

# VILLAGE OF WARNER

## Financial Statements

For the Year Ended December 31, 2016

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## **INDEPENDENT AUDITORS' REPORT**

**To The Mayor and Council  
of the Village of Warner**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Village of Warner, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations, changes in net financial assets and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the town's preparation and fair presentation of the consolidated financial statements 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 town's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Village of Warner as at December 31, 2016, the results of its operations, change in its net financial assets and its cash flows for the period then ended in accordance with Canadian public sector accounting standards.

Lethbridge, Alberta

April 19, 2017

Chartered Accountants

**VILLAGE OF WARNER**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2016**

	2016 \$	2015 \$
<b>FINANCIAL ASSETS</b>		
Cash	450,777	166,698
Receivables		
Taxes and grants in place of taxes (Note 2)	106,389	83,247
Trade and other	107,694	163,669
Land held for resale	<u>12,782</u>	<u>12,782</u>
	<u>677,642</u>	<u>426,396</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	406,656	110,182
Deferred revenue (Note 3)	48,803	52,296
Long-term debt (Note 4)	<u>594,748</u>	<u>617,636</u>
	<u>1,050,207</u>	<u>780,114</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>(372,565)</u>	<u>(353,718)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	5,079,121	5,054,765
Inventory for consumption	45,408	47,796
Prepaid expenses and deposits	<u>3,464</u>	<u>3,500</u>
	<u>5,127,993</u>	<u>5,106,061</u>
<b>ACCUMULATED SURPLUS (Schedule 1 and Note 7)</b>	<u>4,755,428</u>	<u>4,752,343</u>

**CONTINGENCIES (Note 10)**

Approved by the Council:

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**VILLAGE OF WARNER**  
**Consolidated Statement of Operations**  
**For the Year Ended December 31, 2016**

	Budget (Unaudited) \$	2016 \$	2015 \$
<b>REVENUES</b>			
Net municipal property taxes (Schedule 3)	341,225	327,192	323,426
User fees and sales of goods	276,212	291,838	294,707
Government transfers (Schedule 4)	156,417	98,547	199,515
Rental	43,925	46,704	50,481
Investment income	1,250	2,068	2,497
Donations	26,500	15,000	64,110
Penalties and costs of taxes	12,800	19,969	22,212
Licenses, permits and fines	1,000	2,103	794
Other	9,000	3,909	4,052
	<u>868,329</u>	<u>807,330</u>	<u>961,794</u>
<b>EXPENSES</b>			
Administration	208,650	283,166	355,880
Roads, streets, walks, lighting and common services	178,000	110,563	122,299
Water supply and wastewater treatment	266,018	119,324	135,247
Parks and recreation	21,935	34,889	31,859
Waste management	47,125	51,229	43,405
Legislative	40,098	34,650	29,265
Police, fire and bylaw enforcement	18,055	45,206	69,629
Loss on disposal of tangible capital assets	-	-	3,924
Other	268,500	106,108	137,763
Planning and development	18,345	16,311	7,400
Amortization	13,300	245,928	242,106
	<u>1,080,026</u>	<u>1,047,374</u>	<u>1,178,777</u>
<b>(DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER</b>	<b>(211,697)</b>	<b>(240,044)</b>	<b>(216,983)</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	<u>222,500</u>	<u>243,129</u>	<u>161,370</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>10,803</b>	<b>3,085</b>	<b>(55,613)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u><b>4,752,343</b></u>	<u><b>4,752,343</b></u>	<u><b>4,807,956</b></u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><b>4,763,146</b></u>	<u><b>4,755,428</b></u>	<u><b>4,752,343</b></u>

**VILLAGE OF WARNER****Consolidated Statement of Change in Net Financial Assets  
For the Year Ended December 31, 2016**

	Budget (Unaudited) \$	2016 \$	2015 \$
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES</b>	<u>10,803</u>	<u>3,085</u>	<u>(55,613)</u>
Acquisition of tangible capital assets	(41,163)	(270,284)	(133,395)
Proceeds on disposal of tangible capital assets	-	-	-
Amortization of tangible capital assets	13,300	245,928	242,106
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>3,924</u>
	<u>(27,863)</u>	<u>(24,356)</u>	<u>112,635</u>
Use of prepaid assets and deposits	-	36	2,926
Acquisition of inventory for consumption	<u>-</u>	<u>2,388</u>	<u>(2,634)</u>
	<u>-</u>	<u>2,424</u>	<u>292</u>
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	<b>(17,060)</b>	<b>(18,847)</b>	<b>57,314</b>
<b>NET FINANCIAL (DEBT), BEGINNING OF YEAR</b>	<u><b>(353,718)</b></u>	<u><b>(353,718)</b></u>	<u><b>(411,032)</b></u>
<b>NET FINANCIAL (DEBT), END OF YEAR</b>	<u><u><b>(370,778)</b></u></u>	<u><u><b>(372,565)</b></u></u>	<u><u><b>(353,718)</b></u></u>

**VILLAGE OF WARNER**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2016**

	2016	2015
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (deficiency) of revenues over expenses	3,085	(55,613)
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	245,928	242,106
Loss on disposal of tangible capital assets	-	3,924
Non-cash charges to operations (net changes)		
(Increase) decrease in taxes and grants in lieu receivable	(23,142)	51,418
Decrease (increase) in trade and other receivables	55,975	(26,282)
Decrease (increase) in inventory for consumption	2,388	(2,634)
Decrease in prepaid expenses and deposits	36	2,926
Decrease (increase) in accounts payable and accrued liabilities	296,474	(36,839)
(Decrease) increase in deferred revenue	<u>(3,493)</u>	<u>50,000</u>
	<u>577,251</u>	<u>229,006</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	<u>(270,284)</u>	<u>(133,395)</u>
<b>FINANCING</b>		
Long-term debt repaid	<u>(22,888)</u>	<u>(22,056)</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	284,079	73,555
<b>CASH, BEGINNING OF YEAR</b>	<u>166,698</u>	<u>93,143</u>
<b>CASH, END OF YEAR</b>	<u>450,777</u>	<u>166,698</u>

**VILLAGE OF WARNER**

**Schedule of Changes in Accumulated Surplus  
For the Year Ended December 31, 2016  
Schedule 1**

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2016 \$	2015 \$
<b>BALANCE, BEGINNING OF THE YEAR</b>	<u>176,126</u>	<u>139,088</u>	<u>4,437,129</u>	<u>4,752,343</u>	<u>4,807,956</u>
Excess of revenues over expenses	3,085	-	-	3,085	(55,613)
Current year funds used for tangible capital assets	(270,284)	-	270,284	-	-
Annual amortization expense	245,928	-	(245,928)	-	-
Long-term debt repaid	(22,888)	-	22,888	-	-
Change in accumulated surplus	<u>(44,159)</u>	<u>-</u>	<u>47,244</u>	<u>3,085</u>	<u>(55,613)</u>
<b>BALANCE, END OF YEAR</b>	<u>131,967</u>	<u>139,088</u>	<u>4,484,373</u>	<u>4,755,428</u>	<u>4,752,343</u>

**VILLAGE OF WARNER**  
**Schedule of Tangible Capital Assets**  
**For the Year Ended December 31, 2016**  
**Schedule 2**

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	2016 \$	2015 \$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	23,857	344,601	2,799,865	8,817,488	509,746	355,519	12,851,076	12,721,605
Acquisition of tangible capital assets	-	-	102,701	167,583	-	-	270,284	133,395
Disposal of tangible capital assets	-	-	-	-	-	-	-	(3,924)
BALANCE, END OF YEAR	<u>23,857</u>	<u>344,601</u>	<u>2,902,566</u>	<u>8,985,071</u>	<u>509,746</u>	<u>355,519</u>	<u>13,121,360</u>	<u>12,851,076</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	206,760	1,632,109	5,468,536	282,196	206,710	7,796,311	7,554,205
Annual amortization	-	<u>16,418</u>	<u>32,894</u>	<u>156,126</u>	<u>23,260</u>	<u>17,230</u>	<u>245,928</u>	<u>242,106</u>
BALANCE, END OF YEAR	-	<u>223,178</u>	<u>1,665,003</u>	<u>5,624,662</u>	<u>305,456</u>	<u>223,940</u>	<u>8,042,239</u>	<u>7,796,311</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>23,857</u>	<u>121,423</u>	<u>1,237,563</u>	<u>3,360,409</u>	<u>204,290</u>	<u>131,579</u>	<u>5,079,121</u>	<u>5,054,765</u>
<b>2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>23,857</u>	<u>137,841</u>	<u>1,167,756</u>	<u>3,348,952</u>	<u>227,550</u>	<u>148,809</u>	<u>5,054,765</u>	

**VILLAGE OF WARNER**  
**Schedule of Property Taxes Levied**  
**December 31, 2016**

**Schedule 3**

	Budget (Unaudited) \$	2016 \$	2015 \$
<b>TAXATION</b>			
Real property taxes	<u>414.600</u>	<u>398.887</u>	<u>395.992</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	64,225	63,303	63,868
Seniors foundation	<u>9.150</u>	<u>8.392</u>	<u>8.698</u>
	<u>73.375</u>	<u>71.695</u>	<u>72.566</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u><u>341.225</u></u>	<u><u>327.192</u></u>	<u><u>323.426</u></u>

**VILLAGE OF WARNER**  
**Schedule of Government Transfers**  
**December 31, 2016**

**Schedule 4**

	Budget (Unaudited) \$	2016 \$	2015 \$
<b>TRANSFERS FOR OPERATIONS</b>			
Provincial Government	142,717	47,454	144,329
Other Local Governments	<u>13,700</u>	<u>51,093</u>	<u>55,186</u>
	<u>156,417</u>	<u>98,547</u>	<u>199,515</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	<u>222,500</u>	<u>243,129</u>	<u>161,370</u>
	<u><u>378,917</u></u>	<u><u>341,676</u></u>	<u><u>360,885</u></u>

**VILLAGE OF WARNER****Schedule of Consolidated Expenditures by Object  
December 31, 2016**

Schedule 5

	Budget (Unaudited) \$	2016 \$	2015 \$
<b>EXPENDITURES</b>			
Salaries, wages and benefits	259,778	252,949	299,619
Contracted and general services	395,543	345,254	365,840
Materials, goods and utilities	387,300	171,434	222,729
Transfers to local boards and agencies	16,800	1,500	7,533
Bank charges and short-term interest	50	231	3,220
Interest on long-term debt	70,500	24,612	25,444
Other	-	5,466	8,362
Loss on disposal of tangible capital assets	-	-	3,924
Amortization	-	245,928	242,106
	<u>1,129,971</u>	<u>1,047,374</u>	<u>1,178,777</u>

**VILLAGE OF WARNER**  
**Schedule of Segmented Disclosure**  
**For the Year Ended December 31, 2016**  
**Schedule 6**

	General Government \$	Protective Services \$	Transportation Services \$	Planning & Development \$	Recreation & Culture \$	Environmental Services \$	Total
<b>REVENUES</b>							
Net municipal taxes	327,192	-	-	-	-	-	327,192
Government transfers	14,904	3,500	25,750	-	165,075	132,447	341,676
User fees and sales of goods	25,029	759	13,882	-	9,412	242,756	291,838
Investment income	2,068	-	-	-	-	-	2,068
Other revenue	<u>35,618</u>	<u>15,000</u>	<u>1,738</u>	<u>5,103</u>	<u>29,479</u>	<u>747</u>	<u>87,685</u>
	<u>404,811</u>	<u>19,259</u>	<u>41,370</u>	<u>5,103</u>	<u>203,966</u>	<u>375,950</u>	<u>1,050,459</u>
<b>EXPENSES</b>							
Contracted and general services	140,370	15,219	41,677	16,106	31,107	100,775	345,254
Salaries, wages and benefits	137,989	21,750	25,960	205	56,995	10,050	252,949
Materials, goods and utilities	35,016	8,237	42,926	-	50,139	35,116	171,434
Transfers to local boards and agencies	(1,256)	-	-	-	2,756	-	1,500
Interest on long-term debt	-	-	-	-	-	24,612	24,612
Other expenses	<u>5,697</u>	-	-	-	-	-	<u>5,697</u>
	<u>317,816</u>	<u>45,206</u>	<u>110,563</u>	<u>16,311</u>	<u>140,997</u>	<u>170,553</u>	<u>801,446</u>
<b>NET REVENUES BEFORE AMORTIZATION</b>	86,995	(25,947)	(69,193)	(11,208)	62,969	205,397	249,013
Amortization	<u>15,292</u>	<u>17,566</u>	<u>92,807</u>	-	<u>14,417</u>	<u>105,846</u>	<u>245,928</u>
<b>NET REVENUES</b>	<u>71,703</u>	<u>(43,513)</u>	<u>(162,000)</u>	<u>(11,208)</u>	<u>48,552</u>	<u>99,551</u>	<u>3,085</u>

# VILLAGE OF WARNER

## Notes to Financial Statements

December 31, 2016

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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, 2016**

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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, 2016

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

	2016 \$	2015 \$
Current taxes and grants in place of taxes	55,682	50,523
Arrears taxes	<u>50,707</u>	<u>32,724</u>
	<u>106,389</u>	<u>83,247</u>

### 3. Deferred Revenue

	2016	2015
Federal Gas Tax Fund Grant	-	94,646
Municipal Sustainability Initiative - Capital	46,507	-
Other	<u>2,296</u>	<u>2,296</u>
	<u>2,296</u>	<u>96,942</u>

#### Municipal Sustainability Initiative

Funding in the amount of \$227,294 was received in the current year from the Municipal Sustainability Initiative. Of the \$227,294 received, \$179,840 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 2016. The remaining \$47,454 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 2016.

### 4. Long-term Debt

	2016 \$	2015 \$
Self-supported debentures	<u>\$ 594,748</u>	<u>\$ 617,636</u>

The current portion of the long-term debt amounts to \$23,890 (2015 - \$22,953).

Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2017	23,890	23,610	47,500
2018	24,867	22,633	47,500
2019	25,884	21,616	47,500
2020	26,943	20,557	47,500
2021	28,046	19,454	47,500
Thereafter	<u>465,118</u>	<u>129,421</u>	<u>594,539</u>
	<u>\$ 594,748</u>	<u>\$ 237,291</u>	<u>\$ 832,039</u>

## VILLAGE OF WARNER

Notes to Financial Statements  
December 31, 2016

### 5. Equity in Tangible Capital Assets

	2016	2015
	\$	\$
Tangible capital assets (Schedule 2)	13,121,360	12,851,076
Accumulated amortization (Schedule 2)	(8,042,239)	(7,796,311)
Long-term debt (Note 4)	(594,748)	(617,636)
	<u>4,484,373</u>	<u>4,437,129</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:

	2016	2015
	\$	\$
Total debt limit	1,210,995	1,442,691
Total debt	<u>594,748</u>	<u>617,636</u>
Total unused debt limit	<u>616,247</u>	<u>825,055</u>
Service on debt limit	201,833	240,449
Service on debt	<u>47,500</u>	<u>47,500</u>
Amount of unused service on debt	<u>154,333</u>	<u>192,949</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)

	2016	2015
	\$	\$
Unrestricted surplus (deficit)	<u>131,967</u>	<u>176,126</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>4,484,373</u>	<u>4,437,129</u>
	<u>4,755,428</u>	<u>4,752,343</u>

## VILLAGE OF WARNER

### Notes to Financial Statements

December 31, 2016

#### 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)	2016 Total	2015 Total
	\$	\$	\$	\$
Mayor - Tyler Lindsay	3,840	-	3,840	3,840
-	-	-	-	-
Councilor - Ian Glendenning	3,840	-	3,840	3,840
- Collette Glynn	3,840	-	3,840	3,840
- Sandi Hedin	3,840	-	3,840	3,840
- Daniel LeCain	3,840	-	3,840	3,840
Administrator - CAO				
- Jon Hood	70,453	8,082	78,535	80,763

- (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.

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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. Approval of Financial Statements**

Council and Management have approved these financial statements.