	-	-	83,788
Other	2,517	-	7,902	15	-	-	-	-	-	10,434
	8,905,317	14,177	776,694	78,554	-	502,643	59,028	-	-	10,336,413
<b>Expenses</b>										
Salaries, wages and benefits	995,002	5,000	2,609,318	22,836	-	790,638	-	-	-	4,422,795
Contracted and general services	476,058	282,783	767,789	85,025	-	140,202	16,253	-	-	1,768,109
Materials, goods and utilities	62,332	207,277	2,058,022	42,480	-	529,242	55,687	-	-	2,955,040
Bank charges and short term interest	4,182	-	-	-	-	-	-	-	-	4,182
Interest on long term debt	14,007	-	-	-	-	-	-	-	-	14,007
Other expenditures	22,360	-	-	-	-	-	-	-	-	22,360
Transfers to local boards and agencies	7,465	288,439	6,490	153,262	34,320	42,650	310,764	-	-	843,390
Amortization of tangible capital assets	18,445	46,494	2,039,730	96,770	-	129,811	56,720	-	-	2,387,970
Loss on disposal of tangible capital assets	-	-	8,056	-	-	-	-	-	-	8,056
	1,599,851	829,993	7,489,405	400,373	34,320	1,632,543	439,424	-	-	12,425,909
<b>Excess (deficiency) of revenue over expenses before capital revenue</b>	7,305,466	(815,816)	(6,712,711)	(321,819)	(34,320)	(1,129,900)	(380,396)	-	-	(2,089,496)
<b>Other</b>										
Government transfers for capital	-	-	2,066,313	-	-	-	49,694	-	-	2,116,007
<b>Excess (deficiency) of revenue over expenses</b>	\$ 7,305,466	\$ (815,816)	\$ (4,646,398)	\$ (321,819)	\$ (34,320)	\$ (1,129,900)	\$ (330,702)	\$ -	\$ -	\$ 26,511