

Municipal District of Fairview No. 136

Financial Statements

December 31, 2020

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, 2020 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.

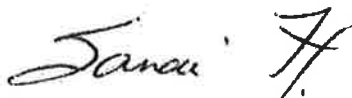
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable 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 its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Audit Committee with and without the presence of management. The 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.



Sandra Fox
Chief Administrative Officer



Carol Ruether
Director of Finance

April 13, 2021
Municipal District of Fairview No. 136, Canada

Allan J. Grykuliak, CPA, CA*
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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, 2020, 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, 2020, 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.

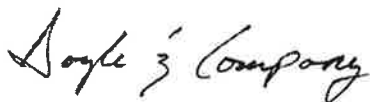
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 13, 2021

Chartered Professional Accountants

Municipal District of Fairview No. 136

Statement of Financial Position

As at December 31, 2020

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	6,926,795	8,594,167
Receivables (Note 4)		
Taxes and grants in lieu receivable	635,352	377,268
Trade and other receivables	1,499,704	407,740
Other local governments		
Federal	119,886	58,232
Provincial	-	7,466
Local	36,270	51,943
Investments (Note 5)	4,486	4,526
	9,222,493	9,501,342
LIABILITIES		
Accounts payable and accrued liabilities	531,822	456,522
Deferred contributions (Note 7)	649,393	1,212,580
Deposit liabilities	400	400
Gravel reclamation liability (Note 8)	164,441	85,720
	1,346,056	1,755,222
NET FINANCIAL ASSETS	7,876,437	7,746,120
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	21,037,317	20,412,015
Inventory for consumption	631,387	387,801
Prepaid expenses	121,812	83,453
	21,790,516	20,883,269
ACCUMULATED SURPLUS (Schedule 1, Note 11)	29,666,953	28,629,389

The accompanying notes form part of these financial statements

Municipal District of Fairview No. 136

Statement of Operations

For the year ended December 31, 2020

	2020 Budget \$	2020 Actual \$	2019 Actual \$
REVENUE			
Net municipal taxes (Schedule 3)	5,322,507	5,306,462	5,285,000
User fees and sales of goods	398,600	399,355	429,631
Government transfers (Schedule 4)	303,001	468,540	395,986
Investment income	158,000	69,502	124,386
Oil well drilling taxes	-	-	290
Total Revenues	6,182,108	6,243,859	6,235,293
EXPENSES			
Administration	961,684	926,020	973,977
Agriculture service board	470,528	409,849	437,676
Airport	118,316	181,159	213,236
Animal control	6,000	6,156	6,372
Cemeteries	47,059	40,730	44,967
Culture and library	91,800	92,868	88,777
Family community support services	40,900	37,560	43,811
Fire	91,200	104,377	117,882
Gravel	597,658	626,795	715,396
Grading	704,867	630,504	760,230
Land use planning and development	117,800	125,831	106,335
Legislative	97,500	187,684	254,154
Parks and recreation	264,409	277,596	493,169
Public health and safety	79,162	69,030	47,221
Public works	1,636,559	2,394,556	2,384,627
Utilities	-	-	32,379
Waste management	181,394	169,665	134,060
Wastewater treatment and disposal	65,780	93,677	69,166
Water supply and distribution	277,287	284,323	242,185
Total Expenses	5,849,903	6,658,380	7,165,620
EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	332,205	(414,521)	(930,327)
OTHER			
Government transfers for capital (Schedule 4)	1,052,908	1,452,085	783,604
EXCESS OF REVENUE OVER EXPENSES	1,385,113	1,037,564	(146,723)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	28,629,389	28,776,112
ACCUMULATED SURPLUS, END OF YEAR	-	29,666,953	28,629,389

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, 2020

	2020 Budget \$	2020 Actual \$	2019 Actual \$
EXCESS OF REVENUES OVER EXPENSES	1,385,113	1,037,564	(146,723)
Acquisition of tangible capital assets	(2,619,500)	(1,937,673)	(969,759)
Proceeds on disposal of tangible capital assets	-	183,500	187,894
Amortization of tangible capital assets	-	1,225,371	1,201,843
Loss (gain) on disposal of tangible capital assets	-	(96,500)	78,376
	(2,619,500)	(625,302)	498,354
Acquisition of supplies inventories	-	(631,387)	(387,801)
Acquisition of prepaid assets	-	(121,812)	(83,453)
Use of supplies inventories	387,801	387,801	455,006
Use of prepaid assets	83,453	83,453	71,888
	471,254	(281,945)	55,640
CHANGE IN NET ASSETS DURING THE YEAR	(763,133)	130,317	407,271
NET FINANCIAL ASSETS, BEGINNING OF YEAR	-	7,746,120	7,338,849
NET FINANCIAL ASSETS, END OF YEAR	(763,133)	7,876,437	7,746,120

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, 2020

	2020	2019
	\$	\$
OPERATING		
Excess of revenue over expenditures	1,037,564	(146,723)
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	1,225,371	1,201,843
Loss (gain) on disposal of tangible capital assets	(96,500)	78,376
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(258,084)	(112,512)
Decrease (increase) in trade and other receivables	(1,130,479)	183,722
Decrease (increase) in prepaid expenditures	(38,359)	(11,565)
Decrease (increase) in inventory for consumption	(243,586)	67,205
Increase (decrease) in accounts payable and accrued liabilities	154,021	(7,296)
Increase (decrease) in deferred revenue	(563,187)	94,551
Cash from operations	86,761	1,347,601
CAPITAL		
Acquisition of tangible capital assets	(1,937,673)	(969,759)
Proceeds on disposal of tangible capital assets	183,500	187,894
Cash applied to capital transactions	(1,754,173)	(781,865)
INVESTING		
Decrease (increase) in investments	40	(18)
CHANGE IN CASH DURING THE YEAR	(1,667,372)	565,718
CASH, BEGINNING OF YEAR	8,594,167	8,028,449
CASH, END OF YEAR	6,926,795	8,594,167

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, 2020

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2020 Total \$	2019 Total \$
BALANCE, BEGINNING OF YEAR	1,177,457	7,039,917	20,412,015	28,629,389	28,776,112
Excess of revenue over expenses	1,037,564	-	-	1,037,564	(146,723)
Unrestricted funds designated for future use	(1,172,954)	1,172,954	-	-	-
Restricted funds used for operations	1,611,050	(1,611,050)	-	-	-
Restricted funds used for tangible capital assets	-	(320,970)	320,970	-	-
Current years funds used for tangible capital assets	(1,616,703)	-	1,616,703	-	-
Disposal of tangible capital assets	87,000	-	(87,000)	-	-
Annual amortization expenses	1,225,371	-	(1,225,371)	-	-
Change in accumulated surplus	1,171,328	(759,066)	625,302	1,037,564	(146,723)
BALANCE, END OF YEAR	2,348,785	6,280,851	21,037,317	29,666,953	28,629,389

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, 2020

	Land	Land Improvements	Buildings	Construction in Progress	Engineered Structures	Machinery and Equipment	Vehicles	2020 Total	2019 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST:									
Balance, Beginning of Year	607,670	2,267,866	2,990,303	97,366	42,055,106	7,075,196	606,919	55,700,426	55,348,787
Acquisition of tangible capital assets	-	8,913	-	1,222,518	-	654,648	51,594	1,937,673	997,966
Disposal of tangible capital assets	-	-	-	-	-	(506,460)	-	(506,460)	(646,327)
Balance, End 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
ACCUMULATED AMORTIZATION:									
Balance, Beginning of Year	-	1,582,994	918,503	-	28,080,567	4,287,901	418,446	35,288,411	34,438,418
Annual amortization	-	76,268	79,234	-	471,225	560,305	38,339	1,225,371	1,201,843
Accumulated amortization on disposals	-	-	-	-	-	(419,460)	-	(419,460)	(351,850)
Balance, End of Year	-	1,659,262	997,737	-	28,551,792	4,428,746	456,785	36,094,322	35,288,411
NET BOOK VALUE	607,670	617,517	1,992,566	1,319,884	13,503,314	2,794,638	201,728	21,037,317	20,412,015
2019 NET BOOK VALUE	607,670	684,872	2,071,800	97,366	13,974,539	2,787,295	188,473	20,412,015	

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, 2020

	2020 Budget \$	2020 Actual \$	2019 Actual \$
TAXATION			
Real property taxes	3,277,854	3,267,168	3,276,271
Linear property taxes	2,024,107	2,024,107	1,953,424
Provincial school taxes	868,781	866,522	890,869
Senior Housing Foundation	158,982	158,623	149,850
Provincial Designated Industrial Property taxes	11,082	11,061	12,644
Penalties and costs	35,000	32,280	39,610
	6,375,806	6,359,761	6,322,668
REQUISITIONS			
Provincial School Foundation Fund	883,234	883,234	875,049
Senior Housing Foundation	158,982	158,982	149,975
Provincial Designated Industrial Property Assessment	11,083	11,083	12,644
	1,053,299	1,053,299	1,037,668
NET MUNICIPAL TAXES	5,322,507	5,306,462	5,285,000

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, 2020

	2020 Budget \$	2020 Actual \$	2019 Actual \$
<u>OPERATING</u>			
PROVINCIAL TRANSFERS			
Shared-cost agreements and grants	194,501	386,371	297,248
LOCAL GOVERNMENT TRANSFERS			
Shared-cost agreements and grants	108,500	82,169	98,738
	303,001	468,540	395,986
<u>CAPITAL</u>			
PROVINCIAL TRANSFERS			
Capital grants received during the year	1,052,908	902,909	798,395
Capital grant funding deferred from the last year	-	1,166,836	1,099,330
Interest earned on capital grants	-	9,238	52,715
Less: capital grant funding deferred to the next year	-	(626,898)	(1,166,836)
Net shared-cost agreements and grants for the year	1,052,908	1,452,085	783,604

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, 2020

	2020 Budget \$	2020 Actual \$	2019 Actual \$
EXPENSES BY OBJECT			
Salaries, wages and benefits	2,533,797	2,495,581	2,638,017
Contracted and general services	1,436,699	1,218,495	1,206,590
Materials, goods and utilities	1,204,560	1,156,655	1,208,786
Provision for allowances	16,500	19,605	18,042
Transfers to other governments	242,500	250,324	378,613
Transfers to local boards and agencies	114,937	106,076	77,083
Transfers to individuals and organizations	226,910	218,967	297,204
Bank charges and short-term interest	4,000	3,085	3,782
Amortization of tangible capital assets	-	1,225,371	1,201,843
Loss (gain) on disposal of tangible capital assets	-	(96,500)	78,376
Purchases from other governments	70,000	60,721	57,284
	5,849,903	6,658,380	7,165,620

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, 2020

	General Government & Administrative Services	Council & Legislative Services	Protective Services	Transportation Services	Airport Services
	\$	\$	\$	\$	\$
REVENUE					
Net municipal taxes	5,306,462	-	-	-	-
Government transfer	1,610,401	-	2,500	80,632	60,169
User fees and sales of goods	52,101	-	420	81,036	52,104
Investment income	69,502	-	-	-	-
Oil well drilling taxes	-	-	-	-	-
	7,038,466	-	2,920	161,668	112,273
EXPENSES					
Salaries, wages and benefits	546,553	167,790	-	1,439,945	9,270
Contract and general services	295,904	19,894	12,717	426,497	32,452
Materials, goods and utilities	29,920	-	3,019	913,848	44,073
Provision for allowances	19,605	-	-	-	-
Transfers to other governments	-	-	76,014	-	-
Transfers to local boards and agencies	-	-	28,828	-	-
Transfers to individuals and organizations	-	-	30,455	-	-
Bank charges and short-term interest	865	-	-	-	-
Loss (gain) on disposal of tangible capital assets	-	-	-	(96,500)	2,220
Purchases from other governments	-	-	-	-	-
	892,847	187,684	151,033	2,683,790	88,015
EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION	6,145,619	(187,684)	(148,113)	(2,522,122)	24,258
Amortization expense	33,173	-	28,530	968,065	93,144
EXCESS OF REVENUE OVER EXPENSES	6,112,446	(187,684)	(176,643)	(3,490,187)	(68,886)

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, 2020

	Utilities & Environmental Services \$	Seniors & Family Community Support Services \$	Cemetery Services \$	Planning & Development Services \$
REVENUE				
Net municipal taxes	-	-	-	-
Government transfer	-	-	19,500	-
User fees and sales of goods	177,403	-	20,150	4,963
Investment income	-	-	-	-
Oil well drilling taxes	-	-	-	-
	177,403	-	39,650	4,963
EXPENSES				
Salaries, wages and benefits	82,159	150	29,870	176
Contract and general services	247,492	-	3,876	94,755
Materials, goods and utilities	103,348	-	3,492	-
Provision for allowances	-	-	-	-
Transfers to other governments	-	-	-	-
Transfers to local boards and agencies	-	-	-	-
Transfers to individuals and organizations	200	37,410	-	30,900
Bank charges and short-term interest	-	-	-	-
Loss (gain) on disposal of tangible capital assets	-	-	-	-
Purchases from other governments	60,721	-	-	-
	493,920	37,560	37,238	125,831
EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION	(316,517)	(37,560)	2,412	(120,868)
Amortization expense	53,745	-	3,492	-
EXCESS OF REVENUE OVER EXPENSES	(370,262)	(37,560)	(1,080)	(120,868)

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, 2020

	Agricultural Services \$	Recreation & Cultural Services \$	2020 Total \$	2019 Total \$
REVENUE				
Net municipal taxes	-	-	5,306,462	5,285,000
Government transfer	123,907	23,516	1,920,625	1,179,590
User fees and sales of goods	4,178	7,000	399,355	429,631
Investment income	-	-	69,502	124,386
Oil well drilling taxes	-	-	-	290
	128,085	30,516	7,695,944	7,018,897
EXPENSES				
Salaries, wages and benefits	185,925	33,743	2,495,581	2,638,017
Contract and general services	68,358	16,550	1,218,495	1,206,590
Materials, goods and utilities	50,455	8,500	1,156,655	1,208,786
Provision for allowances	-	-	19,605	18,042
Transfers to other governments	-	174,310	250,324	378,613
Transfers to local boards and agencies	-	77,248	106,076	77,083
Transfers to individuals and organizations	73,348	46,654	218,967	297,204
Bank charges and short-term interest	-	-	3,085	3,782
Loss (gain) on disposal of tangible capital assets	-	-	(96,500)	78,376
Purchases from other governments	-	-	60,721	57,284
	378,086	357,005	5,433,009	5,963,777
EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION	(250,001)	(326,489)	2,262,935	1,055,120
Amortization expense	31,763	13,459	1,225,371	1,201,843
EXCESS OF REVENUE OVER EXPENSES	(281,764)	(339,948)	1,037,564	(146,723)

The accompanying notes form part of these financial statements

Municipal District of Fairview No. 136

Notes to the Financial Statements

December 31, 2020

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, 2020

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, 2020

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

	2020	2019
	\$	\$
Cash	6,880,192	8,548,943
Temporary investments	46,603	45,224
	6,926,795	8,594,167

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 \$999,748 (2019 - \$1,395,135) and capital \$5,281,103 (2019 - \$5,644,782), totaling \$6,280,851 (2019 - \$7,039,917).

Municipal District of Fairview No. 136

Notes to the Financial Statements

December 31, 2020

4. RECEIVABLES

	2020	2019
	\$	\$
Property taxes		
Current taxes and grants in place of taxes	394,223	285,131
Arrears	241,129	92,137
	635,352	377,268
Other		
Trade	45,142	39,914
Loans	1,454,562	367,826
Other local governments		
Federal	119,886	58,232
Provincial	-	7,466
Local	36,270	51,943
	1,655,860	525,381
	2,291,212	902,649

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

	2020	2019
	\$	\$
United Farmers of Alberta Co-operative Ltd.	4,486	4,486
Alberta Municipal Financing Corporation Shares - at cost	-	40
	4,486	4,526

6. EMPLOYEE BENEFITS OBLIGATIONS

	2020	2019
	\$	\$
Vacation	32,603	38,402

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, 2020

7. DEFERRED CONTRIBUTION

	2020	2019
	\$	\$
Municipal Sustainability Initiative - Capital	529,249	1,081,037
Gas Tax Fund	97,650	85,799
Alberta Community Partnership Grant - Peace Valley Conservation, Recreation & Tourism Society Partnership	22,434	45,744
Hanger Lease	60	-
	649,393	1,212,580

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 off disturbed land within the gravel pits.

The total accrued liability recorded to date is \$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:

	2020	2019
	\$	\$
Total Debt Limit	9,365,789	9,352,940
Total Debt	-	-
Debt Limit Available	9,365,789	9,352,940
Debt Service Limit	1,560,965	1,558,823
Debt Service	-	-
Debt Service Limit Available	1,560,965	1,558,823

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.

Municipal District of Fairview No. 136

Notes to the Financial Statements

December 31, 2020

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2020	2019
	\$	\$
Tangible capital assets (Schedule 2)	57,131,639	55,700,426
Accumulated amortization (Schedule 2)	(36,094,322)	(35,288,411)
	21,037,317	20,412,015

11. ACCUMULATED SURPLUS

	2020	2019
	\$	\$
Unrestricted surplus	2,348,785	1,177,457
Restricted surplus		
Operating reserves		
Admin operations	-	7,500
Cemetery	158,383	128,383
Gravel	240,479	450,195
Land development	-	-
Rate stabilization fund	600,886	809,057
Capital reserves		
Agriculture Service Board	242,684	215,184
Airport	201,651	183,553
Bridges	949,496	757,496
Fire department	298,404	268,404
Joint Use Cultural Facilities	50,000	40,000
Office building	287,101	390,468
Public Land Reserve Fund	10,310	10,310
Public Works	2,409,043	2,842,315
Recreation and Community Services	221,695	286,187
Senior Services	63,100	63,100
Waste Water	245,354	266,182
Water	302,265	321,583
Equity in tangible capital assets	21,037,317	20,412,015
	29,666,953	28,629,389

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).

Municipal District of Fairview No. 136

Notes to the Financial Statements

December 31, 2020

13. SALARY AND BENEFITS DISCLOSURE

	2020			2019	
	Salary (1)	Benefits & Allowances (2)	Expenses	Total	Total
	\$	\$	\$	\$	\$
Reeve & Division 4	38,400	-	4,643	43,043	50,175
Councilors					
Division 1	30,150	663	4,520	35,333	53,822
Division 2	34,050	4,242	4,358	42,650	51,290
Division 3	26,250	4,368	3,878	34,496	33,920
Division 5 & 6	28,350	1,511	3,173	33,034	39,946
Chief Administrative Officer	131,206	22,695	-	153,901	153,734
Designated Officers (4)	345,713	44,422	-	390,135	310,281

- (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.

Total current service contributions by the Municipal District to the LAPP in 2020 were \$169,525 (2019 - \$173,896). Total current service contributions by the employees of the Municipal District to the LAPP in 2020 were \$153,148 (2019 - \$157,297).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.91 billion. The 2020 actuarial surplus was not available prior to issuing these financial statements.

Municipal District of Fairview No. 136

Notes to the Financial Statements

December 31, 2020

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. SIGNIFICANT EVENTS

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had significant impact on municipal government operations through the restrictions put in place by the Canadian and provincial governments as well as municipal governments regarding, travel, isolation/quarantine orders, closure of public facilities, cancellation/postponement of programs and tax and utility deferral programs. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Municipal District as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of public facility closures, program and service disruptions and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

17. 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.

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.