

**Municipal District of Fairview No. 136**

**Financial Statements**

**December 31, 2021**

# Municipal District of Fairview No. 136

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Municipal District of Fairview No. 136 is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this Municipal District's financial position at December 31, 2021 and the results of its operations for the year then ended.

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

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

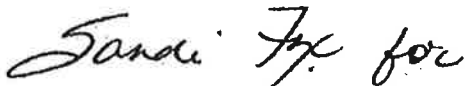
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable 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 financial statements.

The Municipal District Council carries out its responsibilities for review of the financial statements principally through regular meetings with management to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Council with and without the presence of management. The Municipal District Council has approved the financial statements.

The financial statements have been audited by Doyle & Company Chartered Professional Accountants, independent external auditors appointed by the Municipal District. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipal District's financial statements.



Robert Jorgensen  
Chief Administrative Officer



Carol Ruether  
Director of Finance

April 26, 2022  
Municipal District of Fairview No. 136, Canada

Allan J. Grykuliak, CPA, CA\*  
Scott T. Mockford, CPA, CA\*  
Allen Lee, CPA, CMA\*  
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\* Operates as a Professional Corporation

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## **INDEPENDENT AUDITORS' REPORT**

### **To the Members of Council**

#### **Opinion**

We have audited the financial statements of **Municipal District of Fairview No. 136** (the Entity), which comprise the statement of financial position as at December 31, 2021, and the results of its operations, changes in its net financial assets and cash flows for the years 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 Municipal District of Fairview No. 136 as at December 31, 2021, the results of its operations, changes 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 Entity in accordance with the 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 these 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's Responsibility 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:

- 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 from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

## INDEPENDENT AUDITORS' REPORT - continued

- 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 Entity'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 Entity'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 Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

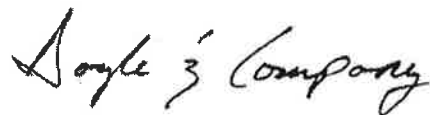
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:  
In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in Note 9.
- Supplementary Accounting Principles and Standards Regulation:  
In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 1.

The engagement partner on the audit resulting in this independent auditor's report is Scott Mockford, CPA, CA.



11210 - 107 Avenue NW  
Edmonton, Alberta  
T5H 0Y1

April 26, 2022

Chartered Professional Accountants

# Municipal District of Fairview No. 136

## Statement of Financial Position

As at December 31, 2021

	2021	2020
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 3)	7,482,492	6,926,795
Receivables (Note 4)		
Taxes and grants in lieu receivable	842,166	635,352
Trade and other receivables	1,471,534	1,499,704
Other local governments		
Federal	87,510	119,886
Local	34,948	36,270
Investments (Note 5)	4,486	4,486
	<b>9,923,136</b>	<b>9,222,493</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	563,094	531,822
Deferred contributions (Note 7)	607,709	649,393
Deposit liabilities	400	400
Gravel reclamation liability (Note 8)	243,162	164,441
	<b>1,414,365</b>	<b>1,346,056</b>
<b>NET FINANCIAL ASSETS</b>	<b>8,508,771</b>	<b>7,876,437</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	21,733,561	21,037,317
Inventory for consumption	469,213	631,387
Prepaid expenses	89,895	121,812
	<b>22,292,669</b>	<b>21,790,516</b>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 11)</b>	<b>30,801,440</b>	<b>29,666,953</b>

The accompanying notes form part of these financial statements

# Municipal District of Fairview No. 136

## Statement of Operations

For the year ended December 31, 2021

	2021 Budget \$	2021 Actual \$	2020 Actual \$
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	5,321,229	5,288,852	5,306,462
User fees and sales of goods	449,481	527,354	399,355
Government transfers (Schedule 4)	457,230	476,184	468,540
Investment income	63,000	48,256	69,502
<b>Total Revenues</b>	<b>6,290,940</b>	<b>6,340,646</b>	<b>6,243,859</b>
<b>EXPENSES</b>			
Administration	849,468	896,175	926,020
Agriculture service board	419,894	379,345	409,849
Airport	118,280	202,426	181,159
Animal control	30,150	2,658	6,156
Cemeteries	44,156	35,734	40,730
Culture and library	88,372	94,245	92,868
Family community support services	39,750	36,232	37,560
Fire	99,200	108,680	104,377
Gravel	418,657	669,187	626,795
Grading	657,735	637,398	630,504
Land use planning and development	103,080	104,431	125,831
Legislative	188,500	189,588	187,684
Parks and recreation	353,861	298,054	277,596
Public health and safety	99,847	95,189	69,030
Public works	1,605,138	2,318,116	2,394,556
Utilities & Environmental Services			
Waste management	144,415	143,552	169,665
Wastewater treatment and disposal	67,758	89,864	93,677
Water supply and distribution	230,892	289,728	284,323
<b>Total Expenses</b>	<b>5,559,153</b>	<b>6,590,602</b>	<b>6,658,380</b>
<b>EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<b>731,787</b>	<b>(249,956)</b>	<b>(414,521)</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	1,155,307	1,384,443	1,452,085
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>1,887,094</b>	<b>1,134,487</b>	<b>1,037,564</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>-</b>	<b>29,666,953</b>	<b>28,629,389</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>-</b>	<b>30,801,440</b>	<b>29,666,953</b>

The accompanying notes form part of these financial statements

# Municipal District of Fairview No. 136

## Statement of Change in Net Financial Assets

For the year ended December 31, 2021

	2021 Budget \$	2021 Actual \$	2020 Actual \$
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>1,887,094</b>	<b>1,134,487</b>	<b>1,037,564</b>
Acquisition of tangible capital assets	(3,793,880)	(2,155,817)	(1,937,673)
Proceeds on disposal of tangible capital assets	-	177,200	183,500
Amortization of tangible capital assets	-	1,229,993	1,225,371
Loss (gain) on disposal of tangible capital assets	-	52,380	(96,500)
	<b>(3,793,880)</b>	<b>(696,244)</b>	<b>(625,302)</b>
Acquisition of supplies inventories	-	(469,213)	(631,387)
Acquisition of prepaid assets	-	(89,895)	(121,812)
Use of supplies inventories	-	631,387	387,801
Use of prepaid assets	-	121,812	83,453
	-	<b>194,091</b>	<b>(281,945)</b>
<b>CHANGE IN NET ASSETS DURING THE YEAR</b>	<b>(1,906,786)</b>	<b>632,334</b>	<b>130,317</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	-	<b>7,876,437</b>	<b>7,746,120</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>(1,906,786)</b>	<b>8,508,771</b>	<b>7,876,437</b>

The accompanying notes form part of these financial statements



# Municipal District of Fairview No. 136

## Statement of Cash Flows

For the year ended December 31, 2021

	2021	2020
	\$	\$
<b>OPERATING</b>		
Excess of revenue over expenditures	1,134,487	1,037,564
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	1,229,993	1,225,371
Loss (gain) on disposal of tangible capital assets	52,380	(96,500)
Non-cash charges to operations (net change):		
Increase in taxes and grants in lieu receivable	(206,814)	(258,084)
Decrease (increase) in trade and other receivables	61,868	(1,130,479)
Decrease (increase) in prepaid expenditures	31,917	(38,359)
Decrease (increase) in inventory for consumption	162,174	(243,586)
Increase in accounts payable and accrued liabilities	109,993	154,021
Decrease in deferred revenue	(41,684)	(563,187)
Cash from operations	2,534,314	86,761
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(2,155,817)	(1,937,673)
Proceeds on disposal of tangible capital assets	177,200	183,500
Cash applied to capital transactions	(1,978,617)	(1,754,173)
<b>INVESTING</b>		
Decrease in investments	-	40
<b>CHANGE IN CASH DURING THE YEAR</b>	555,697	(1,667,372)
<b>CASH, BEGINNING OF YEAR</b>	6,926,795	8,594,167
<b>CASH, END OF YEAR</b>	7,482,492	6,926,795

The accompanying notes form part of these financial statements

# Municipal District of Fairview No. 136

## Schedule of Changes in Accumulated Surplus - Schedule 1

For the year ended December 31, 2021

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2021 Total \$	2020 Total \$
<b>BALANCE, BEGINNING OF YEAR</b>	<b>2,348,785</b>	<b>6,280,851</b>	<b>21,037,317</b>	<b>29,666,953</b>	<b>28,629,389</b>
Excess of revenue over expenses	1,134,487	-	-	1,134,487	1,037,564
Unrestricted funds designated for future use	(2,291,256)	2,291,256	-	-	-
Restricted funds used for tangible capital assets	-	(447,931)	447,931	-	-
Current years funds used for tangible capital assets	(1,707,886)	-	1,707,886	-	-
Disposal of tangible capital assets	229,580	-	(229,580)	-	-
Annual amortization expenses	1,229,993	-	(1,229,993)	-	-
Change in accumulated surplus	(1,405,082)	1,843,325	696,244	1,134,487	1,037,564
<b>BALANCE, END OF YEAR</b>	<b>943,703</b>	<b>8,124,176</b>	<b>21,733,561</b>	<b>30,801,440</b>	<b>29,666,953</b>

The accompanying notes form part of these financial statements

**Municipal District of Fairview No. 136**  
**Schedule of Tangible Capital Assets - Schedule 2**

For the year ended December 31, 2021

	Land	Land Improvements	Buildings	Construction in Progress	Engineered Structures	Machinery and Equipment	Vehicles	2021 Total	2020 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST:</b>									
Balance, Beginning of Year	607,670	2,276,779	2,990,303	1,319,884	42,055,106	7,223,384	658,513	57,131,639	55,700,426
Acquisition of tangible capital assets	-	202,947	-	1,416,513	-	536,357	-	2,155,817	1,937,673
Disposal of tangible capital assets	-	-	-	-	-	(445,052)	-	(445,052)	(506,460)
Balance, End of Year	607,670	2,479,726	2,990,303	2,736,397	42,055,106	7,314,689	658,513	58,842,404	57,131,639
<b>ACCUMULATED AMORTIZATION:</b>									
Balance, Beginning of Year	-	1,659,262	997,737	-	28,551,792	4,428,746	456,785	36,094,322	35,288,411
Annual amortization	-	65,830	79,234	-	471,225	578,620	35,084	1,229,993	1,225,371
Accumulated amortization on disposals	-	-	-	-	-	(215,472)	-	(215,472)	(419,460)
Balance, End of Year	-	1,725,092	1,076,971	-	29,023,017	4,791,894	491,869	37,108,843	36,094,322
<b>NET BOOK VALUE</b>	<b>607,670</b>	<b>754,634</b>	<b>1,913,332</b>	<b>2,736,397</b>	<b>13,032,089</b>	<b>2,522,795</b>	<b>166,644</b>	<b>21,733,561</b>	<b>21,037,317</b>
2020 NET BOOK VALUE	607,670	617,517	1,992,566	1,319,884	13,503,314	2,794,638	201,728	21,037,317	

The accompanying notes form part of these financial statements

**Municipal District of Fairview No. 136**  
**Schedule of Property and Other Taxes - Schedule 3**  
**For the year ended December 31, 2021**

	2021 Budget \$	2021 Actual \$	2020 Actual \$
<b>TAXATION</b>			
Real property taxes	3,301,858	3,251,777	3,267,168
Linear property taxes	1,949,365	1,949,365	2,024,107
Provincial school taxes	889,464	888,478	866,522
Senior Housing Foundation	159,120	157,985	158,623
Provincial Designated Industrial Property taxes	10,731	10,558	11,061
Penalties and costs	70,000	89,977	32,280
	<b>6,380,538</b>	<b>6,348,140</b>	<b>6,359,761</b>
<b>REQUISITIONS</b>			
Provincial School Foundation Fund	889,458	889,458	883,234
Senior Housing Foundation	159,120	159,120	158,982
Provincial Designated Industrial Property Assessment	10,731	10,710	11,083
	<b>1,059,309</b>	<b>1,059,288</b>	<b>1,053,299</b>
<b>NET MUNICIPAL TAXES</b>	<b>5,321,229</b>	<b>5,288,852</b>	<b>5,306,462</b>

The accompanying notes form part of these financial statements

**Municipal District of Fairview No. 136**  
**Schedule of Government Transfers - Schedule 4**  
**For the year ended December 31, 2021**

	2021 Budget \$	2021 Actual \$	2020 Actual \$
<b><u>OPERATING</u></b>			
<b>PROVINCIAL TRANSFERS</b>			
Shared-cost agreements and grants	372,230	384,439	386,371
<b>LOCAL GOVERNMENT TRANSFERS</b>			
Shared-cost agreements and grants	85,000	91,745	82,169
	<b>457,230</b>	<b>476,184</b>	<b>468,540</b>
<b><u>CAPITAL</u></b>			
<b>PROVINCIAL TRANSFERS</b>			
Capital grants received during the year	1,155,307	1,339,034	902,909
Capital grant funding deferred from the last year	-	626,898	1,166,836
Interest earned on capital grants	-	3,617	9,238
Less: capital grant funding deferreds to the next year	-	(585,106)	(626,898)
Net shared-cost agreements and grants for the year	<b>1,155,307</b>	<b>1,384,443</b>	<b>1,452,085</b>

The accompanying notes form part of these financial statements

# Municipal District of Fairview No. 136

## Schedule of Expenses by Object - Schedule 5

For the year ended December 31, 2021

	2021 Budget \$	2021 Actual \$	2020 Actual \$
<b>EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	2,546,216	2,296,824	2,495,581
Contracted and general services	1,258,903	1,181,069	1,218,495
Materials, goods and utilities	1,015,790	1,185,070	1,156,655
Provision for allowances	16,500	16,894	19,605
Transfers to other governments	345,097	277,798	250,324
Transfers to local boards and agencies	135,347	135,095	106,076
Transfers to individuals and organizations	172,800	149,126	218,967
Bank charges and short-term interest	3,500	3,145	3,085
Amortization of tangible capital assets	-	1,229,992	1,225,371
Loss (gain) on disposal of tangible capital assets	-	52,380	(96,500)
Purchases from other governments	65,000	63,209	60,721
	<b>5,559,153</b>	<b>6,590,602</b>	<b>6,658,380</b>

The accompanying notes form part of these financial statements

**Municipal District of Fairview No. 136**  
**Schedule of Segmented Disclosure - Schedule 6**  
**For the year ended December 31, 2021**

	General Government & Administrative Services \$	Council & Legislative Services \$	Protective Services \$	Transportation Services \$	Airport Services \$
<b>REVENUE</b>					
Net municipal taxes	5,288,850	-	-	-	-
Government transfer	1,223,303	-	2,500	233,672	81,745
User fees and sales of goods	55,534	-	550	112,181	53,450
Investment income	48,256	-	-	-	-
Oil well drilling taxes	-	-	-	-	-
	<b>6,615,943</b>	<b>-</b>	<b>3,050</b>	<b>345,853</b>	<b>135,195</b>
<b>EXPENSES</b>					
Salaries, wages and benefits	520,617	166,503	-	1,277,055	9,054
Contract and general services	297,911	23,085	9,029	393,120	44,142
Materials, goods and utilities	26,691	-	1,988	906,734	78,153
Provision for allowances	16,894	-	-	-	-
Transfers to other governments	-	-	79,631	-	-
Transfers to local boards and agencies	-	-	57,697	-	-
Transfers to individuals and organizations	-	-	29,653	-	-
Bank charges and short-term interest	887	-	-	-	2,258
Loss (gain) on disposal of tangible capital assets	-	-	-	52,380	-
Purchases from other governments	-	-	-	-	-
	<b>863,000</b>	<b>189,588</b>	<b>177,998</b>	<b>2,629,289</b>	<b>133,607</b>
<b>EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION</b>	<b>5,752,943</b>	<b>(189,588)</b>	<b>(174,948)</b>	<b>(2,283,436)</b>	<b>1,588</b>
Amortization expense	33,173	-	28,530	995,411	68,820
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>5,719,770</b>	<b>(189,588)</b>	<b>(203,478)</b>	<b>(3,278,847)</b>	<b>(67,232)</b>

The accompanying notes form part of these financial statements

# Municipal District of Fairview No. 136

## Schedule of Segmented Disclosure - Schedule 6

For the year ended December 31, 2021

	Utilities & Environmental Services \$	Seniors & Family Community Support Services \$	Cemetery Services \$	Planning & Development Services \$
<b>REVENUE</b>				
Net municipal taxes	-	-	-	-
Government transfer	188,000	-	7,500	-
User fees and sales of goods	210,098	-	3,200	6,183
Investment income	-	-	-	-
Oil well drilling taxes	-	-	-	-
	<b>398,098</b>	<b>-</b>	<b>10,700</b>	<b>6,183</b>
<b>EXPENSES</b>				
Salaries, wages and benefits	82,385	-	25,703	-
Contract and general services	229,506	-	314	97,291
Materials, goods and utilities	94,099	-	4,544	-
Provision for allowances	-	-	-	-
Transfers to other governments	-	-	-	-
Transfers to local boards and agencies	-	-	-	-
Transfers to individuals and organizations	200	36,232	-	7,140
Bank charges and short-term interest	-	-	-	-
Loss (gain) on disposal of tangible capital assets	-	-	-	-
Purchases from other governments	63,207	-	-	-
	<b>469,397</b>	<b>36,232</b>	<b>30,561</b>	<b>104,431</b>
<b>EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION</b>	<b>(71,299)</b>	<b>(36,232)</b>	<b>(19,861)</b>	<b>(98,248)</b>
Amortization expense	53,745	-	5,172	-
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>(125,044)</b>	<b>(36,232)</b>	<b>(25,033)</b>	<b>(98,248)</b>

The accompanying notes form part of these financial statements



# Municipal District of Fairview No. 136

## Schedule of Segmented Disclosure - Schedule 6

For the year ended December 31, 2021

	Agricultural Services \$	Recreation & Cultural Services \$	2021 Total \$	2020 Total \$
<b>REVENUE</b>				
Net municipal taxes	-	-	5,288,850	5,306,462
Government transfer	123,907	-	1,860,627	1,920,625
User fees and sales of goods	7,160	79,000	527,356	399,355
Investment income	-	-	48,256	69,502
Oil well drilling taxes	-	-	-	-
	<b>131,067</b>	<b>79,000</b>	<b>7,725,089</b>	<b>7,695,944</b>
<b>EXPENSES</b>				
Salaries, wages and benefits	186,098	29,409	2,296,824	2,495,581
Contract and general services	70,270	16,404	1,181,072	1,218,497
Materials, goods and utilities	63,192	9,667	1,185,068	1,156,653
Provision for allowances	-	-	16,894	19,605
Transfers to other governments	-	198,167	277,798	250,324
Transfers to local boards and agencies	-	77,398	135,095	106,076
Transfers to individuals and organizations	32,906	42,995	149,126	218,967
Bank charges and short-term interest	-	-	3,145	3,085
Loss (gain) on disposal of tangible capital assets	-	-	52,380	(96,500)
Purchases from other governments	-	-	63,207	60,721
	<b>352,466</b>	<b>374,040</b>	<b>5,360,609</b>	<b>5,433,009</b>
<b>EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION</b>				
Amortization expense	(221,399)	(295,040)	2,364,480	2,262,935
	26,882	18,260	1,229,993	1,225,371
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>(248,281)</b>	<b>(313,300)</b>	<b>1,134,487</b>	<b>1,037,564</b>

The accompanying notes form part of these financial statements

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2021

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### DESCRIPTION OF OPERATIONS

The Municipal District of Fairview No. 136 is a local government authority providing municipal services. The municipality is empowered through bylaws and policies approved by Council and pursuant to the Municipal Government Act.

### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Municipal District of Fairview No. 136 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 municipality are as follows:

#### (a) Reporting Entity

These financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and changes in financial position of the reporting entity.

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 record 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 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 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 expenditure 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.

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2021

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### 1. SIGNIFICANT ACCOUNTING POLICIES - continued

#### (d) Cash and temporary investments

Cash and temporary investments consists of bank accounts and temporary investments with maturities of three months or less.

#### (e) Investments

Investments are recorded at cost.

#### (f) Inventories

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

#### (g) 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, the eligibility criteria have been met and reasonable estimates of the amounts can be determined.

#### (h) 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 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 on a straight-line basis over the estimated useful life as follows:

	Years
Land	
Land Improvements	15-20
Buildings	25-50
Engineered structures	10-75
Machinery and equipment	5-20
Vehicles	3-20

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

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2021

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### 1. SIGNIFICANT ACCOUNTING POLICIES - continued

#### ii) Contributions of Tangible Capital Assets

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

#### iii) Leases

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

#### iv) Cultural and Historical Tangible Capital Assets

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

### 2. MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian Accounting Standards for Public Sector Accounting Board requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of the tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

### 3. CASH AND TEMPORARY INVESTMENTS

	2021	2020
	\$	\$
Cash	7,434,671	6,880,192
Temporary investments	47,821	46,603
	<u>7,482,492</u>	<u>6,926,795</u>

The Municipal District has bank accounts at the Servus Credit Union, which earn interest at prime less 1.75%.

Temporary investments are shares held with the Servus Credit Union, which can be redeemed at any time by the Municipal District.

Council has designated cash for the funding of restricted reserves, including operating \$1,255,124 (2020 - \$999,748) and capital \$5,269,052 (2020 - \$5,281,103), totaling \$6,524,176 (2020 - \$6,280,851).

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2021

### 4. RECEIVABLES

	2021	2020
	\$	\$
Property taxes		
Current taxes and grants in place of taxes	394,914	394,223
Arrears	447,252	241,129
	842,166	635,352
Other		
Trade	65,995	45,142
Loans	1,405,539	1,454,562
Other local governments		
Federal	87,510	119,886
Local	34,948	36,270
	1,593,992	1,655,860
	2,436,158	2,291,212

The loans receivable consists of a loan to Fairview Cooperative Seed Cleaning Plant, repayable over a 25 year period with interest charged annually at 3.00% and a loan to Fairview Day Care & Playschool Society, repayable over a 13 year period with no interest charged.

### 5. INVESTMENTS

	2021	2020
	\$	\$
United Farmers of Alberta Co-operative Ltd.	4,486	4,486

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
	\$	\$
Trade	429,998	367,943
Vacation	28,006	32,603
Holdbacks	105,090	131,276
	563,094	531,822

The vacation liability is comprised of the vacation that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2021

### 7. DEFERRED CONTRIBUTION

	2021	2020
	\$	\$
Municipal Sustainability Initiative - Capital	348,013	529,249
Canada Community Building Fund	237,093	97,650
Alberta Community Partnership Grant - Peace Valley Conservation, Recreation & Tourism Society Partnership	22,603	22,434
Hanger Lease	-	60
	607,709	649,393

#### Municipal Sustainability Initiative

Funding in the amount of \$1,034,111 was received in the current year from the Municipal Sustainability Initiative. Of the \$1,034,111 received, \$963,223 is from the capital component of the program and is restricted to eligible capital projects, as approved under the funding agreement. The remaining \$70,888 is from the operating component of the program and is restricted to eligible operating projects, as approved under the funding agreement, which have been completed during the year.

### 8. GRAVEL PIT RECLAMATION LIABILITY

The Municipal District is responsible for reclamation costs, under Alberta environmental law, for two gravel pits within the Municipal boundaries. These are accrued over the life of the two gravel pits, which is estimated at between 15 and 20 years.

The total estimated obligation for the reclamation of these gravel pits at end of their useful life is \$1,492,134, based on engineering studies to determine the amount of disturbed land within the gravel pits.

The total accrued liability recorded to date is \$243,162 (2020 - \$164,441)

### 9. DEBT LIMIT

Section 276(2) of the Municipal Government Act requires that total debt limit as defined by Alberta Regulation 255/00 for the Municipal District of Fairview No. 136 be disclosed as follow:

	2021	2020
	\$	\$
Total Debt Limit	9,510,969	9,365,789
Total Debt	-	-
Debt Limit Available	9,510,969	9,365,789
Debt Service Limit	1,585,162	1,560,965
Debt Service	-	-
Debt Service Limit Available	1,585,162	1,560,965

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2021

### 9. DEBT LIMIT - continued

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.

### 10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020
	\$	\$
Tangible capital assets (Schedule 2)	58,842,404	57,131,639
Accumulated amortization (Schedule 2)	(37,108,843)	(36,094,322)
	<b>21,733,561</b>	<b>21,037,317</b>

### 11. ACCUMULATED SURPLUS

	2021	2020
	\$	\$
Unrestricted surplus	943,702	2,348,785
Internally restricted surplus		
Operating reserves		
Admin operations	12,500	-
Cemetery	116,383	158,383
Gravel	490,479	240,479
Land development	-	-
Rate stabilization fund	2,235,762	600,886
Capital reserves		
Agriculture Service Board	263,184	242,684
Airport	200,438	201,651
Bridges	1,099,496	949,496
Fire department	328,404	298,404
Joint Use Cultural Facilities	70,000	50,000
Office building	293,202	287,101
Public Land Reserve Fund	10,295	10,310
Public Works	2,429,490	2,409,043
Recreation and Community Services	136,220	221,695
Senior Services	63,100	63,100
Waste Water	299,167	245,354
Water	76,057	302,265
Equity in tangible capital assets	<b>21,733,561</b>	<b>21,037,317</b>
	<b>30,801,440</b>	<b>29,666,953</b>

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2021

### 12. SEGMENTED DISCLOSURE

The Municipal District of Fairview No. 136 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 statement as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

### 13. SALARY AND BENEFITS DISCLOSURE

	2021			2020	
	Salary (1)	Benefits & Allowances (2)	Expenses	Total	Total
	\$	\$	\$	\$	\$
Reeve & Division 4	30,050	-	2,273	32,323	43,043
Reeve & Division 2	32,350	4,549	3,096	39,995	-
Councilors					
Division 1	29,300	49	5,087	34,436	35,333
Division 2	-	-	-	-	42,650
Division 3	24,700	4,687	3,397	32,784	34,496
Division 4	5,900	1,137	1,262	8,299	-
Division 5 & 6	27,450	2,349	3,644	33,443	33,034
Chief Administrative Officer	136,096	23,124	-	159,220	153,901
Designated Officers (4)	319,957	47,459	-	367,416	390,135

(1) Salary includes regular base pay, overtime, honoraria and any other direct cash remuneration.

(2) Consists of employer's share of all employee benefits and contributions or payments made on behalf of employees including Canada Pension Plan, employment insurance, health care, dental coverage, group life insurance, accidental death and dismemberment insurance, long and short term disability plans, and retirement pension.

### 14. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipal District participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 250,000 people and over 400 employers. The LAPP is financed by 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 Municipal District is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Municipal District are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.



# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2021

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### 14. LOCAL AUTHORITIES PENSION PLAN - continued

Total current service contributions by the Municipal District to the LAPP in 2021 were \$149,654 (2020 - \$169,525). Total current service contributions by the employees of the Municipal District to the LAPP in 2021 were \$135,090 (2020 - \$153,148).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$4.96 billion. The 2021 actuarial surplus was not available prior to issuing these financial statements.

### 15. CONTINGENCIES

The Municipal District is a member of the Rural Municipalities of Alberta - RMA Insurance. Under the terms of the membership, the Municipal District 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.

### 16. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash, receivables, investments, accounts payable and accrued liabilities. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments.

#### **Credit Risk**

The Municipality is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises for the possibility that taxpayers and entities to which the Municipality provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

#### **Interest Rate Risk**

The Municipality is exposed to risk that the fair value of financial instruments or future cashflows associated with the instrument will fluctuate due to changes in market interest rates.

Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

### 17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.