

**COUNTY OF WARNER NO. 5**

**Consolidated Financial Statements**

**For the year ended December 31, 2022**

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**COUNTY OF WARNER NO. 5**  
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**For the year ended December 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To: The Reeve and Members of Council of  
the County of Warner No. 5

### *Opinion*

We have audited the consolidated financial statements of the County of Warner No. 5 which comprise the consolidated statement of financial position as at December 31, 2022, 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, 2022, 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 18.
- 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 19.

Lethbridge, Alberta

April 18, 2023



Chartered Professional Accountants



## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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 reappointment 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 Council.



Chief Administrative Officer

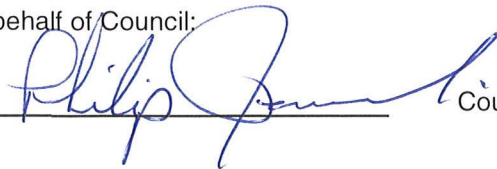
**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2022**

	2022	2021
<b>Financial assets</b>		
Cash (note 2)	\$ 6,792,042	\$ 7,455,199
Taxes and grants in place of taxes receivable (note 3)	1,181,049	1,020,172
Trade and other receivables (note 4)	1,068,081	1,148,672
Land held for resale	17,783	17,783
	9,058,955	9,641,826
<b>Liabilities</b>		
Accounts payable and accrued liabilities	363,791	782,301
Employee benefit obligations (note 5)	418,014	411,199
Deposits	34,400	34,400
Provision for gravel pit reclamation (note 6)	1,568,500	1,808,815
Deferred revenue	21,450	-
Long-term debt (note 7)	500,000	650,000
	2,906,155	3,686,715
<b>Net financial assets</b>	6,152,800	5,955,111
<b>Non-financial assets</b>		
Prepaid expenses	159,551	165,079
Inventory for consumption (note 8)	3,277,041	3,563,274
Tangible capital assets (schedule 2)	33,492,035	34,752,408
	36,928,627	38,480,761
<b>Accumulated surplus</b> (note 9 and schedule 1)	\$ 43,081,427	\$ 44,435,872

*Commitments and contingencies* (note 16)

Approved on behalf of Council:

Councillor



Councillor



**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2022

	Budget (Unaudited)	2022	2021
<b>Revenue</b>			
Net municipal taxes (note 12)	\$ 7,614,035	\$ 7,695,574	\$ 7,213,407
User fees and sales of goods	744,400	1,177,805	734,202
Government transfers for operating (note 13)	455,896	414,849	1,030,190
Investment income	90,000	137,097	63,186
Penalties and costs of taxes	86,500	160,066	126,691
Licenses and permits	9,500	11,235	15,002
Fines	10,000	8,492	7,797
Rental	69,350	72,303	68,055
Other	18,000	9,652	25,478
Gain on disposal of tangible capital assets	5,000	86,925	60,015
	9,102,681	9,773,998	9,344,023
<b>Expenses (note 14)</b>			
Legislative	319,000	294,699	263,093
Administration	1,234,214	1,461,695	1,451,555
Protective services	716,221	692,562	663,163
Roads, streets, walks and lighting	6,110,458	7,492,265	7,129,582
Water supply and distribution	171,095	189,127	217,969
Waste management	191,153	195,185	202,948
Family and community support services	30,945	30,944	30,037
Land use planning, zoning and development	34,792	34,666	34,448
Economic and agricultural development	1,774,278	1,348,146	1,474,621
Recreation and parks	330,778	436,739	412,356
Culture	42,415	42,415	41,562
	10,955,349	12,218,443	11,921,334
<b>Deficiency of revenue over expenses before other</b>	<b>(1,852,668)</b>	<b>(2,444,445)</b>	<b>(2,577,311)</b>
<b>Other</b>			
Government transfers for capital (note 13)	1,833,068	1,090,000	2,427,133
<b>Deficiency of revenue over expenses</b>	<b>(19,600)</b>	<b>(1,354,445)</b>	<b>(150,178)</b>
<b>Accumulated surplus, beginning of year</b>	<b>44,435,872</b>	<b>44,435,872</b>	<b>44,586,050</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 44,416,272</b>	<b>\$ 43,081,427</b>	<b>\$ 44,435,872</b>

**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
For the year ended December 31, 2022

	Budget (Unaudited)	2022	2021
<b>Deficiency of revenue over expenses</b>	\$ (19,600)	\$ (1,354,445)	\$ (150,178)
Acquisition of tangible capital assets	(2,086,493)	(1,217,552)	(2,355,309)
Amortization of tangible capital assets	2,086,493	2,471,791	2,465,403
(Gain) loss on disposal of tangible capital assets	-	(80,855)	80,672
Proceeds on disposal of tangible capital assets	-	86,990	627,550
	-	1,260,374	818,316
Net change in inventory for consumption	-	286,232	173,508
Net change in prepaid expense	-	5,528	71,297
	-	291,760	244,805
<b>Increase (decrease) in net financial assets</b>	(19,600)	197,689	912,943
<b>Net financial assets, beginning of year</b>	5,955,111	5,955,111	5,042,168
<b>Net financial assets, end of year</b>	\$ 5,935,511	\$ 6,152,800	\$ 5,955,111

**COUNTY OF WARNER NO. 5**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2022

	2022	2021
<b>Operating transactions</b>		
Deficiency of revenue over expenses	\$ (1,354,445)	\$ (150,178)
Adjustments for items which do not affect cash		
(Gain) loss on disposal of tangible capital assets	(80,855)	80,672
Amortization of tangible capital assets	2,471,791	2,465,403
	1,036,491	2,395,897
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(160,877)	(276,108)
Trade and other receivables	80,591	(772,163)
Land held for resale	-	2,624
Inventory for consumption	286,232	173,507
Prepaid expenses	5,528	71,297
Accounts payable and accrued liabilities	(418,510)	162,363
Employee benefit obligations	6,815	9,348
Deposits	-	32,546
Deferred revenue	21,450	(481,832)
Provision for gravel pit reclamation	(240,315)	60,000
Cash provided by operating transactions	617,405	1,377,479
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	86,990	627,550
Acquisition of tangible capital assets	(1,217,552)	(2,355,309)
Cash applied to capital transactions	(1,130,562)	(1,727,759)
<b>Financing transactions</b>		
Repayment of long-term debt	(150,000)	(300,000)
<b>Decrease in cash and temporary investments</b>	(663,157)	(650,280)
<b>Cash, beginning of year</b>	7,455,199	8,105,479
<b>Cash, end of year</b>	\$ 6,792,042	\$ 7,455,199

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2022**

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**1. Significant accounting policies**

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

(a) Reporting entity

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

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

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

(b) Basis of accounting

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

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

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

(c) Use of estimates

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

(d) Investments

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

**1. Significant accounting policies, continued**

(e) Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(f) Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(g) Inventories for resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping, and leveling charges. Related development costs incurred to provide infrastructure such as water and waste water services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

(h) Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

(i) Provision for gravel pit reclamation

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

(j) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2022**

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**1. Significant accounting policies, continued**

(k) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized over the estimated useful life as follows:

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

Amortization is charged in the month following the month of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iv) Inventories

Inventories held for consumption are recorded at the lower of cost and net realizable value with cost determined by the average cost method.

(v) Cultural and historical tangible capital assets

Works of art for display are not recorded as tangible capital assets but are disclosed.



**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

**2. Cash**

Under its credit facility with the Bank of Montreal, the County holds a line of credit to a maximum of \$500,000 and bears interest at the bank's prime lending rate. At December 31, 2022 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, 2022 the line of credit was undrawn.

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

	2022	2021
Current taxes and grants in place of taxes receivable	\$ 400,022	\$ 464,850
Arrears	781,027	555,322
	\$ 1,181,049	\$ 1,020,172

**4. Trade and other receivables**

	2022	2021
Provincial government receivables	\$ 968,181	\$ 973,757
Trade receivables	60,760	52,882
Goods and Services Tax (GST)	32,002	118,257
Local government receivables	7,138	3,776
	\$ 1,068,081	\$ 1,148,672

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2022**

**5. Employee benefit obligations**

	2022	2021
Vacation and overtime	\$ 272,314	\$ 256,199
Post-employment benefits	145,700	155,000
	\$ 418,014	\$ 411,199

**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 \$22,650 (2021 - \$8,050).

The post-employment benefit expense includes current period benefit costs of \$14,650 (2021 - \$14,050).

**6. Provision for gravel pit reclamation**

The estimated total liability related to reclamation work on various gravel pits including final coverage and landscaping is \$1,568,500 (2021 - \$1,808,815).

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

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

**7. Long-term debt**

	2022	2021
Bank of Montreal	\$ 500,000	\$ 650,000

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

	Principal	Interest	Total
2023	\$ 150,000	\$ 17,945	\$ 167,945
2024	350,000	11,375	361,375
	\$ 500,000	\$ 29,320	\$ 529,320

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, 2022 \$500,000 (2021 - \$650,000) was outstanding.

Interest on long term debt amounted to \$17,945 (2021 - \$26,829).

The County's total cash payments for interest in 2022 were \$17,945 (2020 - \$26,829).

**8. Inventory for consumption**

	2022	2021
Gravel	\$ 2,640,728	\$ 2,898,044
Parts and other	391,399	332,926
Fuel and oil	128,320	96,844
Chemicals and grass seed	70,637	206,798
Blades and culverts	45,957	28,662
	\$ 3,277,041	\$ 3,563,274

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

**9. Accumulated surplus**

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

	2022	2021
Unrestricted surplus	\$ 1,884,963	\$ 1,866,911
Internally restricted surplus (reserves) (note 11)	8,204,429	8,466,553
<i>Equity in tangible capital assets (note 10)</i>	32,992,035	34,102,408
	\$ 43,081,427	\$ 44,435,872

**10. Equity in tangible capital assets**

	2022	2021
Tangible capital assets (schedule 2)	\$ 83,326,029	\$ 82,644,959
Accumulated amortization (schedule 2)	(49,833,994)	(47,892,551)
Long-term debt (note 7)	(500,000)	(650,000)
	\$ 32,992,035	\$ 34,102,408

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

**11. Reserves**

Reserves for operating and capital activities changed as follows:

	2022	2021
<b>Operating</b>		
Mill rate stabilization	\$ 3,731,827	\$ 3,993,969
Stirling drain	486,950	486,950
General recreation	117,357	117,357
South Warner drain	50,607	50,607
Further Education - basic	45,952	45,934
	4,432,693	4,694,817
<b>Capital</b>		
Fire department - trucks	2,085,971	2,085,971
Public works - light trucks	696,900	696,900
A.S.B. - light trucks	366,427	366,427
General administration - office equipment/computer	250,369	250,369
Fire department - building	150,000	150,000
Public works - building	83,831	83,831
Bylaw - trucks	84,945	84,945
General administration - building	46,581	46,581
Parks - land Improvement	6,712	6,712
	3,771,736	3,771,736
	\$ 8,204,429	\$ 8,466,553

**12. Net municipal property taxes**

	Budget (Unaudited)	2022	2021
<b>Taxation</b>			
Real property taxes	\$ 9,882,689	\$ 6,490,291	\$ 6,142,729
Linear property taxes	-	3,339,016	3,266,663
Government grants in place of property taxes	-	11,333	13,091
Special assessments and local improvements	-	-	768
	9,882,689	9,840,640	9,423,251
<b>Requisitions</b>			
Alberta School Foundation Fund	2,007,865	1,884,277	1,926,501
Seniors' Foundation	223,537	223,537	250,030
School Boards	37,252	37,252	33,313
	2,268,654	2,145,066	2,209,844
	\$ 7,614,035	\$ 7,695,574	\$ 7,213,407

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

**13. Government transfers**

	Budget (Unaudited)	2022	2021
<b>Transfers for operating:</b>			
Provincial government	\$ 413,496	\$ 378,134	\$ 990,448
Local government	30,000	28,315	27,142
Federal government	12,400	8,400	12,600
	455,896	414,849	1,030,190
<b>Transfers for capital:</b>			
Provincial government	1,333,068	1,090,000	1,745,104
Federal government	500,000	-	682,029
	1,833,068	1,090,000	2,427,133
	\$ 2,288,964	\$ 1,504,849	\$ 3,457,323

**14. Expenses by object**

	Budget (Unaudited)	2022	2021
Salaries, wages and benefits	\$ 4,364,587	\$ 4,134,338	\$ 4,066,644
Contracted and general services	1,442,891	1,655,253	1,060,691
Materials, goods, supplies and utilities	2,138,070	3,027,583	3,377,387
Bank charges and short term interest	2,950	3,537	3,934
Interest on long term debt	19,000	17,945	26,829
Transfers to organizations and others	740,108	744,822	681,505
Amortization of tangible capital assets	2,086,493	2,471,791	2,465,403
Loss on disposal of tangible capital assets	-	6,070	140,687
Other	161,250	157,104	98,254
	\$ 10,955,349	\$ 12,218,443	\$ 11,921,334

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**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2022**

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**15. Budget amounts**

The 2022 budget for the County of Warner No. 5 was approved by Council on April 5, 2022 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

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

Budgeted deficit per financial statements	\$ (19,600)
Less: Capital expenditures	(2,086,493)
Transfers to reserves	(2,500)
Add: Amortization	2,086,493
Transfers from reserves	22,100
<hr/>	
Equals: Balanced budget	\$ -
<hr/>	

**16. Commitments and contingencies**

The County of Warner No. 5 is a member of GENESIS which provides liability insurance. The investment in this program is not reflected as an asset in the accompanying financial statements. Under the terms of membership, the County of Warner No. 5 could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

With the changes to the collective agreement with the National Police Federation, the County could have a potential liability for the retroactive pay increases identified in the agreement. It is unknown if costs will be downloaded to the County and the specific amounts associated with the retroactive pay rates are not yet finalized. As a result, no amounts have been accrued in the financial statements as at December 31, 2022.

**17. Segmented disclosure**

The County of Warner No. 5 provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the schedule of segmented disclosure (schedule 3).

**COUNTY OF WARNER NO. 5**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2022**

**18. Debt limits**

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

	2022	2021
Total debt limit	\$ 14,660,996	\$ 14,016,033
Total debt	500,000	650,000
	\$ 14,160,996	\$ 13,366,033
Debt servicing limit	\$ 2,443,499	\$ 2,336,006
Debt servicing	167,945	170,045
	\$ 2,275,554	\$ 2,165,961

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, 2022**

**19. Salary and benefits disclosure**

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	(1)	(2)	2022	2021
	Salary	Benefits & allowances		
<b>Councillors</b>				
Reeve - Division 4	\$ 44,397	\$ 6,587	\$ 50,984	\$ 41,593
Division 1	35,069	6,723	41,792	36,310
Division 2	27,880	2,508	30,388	32,125
Division 3	23,574	4,683	28,257	30,031
Division 5	27,686	5,924	33,610	32,487
Division 6	35,050	4,683	39,733	35,436
Division 7	35,042	4,689	39,731	36,478
Chief Administrative Officer	173,892	38,348	212,240	208,616
Designated Officers	\$ 163,660	\$ 36,580	\$ 200,240	\$ 226,595

(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.

**20. Local authorities pension plan**

Employees of the County of Warner No. 5 participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The plan serves about 281,764 people and 435 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 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount. Employees of the County of Warner No. 5 are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.80% on pensionable salary above this amount.

Total current service contributions by the County of Warner No. 5 to the LAPP in 2022 were \$258,275 (2021 - \$279,294). Total current service contributions by the employees of the County of Warner No. 5 to the LAPP in 2022 were \$230,828 (2021 - \$254,418).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 billion.

**21. Contaminated sites liability**

The County has adopted PS3260 liability for contaminated sites. The County did not identify any financial liabilities in 2022 (2021 - nil) as a result of this standard.

**22. Financial instruments**

The County of Warner No. 5's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities and deposits. It is management's opinion that the County of Warner No. 5 is not exposed to significant interest or risk arising from these financial instruments.

The County of Warner No. 5 is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the County of Warner No. 5 provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

**23. 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, 2022**

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

	Unrestricted	Restricted	Equity in tangible capital assets	2022	2021
Balance, beginning of year	\$ 1,866,911	\$ 8,466,553	\$ 34,102,408	\$ 44,435,872	\$ 44,586,050
Deficiency of revenue over expenses	(1,354,445)	-	-	(1,354,445)	(150,178)
Unrestricted funds designated for future use	(18)	18	-	-	-
Restricted funds used for operations	262,142	(262,142)	-	-	-
Current year funds used for tangible capital assets	(1,217,552)	-	1,217,552	-	-
Disposal of tangible capital assets	6,134	-	(6,134)	-	-
Amortization of tangible capital assets	2,471,791	-	(2,471,791)	-	-
Long-term debt repaid	(150,000)	-	150,000	-	-
Change in accumulated surplus	18,052	(262,124)	(1,110,373)	(1,354,445)	(150,178)
<b>Balance, end of year</b>	<b>\$ 1,884,963</b>	<b>\$ 8,204,429</b>	<b>\$ 32,992,035</b>	<b>\$ 43,081,427</b>	<b>\$ 44,435,872</b>

**COUNTY OF WARNER NO. 5**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

**Schedule of tangible capital assets**

**Schedule 2**

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2022	2021
<b>Cost:</b>									
Balance, beginning of year	\$ 3,740,312	\$ 1,212,840	\$ 4,670,809	\$ 56,699,349	\$ 10,872,500	\$ 5,147,078	\$ 302,071	\$ 82,644,958	\$ 81,873,547
Acquisitions	-	417,457	-	129,935	670,160	-	-	1,217,552	2,355,309
Transfers	-	274,098	27,973	-	-	-	(302,071)	-	-
Disposals	-	-	-	-	(148,544)	(387,937)	-	(536,481)	(1,583,897)
<b>Balance, end of year</b>	<b>3,740,312</b>	<b>1,904,395</b>	<b>4,698,782</b>	<b>56,829,284</b>	<b>11,394,116</b>	<b>4,759,141</b>	<b>-</b>	<b>83,326,029</b>	<b>82,644,959</b>
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	730,719	1,401,795	35,377,709	6,287,482	4,094,847	-	47,892,551	46,302,823
Annual amortization	-	64,498	83,324	1,488,591	614,207	221,169	-	2,471,789	2,465,404
Disposals	-	-	-	-	(142,409)	(387,937)	-	(530,346)	(875,676)
<b>Balance, end of year</b>	<b>-</b>	<b>795,217</b>	<b>1,485,119</b>	<b>36,866,300</b>	<b>6,759,280</b>	<b>3,928,079</b>	<b>-</b>	<b>49,833,994</b>	<b>47,892,551</b>
<b>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>\$ 831,062</b>	<b>\$ -</b>	<b>\$ 33,492,035</b>	<b>\$ 34,752,408</b>
<b>2021 net book value</b>	<b>\$ 3,740,312</b>	<b>\$ 482,121</b>	<b>\$ 3,269,014</b>	<b>\$ 21,321,640</b>	<b>\$ 4,585,018</b>	<b>\$ 1,052,231</b>	<b>\$ 302,071</b>	<b>\$ 34,752,408</b>	

**COUNTY OF WARNER NO. 5**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2022

Schedule of segmented disclosure

Schedule 3

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
<b>Revenue</b>								
Net municipal taxes	\$ 7,695,574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,695,574
User fees and sales of goods	23,830	7,438	800,392	77,148	-	268,997	-	1,177,805
Government transfers for operating	156,102	14,000	-	-	-	244,747	-	414,849
Investment income	137,097	-	-	-	-	-	-	137,097
Penalties and costs of taxes	160,066	-	-	-	-	-	-	160,066
Licenses and permits	5,557	-	-	-	-	-	5,678	11,235
Gain on disposal of capital assets	-	-	86,925	-	-	-	-	86,925
Rental	3,135	-	-	-	-	11,930	57,238	72,303
Other	9,637	-	-	15	-	-	-	9,652
Fines	-	8,492	-	-	-	-	-	8,492
	8,190,998	29,930	887,317	77,163	-	525,674	62,916	9,773,998
<b>Expenses</b>								
Salaries, wages and benefits	989,239	6,000	2,478,743	22,874	-	637,482	-	4,134,338
Contracted and general services	508,285	227,743	822,861	74,570	-	12,162	9,632	1,655,253
Materials, goods, supplies and utilities	55,742	207,826	2,047,423	36,639	-	557,186	122,767	3,027,583
Bank charges and short term interest	3,537	-	-	-	-	-	-	3,537
Interest on long term debt	17,945	-	-	-	-	-	-	17,945
Transfers to organizations and others	6,096	201,213	6,490	153,459	30,944	41,717	304,903	744,822
Amortization of tangible capital assets	18,445	49,780	2,130,678	96,770	-	134,266	41,852	2,471,791
Loss on disposal of tangible capital assets	-	-	6,070	-	-	-	-	6,070
Other	157,104	-	-	-	-	-	-	157,104
	1,756,393	692,562	7,492,265	384,312	30,944	1,382,813	479,154	12,218,443
<b>Excess (deficiency) of revenue over expenses before other</b>	6,434,605	(662,632)	(6,604,948)	(307,149)	(30,944)	(857,139)	(416,238)	(2,444,445)
<b>Other</b>								
Government transfers for capital	-	-	1,090,000	-	-	-	-	1,090,000
<b>Excess (deficiency) of revenue over expenses</b>	\$ 6,434,605	\$ (662,632)	\$ (5,514,948)	\$ (307,149)	\$ (30,944)	\$ (857,139)	\$ (416,238)	\$ (1,354,445)