COUNTY OF WARNER NO. 5

Consolidated Financial Statements

For the year ended December 31, 2025

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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, 2025, 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, 2025, 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.

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:

- 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

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April 21, 2026 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, 2025 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, 2025

	2025	2024
Financial assets		
Cash and temporary investments (note 2)	$ 15,631,409	$ 5,655,900
Taxes and grants in place of taxes receivable (note 3)	1,604,899	1,926,307
Trade and other receivables (note 4)	424,612	586,801
Land held for resale	17,783	17,783
	17,678,703	8,186,791
Liabilities		
Accounts payable and accrued liabilities	777,920	567,645
Employee benefit obligations (note 5)	507,945	449,572
Provision for reclamation (note 6)	1,580,500	1,677,500
Deferred revenue (note 7)	8,122,602	-
Long-term debt (note 8)	1,000,000	-
	11,988,967	2,694,717
Net financial assets	5,689,736	5,492,074
Non-financial assets		
Prepaid expenses	202,706	179,596
Inventory for consumption (note 9)	2,440,023	2,752,554
Tangible capital assets (schedule 2)	36,380,623	35,308,751
	39,023,352	38,240,901
Accumulated surplus (note 10 and schedule 1)		
Accumulated operating surplus	44,713,088	43,732,975
Accumulated remeasurement gains (losses)	-	-
	$ 44,713,088	$ 43,732,975

Contingency (note 17)

Approved on behalf of Council:

Councillor ___________________________ Councillor ___________________________

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2025

	Budget (unaudited)	2025	2024
Revenue			
Net municipal taxes (note 13)	$ 9,767,130	$ 9,797,908	$ 9,716,726
User fees and sales of goods	645,400	852,382	710,177
Government transfers for operating (note 14)	605,951	705,557	710,001
Investment income	138,000	117,559	201,668
Penalties and costs of taxes	128,000	337,317	266,199
Licenses and permits	10,000	8,490	7,141
Gain on disposal of tangible capital assets	6,000	11,005	173,989
Rental	68,100	87,280	75,111
Other	18,000	24,866	47,314
	11,386,581	11,942,364	11,908,326
Expenses (note 15)			
Legislative	377,000	356,751	340,698
Administration	1,405,982	1,544,067	1,931,125
Other protective services	2,816,886	988,139	779,932
Transportation services	9,142,351	7,287,366	7,373,075
Environmental use and protection	400,676	397,492	385,557
Public health and welfare services	35,010	35,006	34,320
Planning and development	2,103,088	1,740,659	1,746,897
Recreation and culture	435,331	455,178	449,447
	16,716,324	12,804,658	13,041,051
Deficiency of revenue over expenses before capital revenue	(5,329,743)	(862,294)	(1,132,725)
Capital revenue			
Government transfers for capital (note 14)	1,794,057	1,770,208	1,699,363
Contributed assets	-	72,199	58,400
	1,794,057	1,842,407	1,757,763
(Deficiency) excess of revenue over expenses	(3,535,686)	980,113	625,038
Accumulated operating surplus, beginning of year	43,732,975	43,732,975	43,107,937
Accumulated operating surplus, end of year	$ 40,197,289	$ 44,713,088	$ 43,732,975

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
For the year ended December 31, 2025

	2025	2024
Accumulated remeasurement gains (losses), beginning of year	$ -	$ -
Unrealized gains (losses) attributable to:		
Equity investments	-	-
Amounts reclassified to statements of operations:		
Equity investments realized gains	-	-
Net remeasurement gains (losses) for the year	-	-
Accumulated remeasurement gains (losses), end of year	$ -	$ -

Draft 4/10/2026

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2025

	Budget (Unaudited)	2025	2024
(Deficiency) excess of revenue over expenses	$ (3,535,686)	$ 980,113	$ 625,038
Acquisition of tangible capital assets	(2,482,600)	(3,544,307)	(3,559,575)
Amortization of tangible capital assets	2,482,600	2,481,681	2,367,143
Contributed tangible capital assets	-	(72,199)	(58,400)
Net loss (gain) on disposal of tangible capital assets	-	32,695	(173,989)
Proceeds on disposal of tangible capital assets	-	30,255	341,596
	-	(1,071,875)	(1,083,225)
Net change in inventory for consumption	-	312,534	513,671
Net change in prepaid expense	-	(23,110)	1,752
	-	289,424	515,423
Increase (decrease) in net financial assets	(3,535,686)	197,662	57,236
Net financial assets, beginning of year	5,492,074	5,492,074	5,434,838
Net financial assets, end of year	$ 1,956,388	$ 5,689,736	$ 5,492,074

COUNTY OF WARNER NO. 5
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2025

	2025	2024
Operating transactions		
(Deficiency) excess of revenue over expenses	$ 980,113	$ 625,038
Adjustments for items which do not affect cash		
Net loss (gain) on disposal of tangible capital assets	32,695	(173,989)
Amortization of tangible capital assets	2,481,681	2,367,143
Contributed tangible capital assets	(72,199)	(58,400)
	3,422,290	2,759,792
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	321,408	(384,482)
Trade and other receivables	162,189	(250,264)
Inventory for consumption	312,534	513,671
Prepaid expenses	(23,110)	1,752
Accounts payable and accrued liabilities	210,275	(162,906)
Employee benefit obligations	58,373	29,353
Deferred revenue	8,122,602	(102,316)
Provision for reclamation	(97,000)	184,000
Cash provided by operating transactions	12,489,561	2,588,600
Capital transactions		
Proceeds on disposal of tangible capital assets	30,255	341,596
Acquisition of tangible capital assets	(3,544,307)	(3,559,575)
Cash applied to capital transactions	(3,514,052)	(3,217,979)
Financing transactions		
Proceeds of long-term debt	1,000,000	-
Repayment of long-term debt	-	(350,000)
Cash provided by (applied to) financing transactions	1,000,000	(350,000)
Increase (decrease) in cash and temporary investments	9,975,509	(979,379)
Cash and temporary investments, beginning of year	5,655,900	6,635,279
Cash and temporary investments, end of year	$ 15,631,409	$ 5,655,900

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.

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 transaction 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.

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) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

1. Significant accounting policies, continued

(o) 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) Intangible asset

Intangible assets with an indefinite life are not amortized and are monitored annually for impairment.

(iv) 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.

(v) Inventories

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

(vi) 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

(p) Future change in accounting policy
The following summarizes upcoming changes to Canadian public sector accounting standards. In 2026, 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) The Conceptual Framework of Financial Reporting in the Public Sector
The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of the specific standards. The standard is applicable for the fiscal years beginning on or after April 1, 2026.

b) PS 1202 Financial Statement Presentation
Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework. The standard is applicable for the fiscal years beginning on or after April 1, 2026.

2. Cash and temporary investments

Under its credit facility with the Bank of Montreal, the County holds a line of credit to a maximum of $5,000,000 and bears interest at prime plus 0.75% per annum. At December 31, 2025 the line of credit was undrawn.

3. Taxes and grants in place of taxes receivables

	2025	2024
Current taxes and grants in place of taxes receivable	$ 435,984	$ 959,174
Arrears	1,944,942	1,505,132
	2,380,926	2,464,306
Allowance for doubtful accounts	(776,027)	(537,999)
	$ 1,604,899	$ 1,926,307

4. Trade and other receivables

	2025	2024
Provincial government receivables	$ 310,560	$ 299,923
Goods and Services Tax (GST)	74,385	117,300
Trade receivables	39,667	169,578
	$ 424,612	$ 586,801

5. Employee benefit obligations

	2025	2024
Vacation and overtime	$ 317,845	$ 285,072
Post-employment benefits	190,100	164,500
	$ 507,945	$ 449,572

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 $5,600 (2024 - $1,400).

The post-employment benefit expense includes current period benefit costs of $23,400 (2024 - $8,900).

6. Provision for gravel pit reclamation

The estimated total liability related to reclamation work on various gravel pits including final coverage and landscaping is $1,580,500 (2024 - $1,677,500).

The County has not designated assets for settling reclamation liabilities.

7. 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.

	2024	Received	Recognized	2025
Alberta Transportation and Economic Corridors	-	8,000,000	276,150	7,723,850
Canada Community Building Fund (CCBF)	-	310,560	-	310,560
Alberta Community Partnership Intermunicipal Collaboration Component	-	150,000	98,481	51,519
Prepaid property taxes	-	36,673	-	36,673
Local Government Fiscal Framework (LGFF)	-	1,494,057	1,494,057	-
	-	9,991,290	1,868,688	8,122,602

8. Long-term debt

	2025	2024
Tax-supported debentures	$ 1,000,000	$ -

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2026	$ 85,041	$ 34,458	$ 119,499
2027	88,061	31,438	119,499
2028	91,188	28,311	119,499
2029	94,426	25,073	119,499
2030	97,779	21,720	119,499
Thereafter	543,505	53,988	597,493
	$ 1,000,000	$ 194,988	$ 1,194,988

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at 3.52% per annum and matures in November 2035. Debenture debt is issued on the credit and security of the County at large.

The County's total cash payments for interest in 2025 were nil (2024 - nil).

9. Inventory for consumption

	2025	2024
Gravel	$ 1,686,161	$ 2,103,195
Parts and other	509,301	389,763
Fuel and oil	108,160	128,576
Chemicals and grass seed	91,821	85,759
Blades and culverts	44,580	45,261
	$ 2,440,023	$ 2,752,554

10. Accumulated operating surplus

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

	2025	2024
Unrestricted surplus	$ 2,208,900	$ 1,129,626
Internally restricted reserves (note 12)	7,123,565	7,294,598
Equity in tangible capital assets (note 11)	35,380,623	35,308,751
	$ 44,713,088	$ 43,732,975

11. Equity in tangible capital assets

	2025	2024
Tangible capital assets (schedule 2)	$ 91,180,829	$ 88,617,336
Accumulated amortization (schedule 2)	(54,800,206)	(53,308,585)
Long-term debt (note 8)	(1,000,000)	-
	$ 35,380,623	$ 35,308,751

12. Reserves

Reserves for operating and capital activities changed as follows:

	2025	2024
Operating		
Mill rate stabilization	$ 3,698,809	$ 3,698,809
General road construction	500,000	-
Stirling drain	486,950	486,950
General recreation	172,597	122,597
A.S.B. General	150,000	-
South Warner drain	50,607	50,607
Further education - basic	45,952	45,952
	5,104,915	4,404,915
Capital		
Public works - light trucks	696,900	696,900
A.S.B. - light trucks	366,427	366,427
Fire department - trucks	332,885	1,203,918
General administration - office equipment/computer	250,369	250,369
Fire department - building	150,000	150,000
Bylaw - trucks	84,945	84,945
Public works - building	83,831	83,831
General administration - building	46,581	46,581
Parks - land Improvement	6,712	6,712
	2,018,650	2,889,683
	$ 7,123,565	$ 7,294,598

13. Net municipal property taxes

	Budget (unaudited)	2025	2024
Net municipal taxes (after requisitions)			
Real property taxes	$ 9,767,130	$ 5,554,504	$ 5,296,463
Linear property taxes	-	4,230,638	4,408,022
Government grants in place of property taxes	-	12,766	12,241
	9,767,130	9,797,908	9,716,726
Requisitions			
Alberta School Foundation Fund	2,366,006	2,368,274	2,069,063
Seniors Lodge	221,203	221,203	215,863
School Boards	42,158	39,889	38,327
	$ 2,629,367	$ 2,629,366	$ 2,323,253

14. Government transfers

	Budget (unaudited)	2025	2024
Transfers for operating:			
Provincial government	$ 604,951	$ 702,557	$ 608,001
Local government	-	2,000	2,000
Federal government	1,000	1,000	100,000
	605,951	705,557	710,001
Transfers for capital:			
Provincial government	1,494,057	1,770,208	1,343,774
Federal government	300,000	-	355,589
	1,794,057	1,770,208	1,699,363
	$ 2,400,008	$ 2,475,765	$ 2,409,364

15. Expenses by object

	Budget (unaudited)	2025	2024
Salaries, wages and benefits	$ 4,969,199	$ 4,683,870	$ 4,723,788
Contracted and general services	2,161,825	1,595,856	1,603,955
Materials, goods and utilities	4,239,113	2,756,637	2,911,476
Bank charges and short term interest	6,500	6,970	15,520
Interest on long term debt	-	-	11,375
Other expenditures	16,250	24,157	-
Transfers to local boards and agencies	1,060,751	967,310	865,032
Provision for allowances	2,000	244,477	542,762
Amortization of tangible capital assets	2,482,600	2,481,681	2,367,143
Loss on disposal of tangible capital assets	1,778,086	43,700	-
	$ 16,716,324	$ 12,804,658	$ 13,041,051

16. Budget amounts

The 2025 budget for the County was approved by Council on April 1, 2025 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		$ (3,535,686)
Less:	Capital expenditures	(2,482,600)
	Transfers to reserves	(700,000)
Add:	Amortization	2,482,600
	Transfers from reserves	1,753,086
Equals:	Deficit budget	$ (2,482,600)

17. Contingency

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.

18. 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).

19. 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:

	2025	2024
Total debt limit	$ 17,913,546	$ 17,862,488
Total debt	1,000,000	-
	$ 16,913,546	$ 17,862,488
Debt servicing limit	$ 2,985,591	$ 2,977,081
Debt servicing	119,499	-
	$ 2,866,092	$ 2,977,081

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.

20. Salary and benefits disclosure

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

	(1) Salary	(2) Benefits & allowances	2025	2024
Councillors				
Reeve - Division 4	$ 46,829	$ 8,693	$ 55,522	$ 57,687
Division 1	42,552	8,437	50,989	50,959
Division 2	41,098	3,809	44,907	37,768
Division 3	33,604	2,352	35,956	36,311
Division 5	31,734	8,133	39,867	40,153
Division 6	38,993	6,586	45,579	40,310
Division 7	43,631	6,922	50,553	46,207
Chief Administrative Officer	201,616	45,051	246,667	242,616
Designated Officers	$ 161,225	$ 26,895	$ 188,120	$ 211,541

(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.

21. 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 11.65% on pensionable earnings above this amount.

Total current service contributions by the County to the LAPP in 2025 were $258,459 (2024 - $255,889). Total current service contributions by the employees of the County to the LAPP in 2025 were $230,163 (2024 - $227,859).

At December 31, 2024, the LAPP disclosed an actuarial surplus of $19.5 billion.

22. Contaminated sites liability

The County has adopted PS3260 liability for contaminated sites. The County did not identify any financial liabilities in 2025 (2024 - nil) as a result of this standard.

23. 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.

24. Approval of financial statements

These financial statements were approved by Council and Management.

Schedule of changes in accumulated operating surplus
Schedule 1

	Unrestricted	Restricted reserves	Equity in tangible capital assets	2025	2024
Balance, beginning of year	$ 1,129,626	$ 7,294,598	$ 35,308,751	$ 43,732,975	$ 43,107,937
Excess of revenue over expenses	980,113	-	-	980,113	625,038
Restricted funds used for operations	(700,000)	700,000	-	-	-
Restricted funds used for tangible capital assets	-	(871,033)	871,033	-	-
Current year funds used for tangible capital assets	(2,673,274)	-	2,673,274	-	-
Contributed tangible capital assets	(72,199)	-	72,199	-	-
Disposal of tangible capital assets	62,953	-	(62,953)	-	-
Amortization of tangible capital assets	2,481,681	-	(2,481,681)	-	-
Long-term debt related to tangible capital assets issued	1,000,000	-	(1,000,000)	-	-
Change in accumulated surplus	1,079,274	(171,033)	71,872	980,113	625,038
Balance, end of year	$ 2,208,900	$ 7,123,565	$ 35,380,623	$ 44,713,088	$ 43,732,975

Schedule of tangible capital assets **Schedule 2**

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2025	2024
Cost:									
Balance, beginning of year	$ 3,740,312	$ 1,969,736	$ 4,698,782	$ 59,743,802	$ 12,720,207	$ 4,862,444	$ 882,053	$ 88,617,336	$ 85,523,333
Acquisitions	-	-	-	1,314,630	310,424	944,968	1,046,484	3,616,506	3,617,975
Transfers	-	-	-	-	-	882,053	(882,053)	-	-
Disposals	-	-	-	-	(123,868)	(929,145)	-	(1,053,013)	(523,972)
Balance, end of year	3,740,312	1,969,736	4,698,782	61,058,432	12,906,763	5,760,320	1,046,484	91,180,829	88,617,336
Accumulated amortization:									
Balance, beginning of year	-	941,967	1,651,507	39,513,449	7,157,221	4,044,441	-	53,308,585	51,297,803
Annual amortization	-	66,599	83,101	1,376,277	653,591	302,113	-	2,481,681	2,367,143
Disposals	-	-	-	-	(114,948)	(875,112)	-	(990,060)	(356,361)
Balance, end of year	-	1,008,566	1,734,608	40,889,726	7,695,864	3,471,442	-	54,800,206	53,308,585
Net book value	$ 3,740,312	$ 961,170	$ 2,964,174	$ 20,168,706	$ 5,210,899	$ 2,288,878	$ 1,046,484	$ 36,380,623	$ 35,308,751
2024 net book value	$ 3,740,312	$ 1,027,769	$ 3,047,275	$ 20,230,354	$ 5,562,986	$ 818,003	$ 882,053	$ 35,308,751	

Vehicles of $72,199 (2024 - $58,400) were acquired as contributed tangible capital assets.

COUNTY OF WARNER NO. 5
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

Schedule of segmented disclosure **Schedule 3**

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net municipal taxes	$ 9,797,908	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,797,908
User fees and sales of goods	85,684	15,068	508,334	78,493	-	164,803	-	852,382
Government transfers for operating	312,204	2,000	102,966	-	-	288,387	-	705,557
Investment income	117,559	-	-	-	-	-	-	117,559
Penalties and costs of taxes	337,317	-	-	-	-	-	-	337,317
Licenses and permits	5,263	-	-	-	-	-	3,227	8,490
Gain on disposal of capital assets	-	-	-	-	-	11,005	-	11,005
Rental	6,800	-	-	-	-	17,835	62,645	87,280
Other	24,665	-	121	80	-	-	-	24,866
	10,687,400	17,068	611,421	78,573	-	482,030	65,872	11,942,364
Expenses								
Salaries, wages and benefits	1,103,464	5,000	2,791,092	25,704	-	758,609	-	4,683,870
Contracted and general services	458,071	231,874	629,297	86,437	-	169,053	21,124	1,595,856
Materials, goods and utilities	52,418	209,991	1,843,027	40,520	-	558,005	52,676	2,756,637
Bank charges and short term interest	6,970	-	-	-	-	-	-	6,970
Other expenditures	24,157	-	-	-	-	-	-	24,157
Transfers to local boards and agencies	1,658	334,633	6,490	161,914	35,006	103,254	324,355	967,310
Provision for allowances	244,477	-	-	-	-	-	-	244,477
Amortization of tangible capital assets	9,606	167,598	2,012,801	82,916	-	151,737	57,023	2,481,681
Loss on disposal of tangible capital assets	-	39,042	4,659	-	-	-	-	43,700
	1,900,821	988,138	7,287,366	397,491	35,006	1,740,658	455,178	12,804,658
Excess (deficiency) of revenue over expenses before capital revenue	8,786,579	(971,070)	(6,675,945)	(318,918)	(35,006)	(1,258,628)	(389,306)	(862,294)
Other								
Government transfers for capital	-	-	1,770,208	-	-	-	-	1,770,208
Contributed assets	-	72,199	-	-	-	-	-	72,199
	-	72,199	1,770,208	-	-	-	-	1,842,407
Excess (deficiency) of revenue over expenses	$ 8,786,579	$ (898,871)	$ (4,905,737)	$ (318,918)	$ (35,006)	$ (1,258,628)	$ (389,306)	$ 980,113