

# **VILLAGE OF WARNER**

## **Financial Statements**

**For the Year Ended December 31, 2019**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The consolidated financial statements are the responsibility of the management of the Village of Warner (the Village).

These consolidated financial statements have been prepared from information provided by management. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The Village 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 Village's assets are properly accounted for and adequately safeguarded.

The elected Council of the Village is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council meets periodically with management and the external auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Council approves the financial statements. The Council approves the appointment of the external auditors and reviews the monthly financial reports.

The consolidated financial statements have been audited by Shawn Cook Professional Corporation, Chartered Professional Accountants, the external auditor, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Village. Shawn Cook Professional Corporation has full and free access to the Council.

A handwritten signature in black ink, appearing to read 'Jon Hood', is written over a horizontal line. Below the line, the text 'Jon Hood, CAO' is printed.

Jon Hood, CAO

Warner, AB



## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Village of Warner

### **Opinion**

We have audited the financial statements of Village of Warner (the Village), which comprise the consolidated statement of financial position as at December 31, 2019, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2019, and 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 Municipality in accordance with ethical requirements that are relevant to our audit of the 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 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 financial statements, management is responsible for assessing the Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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:

(continues)

Independent Auditor's Report to the Members of Village of Warner *(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 Municipality'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 Municipality'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 Municipality 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.

*Shawn Cook*  
*Professional Corporation*

Lethbridge, Alberta  
June 17, 2020

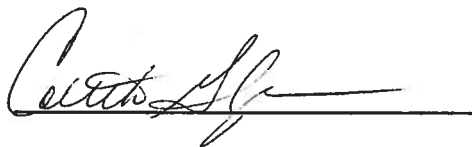
Chartered Professional Accountants

**VILLAGE OF WARNER**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2019**

	2019 \$	2018 \$
<b>FINANCIAL ASSETS</b>		
Cash	376,008	306,317
Receivables		
Taxes and grants in place of taxes (Note 2)	104,758	88,948
Trade and other	122,239	66,083
Land held for resale	<u>12,782</u>	<u>12,782</u>
	<u>615,787</u>	<u>474,130</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	109,345	122,838
Deferred revenue (Note 3)	48,004	84,388
Long-term debt (Note 4)	<u>708,899</u>	<u>739,948</u>
	<u>866,248</u>	<u>947,174</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>(250,461)</u>	<u>(473,044)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	5,036,303	5,143,368
Inventory for consumption	37,069	45,929
Prepaid expenses and deposits	<u>3,196</u>	<u>6,350</u>
	<u>5,076,568</u>	<u>5,195,647</u>
<b>ACCUMULATED SURPLUS (Schedule 1 and Note 7)</b>	<u><u>4,826,107</u></u>	<u><u>4,722,603</u></u>

**CONTINGENCIES (Note 10)**

Approved by the Council:




**VILLAGE OF WARNER**  
**Consolidated Statement of Operations**  
**For the Year Ended December 31, 2019**

	Budget (Unaudited) \$	2019 \$	2018 \$
<b>REVENUES</b>			
Net municipal property taxes (Schedule 3)	341,615	428,514	374,592
User fees and sales of goods	266,828	374,631	347,432
Government transfers (Schedule 4)	105,400	98,178	100,562
Rental	43,000	65,585	37,960
Penalties and costs of taxes	12,800	22,678	19,912
Investment income	1,250	4,973	5,350
Licenses, permits and fines	1,000	690	640
Other	<u>6,500</u>	<u>13,121</u>	<u>5,821</u>
	<u>778,393</u>	<u>1,008,370</u>	<u>892,269</u>
<b>EXPENSES</b>			
Administration	245,250	298,180	328,417
Roads, streets, walks, lighting and common services	176,950	128,385	149,139
Water supply and wastewater treatment	284,018	163,384	209,958
Parks and recreation	14,950	14,607	24,550
Waste management	53,485	42,056	33,472
Legislative	30,450	35,722	25,331
Police, fire and bylaw enforcement	20,401	62,227	38,000
Other	155,250	102,257	110,626
Planning and development	16,525	5,792	3,738
Amortization	<u>13,300</u>	<u>260,811</u>	<u>258,557</u>
	<u>1,010,579</u>	<u>1,113,421</u>	<u>1,181,788</u>
<b>(DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER</b>	(232,186)	(105,051)	(289,519)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	<u>233,000</u>	<u>208,555</u>	<u>308,094</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	814	103,504	18,575
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>4,722,603</u>	<u>4,722,603</u>	<u>4,704,028</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u>4,723,417</u></u>	<u><u>4,826,107</u></u>	<u><u>4,722,603</u></u>

# VILLAGE OF WARNER

## Consolidated Statement of Change in Net Financial Assets For the Year Ended December 31, 2019

	Budget (Unaudited) \$	2019 \$	2018 \$
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>814</u>	<u>103,504</u>	<u>18,575</u>
Acquisition of tangible capital assets	(41,163)	(153,746)	(393,738)
Proceeds on disposal of tangible capital assets	-	-	-
Amortization of tangible capital assets	13,300	260,811	258,557
	<u>(27,863)</u>	<u>107,065</u>	<u>(135,181)</u>
Use (acquisition) of prepaid assets and deposits	-	3,154	(2,064)
Acquisition of inventory for consumption	-	8,860	9,512
	<u>-</u>	<u>12,014</u>	<u>7,448</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(27,049)	222,583	(109,158)
<b>NET FINANCIAL (DEBT), BEGINNING OF YEAR</b>	<u>(473,044)</u>	<u>(473,044)</u>	<u>(363,886)</u>
<b>NET FINANCIAL (DEBT), END OF YEAR</b>	<u>(500,093)</u>	<u>(250,461)</u>	<u>(473,044)</u>



**VILLAGE OF WARNER****Consolidated Statement of Cash Flows  
For the Year Ended December 31, 2019**

	2019 \$	2018 \$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	103,504	18,575
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	260,811	258,557
Non-cash charges to operations (net changes)		
(Increase) in taxes and grants in lieu receivable	(15,810)	(5,906)
(Increase) decrease in trade and other receivables	(56,156)	48,033
Decrease in inventory for consumption	8,860	9,513
Decrease (increase) in prepaid expenses and deposits	3,154	(2,065)
(Increase) in accounts payable and accrued liabilities	(13,493)	(21,411)
(Decrease) increase in deferred revenue	<u>(36,384)</u>	<u>79,010</u>
	<u>254,486</u>	<u>384,306</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	<u>(153,746)</u>	<u>(393,738)</u>
<b>FINANCING</b>		
Long-term debt issued	-	193,966
Long-term debt repaid	<u>(31,049)</u>	<u>(24,872)</u>
	<u>(31,049)</u>	<u>169,094</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	69,691	159,662
<b>CASH, BEGINNING OF YEAR</b>	<u>306,317</u>	<u>146,655</u>
<b>CASH, END OF YEAR</b>	<u><u>376,008</u></u>	<u><u>306,317</u></u>

# VILLAGE OF WARNER

## Schedule of Changes in Accumulated Surplus For the Year Ended December 31, 2019

Schedule 1

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2019 \$	2018 \$
<b>BALANCE, BEGINNING OF THE YEAR</b>	<u>180,095</u>	<u>139,088</u>	<u>4,403,420</u>	<u>4,722,603</u>	<u>4,704,028</u>
Excess of revenues over expenses	103,504	-	-	103,504	18,575
Current year funds used for tangible capital assets	(153,746)	-	153,746	-	-
Annual amortization expense	260,811	-	(260,811)	-	-
Long-term debt repaid	(31,049)	-	31,049	-	-
Change in accumulated surplus	<u>179,520</u>	<u>-</u>	<u>(76,016)</u>	<u>103,504</u>	<u>18,575</u>
<b>BALANCE, END OF YEAR</b>	<u><u>359,615</u></u>	<u><u>139,088</u></u>	<u><u>4,327,404</u></u>	<u><u>4,826,107</u></u>	<u><u>4,722,603</u></u>

**VILLAGE OF WARNER**  
**Schedule of Tangible Capital Assets**  
**For the Year Ended December 31, 2019**

**Schedule 2**

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	2019 \$	2018 \$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	25,857	344,601	2,902,566	9,282,453	774,375	326,666	13,656,518	13,262,780
Acquisition of tangible capital assets	-	-	-	153,746	-	-	153,746	393,738
BALANCE, END OF YEAR	<u>25,857</u>	<u>344,601</u>	<u>2,902,566</u>	<u>9,436,199</u>	<u>774,375</u>	<u>326,666</u>	<u>13,810,264</u>	<u>13,656,518</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	258,400	1,730,792	5,945,902	352,995	225,061	8,513,150	8,254,593
Annual amortization	-	17,230	32,894	164,496	31,924	14,267	260,811	258,557
BALANCE, END OF YEAR	-	<u>275,630</u>	<u>1,763,686</u>	<u>6,110,398</u>	<u>384,919</u>	<u>239,328</u>	<u>8,773,961</u>	<u>8,513,150</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>25,857</u>	<u>68,971</u>	<u>1,138,880</u>	<u>3,325,801</u>	<u>389,456</u>	<u>87,338</u>	<u>5,036,303</u>	<u>5,143,368</u>
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>25,857</u>	<u>86,201</u>	<u>1,171,774</u>	<u>3,336,551</u>	<u>421,380</u>	<u>101,605</u>	<u>5,143,368</u>	

**VILLAGE OF WARNER**  
**Schedule of Property Taxes Levied**  
**December 31, 2019**

**Schedule 3**

	Budget (Unaudited) \$	2019 \$	2018 \$
<b>TAXATION</b>			
Real property taxes	<u>419,650</u>	<u>505,958</u>	<u>450,428</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	68,500	67,883	66,288
Seniors foundation	9,535	9,531	9,535
Designated industrial properties	<u>-</u>	<u>30</u>	<u>13</u>
	<u>78,035</u>	<u>77,444</u>	<u>75,836</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u><b>341,615</b></u>	<u><b>428,514</b></u>	<u><b>374,592</b></u>

**VILLAGE OF WARNER**  
**Schedule of Government Transfers**  
**December 31, 2019**

**Schedule 4**

	Budget (Unaudited) \$	2019 \$	2018 \$
<b>TRANSFERS FOR OPERATIONS</b>			
Provincial Government	67,200	52,625	55,009
Other Local Governments	<u>38,200</u>	<u>45,553</u>	<u>45,553</u>
	<u>105,400</u>	<u>98,178</u>	<u>100,562</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	<u>233,000</u>	<u>208,555</u>	<u>308,094</u>
	<u><b>338,400</b></u>	<u><b>306,733</b></u>	<u><b>408,656</b></u>

**VILLAGE OF WARNER****Schedule of Consolidated Expenditures by Object  
December 31, 2019****Schedule 5**

	Budget (Unaudited) \$	2019 \$	2018 \$
<b>EXPENDITURES</b>			
Contracted and general services	453,999	358,361	414,534
Salaries, wages and benefits	262,480	261,197	228,800
Materials, goods and utilities	276,850	197,332	254,103
Transfers to local boards and agencies	17,200	1,500	1,500
Bank charges and short-term interest	50	363	426
Interest on long-term debt	-	24,488	22,628
Other	-	9,369	1,240
Amortization	-	260,811	258,557
	<u><b>1,010,579</b></u>	<u><b>1,113,421</b></u>	<u><b>1,181,788</b></u>

**VILLAGE OF WARNER**  
**Schedule of Segmented Disclosure**  
**For the Year Ended December 31, 2019**

**Schedule 6**

	General Government \$	Protective Services \$	Transportation Services \$	Planning & Development \$	Recreation & Culture \$	Environmental Services \$	Total
<b>REVENUES</b>							
Net municipal taxes	428,514	-	-	-	-	-	428,514
Government transfers	52,625	-	80,900	-	41,460	131,748	306,733
User fees and sales of goods	39,597	58,081	17,672	-	15,141	244,140	374,631
Investment income	4,973	-	-	-	-	-	4,973
Other revenue	48,719	-	1,556	690	49,349	1,760	102,074
	<u>574,428</u>	<u>58,081</u>	<u>100,128</u>	<u>690</u>	<u>105,950</u>	<u>377,648</u>	<u>1,216,925</u>
<b>EXPENSES</b>							
Contracted and general services	140,542	54,973	8,974	5,529	22,821	125,522	358,361
Salaries, wages and benefits	152,222	-	53,966	263	36,893	17,853	261,197
Materials, goods and utilities	31,406	6,974	65,318	-	53,180	40,454	197,332
Transfers to local boards and agencies	-	-	-	-	1,500	-	1,500
Interest on long-term debt	-	280	127	-	2,470	21,611	24,488
Other expenses	<u>9,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,732</u>
	<u>333,902</u>	<u>62,227</u>	<u>128,385</u>	<u>5,792</u>	<u>116,864</u>	<u>205,440</u>	<u>852,610</u>
<b>NET REVENUES BEFORE AMORTIZATION</b>	240,526	(4,146)	(28,257)	(5,102)	(10,914)	172,208	364,315
Amortization	<u>15,019</u>	<u>18,852</u>	<u>88,393</u>	<u>-</u>	<u>29,115</u>	<u>109,432</u>	<u>260,811</u>
<b>NET REVENUES</b>	<u>225,507</u>	<u>(22,998)</u>	<u>(116,650)</u>	<u>(5,102)</u>	<u>(40,029)</u>	<u>62,776</u>	<u>103,504</u>

# VILLAGE OF WARNER

## Notes to Financial Statements

December 31, 2019

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### 1. Significant Accounting Policies

The consolidated financial statements of the Village of Warner 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 Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Village of Warner are as follows:

a) Reporting Entity -

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. The entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the town and are, therefore, accountable to the town council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, 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 measureable. Expenses are recognized as they are incurred and measureable 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 generally accepted accounting principles 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 expenditure during the reported period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Inventories for Resale -

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



# VILLAGE OF WARNER

## Notes to Financial Statements

December 31, 2019

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### 1. Significant Accounting Policies (continued)

e) 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.

f) 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.

g) 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.

1) Tangible Capital Assets -

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

	<u>YEARS</u>
Land Improvements	10-20
Buildings	25-50
Engineered Structures	20-40
Machinery and Equipment	5-20
Vehicles	10-20

A full year of amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

2) Inventories -

Inventories held for consumption are recorded at the lower of cost or replacement cost.

3) 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.

# VILLAGE OF WARNER

## Notes to Financial Statements

December 31, 2019

### 2. Taxes and Grants in Place of Taxes Receivables

	2019 \$	2018 \$
Current taxes and grants in place of taxes	56,082	48,363
Arrears taxes	<u>48,676</u>	<u>40,585</u>
	<u>104,758</u>	<u>88,948</u>

### 3. Deferred Revenue

	2019	2018
Municipal Sustainability Initiative - Capital	27,208	47,567
Alberta Community Partnership Grant	18,500	18,500
Federal Gas Tax Fund Grant	-	16,025
Other	<u>2,296</u>	<u>2,296</u>
	<u>48,004</u>	<u>84,388</u>

#### Municipal Sustainability Initiative

Funding in the amount of \$199,571 was received in the current year from the Municipal Sustainability Initiative. Of the \$199,571 received, \$146,946 is from the capital component of the program and is restricted to eligible capital projects, as approved under the funding agreement, which were scheduled for completion in 2019. The remaining \$52,625 is from the operating component of the program and is restricted to eligible operating projects, as approved under the funding agreement, which were also scheduled for completion in 2019.

### 4. Long-term Debt

	2019 \$	2018 \$
Self-supported debentures	\$ 708,899	\$ 739,948
	<u>\$ 708,899</u>	<u>\$ 739,948</u>

The current portion of the long-term debt amounts to \$37,555 (2018 - \$36,282).

Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2020	37,555	26,019	63,574
2021	38,978	24,596	63,574
2022	40,455	23,119	63,574
2023	41,989	21,585	63,574
2024	43,583	19,991	63,574
Thereafter	<u>506,339</u>	<u>97,690</u>	<u>604,029</u>
	<u>\$ 708,899</u>	<u>\$ 213,000</u>	<u>\$ 921,899</u>

## VILLAGE OF WARNER

### Notes to Financial Statements

December 31, 2019

#### 5. Equity in Tangible Capital Assets

	2019	2018
	\$	\$
Tangible capital assets (Schedule 2)	13,810,264	13,656,518
Accumulated amortization (Schedule 2)	(8,773,961)	(8,513,150)
Long-term debt (Note 4)	(708,899)	(739,948)
	<u>4,327,404</u>	<u>4,403,420</u>

#### 6. 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 village be disclosed as follows:

	2019	2018
	\$	\$
Total debt limit	1,512,555	1,338,404
Total debt	<u>708,899</u>	<u>739,948</u>
Total unused debt limit	<u>803,656</u>	<u>598,456</u>
Service on debt limit	252,093	223,067
Service on debt	<u>63,574</u>	<u>63,574</u>
Amount of unused service on debt	<u>188,519</u>	<u>159,493</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that 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.

#### 7. Accumulated Surplus (Deficit)

	2019	2018
	\$	\$
Unrestricted surplus	<u>359,615</u>	<u>180,095</u>
Restricted surplus		
Operating reserves - culture	26,449	26,449
Capital reserves	64,446	64,446
Capital reserves - administration	6,200	6,200
Capital reserves - sewer	25,000	25,000
Capital reserves - Civic Centre	<u>16,993</u>	<u>16,993</u>
	<u>139,088</u>	<u>139,088</u>
Equity in tangible capital assets	<u>4,327,404</u>	<u>4,403,420</u>
	<u>4,826,107</u>	<u>4,722,603</u>

# VILLAGE OF WARNER

## Notes to Financial Statements

December 31, 2019

### 8. Segmented Disclosure

The Village of Warner 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 6).

### 9. Salary and Benefits Disclosure

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

	Salary (1)	Benefits & Allowances (2)	2019 Total	2018 Total
	\$	\$	\$	\$
Mayor - Tyler Lindsay	3,840	-	3,840	3,840
Councilor - Eric Burns	3,200	-	3,200	3,840
- Colette Glynn	3,840	-	3,840	3,840
- Colleen Jennings	2,880	-	2,880	3,840
- Sharla Nelson	3,720	-	3,720	3,840
Administrator - CAO Hood	64,479	4,834	69,313	68,983
Designated officers - assessor (1)	10,400	-	10,400	8,320

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) 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, accident 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, car and travel allowances, conferences, and memberships.

### 10. Contingencies

The village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the village 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.

# **VILLAGE OF WARNER**

## **Notes to Financial Statements**

**December 31, 2019**

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### **11. Financial Instruments**

The village's financial instruments consist of cash and temporary investments, receivables, accounts payable, accrued liabilities and long-term debt. It is management's opinion that the village is not exposed to significant interest, currency or credit risks arising from these financial statements.

The village 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 village 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.

### **12. Subsequent Events**

Since December 31, 2019 the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Government and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the organization.

### **13. Comparative Figures**

Some of the comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year earnings.

### **14. Approval of Financial Statements**

Council and Management have approved these financial statements.