

**Municipal District of Fairview No. 136**

**Financial Statements**

**December 31, 2018**

# Municipal District of Fairview No. 136

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## MANAGEMENT'S REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of the **Municipal District of Fairview No. 136**.

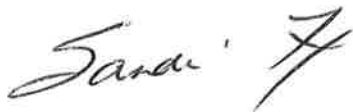
These consolidated financial statements have been prepared by management. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Municipal District of Fairview No. 136 maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Municipal District's assets are appropriately accounted for and adequately safeguarded.

The elected Council of the Municipal District of Fairview No. 136 are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council meets annually with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Doyle & Company, Chartered Accountants, the external auditors, in accordance with Canadian public sector accounting standards on behalf of the Council, residents and ratepayers of the Municipal District of Fairview No. 136. Doyle & Company has full and free access to the Municipal District's Council.



Sandra Fox

Chief Administrative Officer

Allan J. Grykuliak, CPA, CA\*  
Scott T. Mockford, CPA, CA\*  
Allen Lee, CPA, CMA\*  
Jason Bondarevich, CPA, CA\*

\* Operates as a Professional Corporation

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## INDEPENDENT AUDITORS' REPORT

### To the Members of Council

#### Opinion

We have audited the consolidated financial statements of **Municipal District of Fairview No. 136** (the Entity), which comprise the consolidated statement of financial position as at December 31, 2018, and the results of its operations, changes in its net financial assets and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipal District of Fairview No. 136 as at December 31, 2018, 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 Consolidated 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 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 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 Consolidated 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 judgement 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.

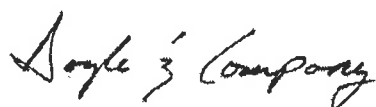
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 7.
- 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 30, 2019

Chartered Professional Accountants

**Municipal District of Fairview No. 136**  
**Consolidated Statement of Financial Position**  
As at December 31, 2018

	2018	2017
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	8,028,449	9,925,083
Receivables (Note 3)		
Taxes and grants in lieu receivable	264,756	216,429
Trade and other receivables	448,065	458,730
Other local governments		
Federal	122,814	47,765
Provincial	95,405	90,491
Local	42,819	131,106
Investments (Note 4)	4,508	41,360
	<b>9,006,816</b>	<b>10,910,964</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	549,538	579,297
Deferred revenue (Note 6)	1,118,029	1,689,451
Deposit liabilities	400	400
	<b>1,667,967</b>	<b>2,269,148</b>
<b>NET FINANCIAL ASSETS</b>	<b>7,338,849</b>	<b>8,641,816</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	20,910,369	18,349,195
Inventory for consumption	455,006	434,598
Prepaid expenses	71,888	65,021
	<b>21,437,263</b>	<b>18,848,814</b>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 9)</b>	<b>28,776,112</b>	<b>27,490,630</b>

The accompanying notes form part of these financial statements

# Municipal District of Fairview No. 136

## Consolidated Statement of Operations

For the year ended December 31, 2018

	2018 Budget \$	2018 Actual \$	2017 Actual \$
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	5,221,109	5,220,742	5,092,093
User fees and sales of goods	523,357	475,350	536,247
Government transfers (Schedule 4)	955,881	354,170	437,934
Investment income	113,500	173,382	113,095
<b>Total Revenues</b>	<b>6,813,847</b>	<b>6,223,644</b>	<b>6,179,369</b>
<b>EXPENSES</b>			
Administration	964,522	1,037,673	910,528
Agriculture service board	511,695	480,363	553,456
Airport	163,210	223,883	222,477
Animal control	12,200	7,975	5,727
Cemeteries	41,637	30,910	24,454
Culture and library	85,940	93,951	99,657
Family community support services	37,975	28,103	27,157
Fire	95,300	111,165	191,484
Gravel	646,008	596,443	696,242
Grading	765,746	769,863	647,780
Land use planning and development	97,500	125,980	292,644
Legislative	186,100	202,135	189,248
Parks and recreation	353,387	337,766	333,939
Public health and safety	44,250	41,485	44,147
Public works	1,424,452	2,156,483	2,043,218
Utilities	32,170	34,373	36,226
Waste management	125,032	125,228	117,923
Wastewater treatment and disposal	48,568	57,560	61,234
Water supply and distribution	223,155	254,541	249,032
<b>Total Expenses</b>	<b>5,858,847</b>	<b>6,715,880</b>	<b>6,746,573</b>
<b>EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<b>955,000</b>	<b>(492,236)</b>	<b>(567,204)</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	1,187,797	1,777,718	361,591
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>2,142,797</b>	<b>1,285,482</b>	<b>(205,613)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>-</b>	<b>27,490,630</b>	<b>27,696,243</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>-</b>	<b>28,776,112</b>	<b>27,490,630</b>

The accompanying notes form part of these financial statements

**Municipal District of Fairview No. 136**  
**Consolidated Statement of Change in Net Financial Assets**  
**For the year ended December 31, 2018**

	2018	2017
	\$	\$
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>1,285,482</b>	<b>(205,613)</b>
Acquisition of tangible capital assets	(3,856,499)	(1,034,816)
Proceeds on disposal of tangible capital assets	140,000	232,325
Amortization of tangible capital assets	1,140,325	1,078,682
Loss (gain) on disposal of tangible capital assets	15,000	(42,541)
	<b>(2,561,174)</b>	<b>233,650</b>
Acquisition of supplies inventories	(455,006)	(434,598)
Acquisition of prepaid assets	(71,888)	(65,021)
Use of supplies inventories	434,598	317,732
Use of prepaid assets	65,021	95,215
	<b>(27,275)</b>	<b>(86,672)</b>
<b>DECREASE IN NET ASSETS</b>	<b>(1,302,967)</b>	<b>(58,635)</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>8,641,816</b>	<b>8,700,451</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>7,338,849</b>	<b>8,641,816</b>

The accompanying notes form part of these financial statements



# Municipal District of Fairview No. 136

## Consolidated Statement of Cash Flows

For the year ended December 31, 2018

	2018	2017
	\$	\$
<b>OPERATING</b>		
Excess of revenue over expenditures	1,285,482	(205,613)
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	1,140,325	1,078,682
Loss (gain) on disposal of tangible capital assets	15,000	(42,541)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(48,327)	(9,838)
Decrease (increase) in trade and other receivables	18,989	(118,804)
Decrease (increase) in prepaid expenditures	(6,867)	30,194
Increase in inventory for consumption	(20,408)	(116,866)
Increase (decrease) in accounts payable and accrued liabilities	(29,759)	235,097
Increase (decrease) in deferred revenue	(571,422)	604,674
Cash from operations	1,783,013	1,454,985
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(3,856,499)	(1,034,816)
Proceeds on disposal of tangible capital assets	140,000	232,325
Cash applied to capital transactions	(3,716,499)	(802,491)
<b>INVESTING</b>		
Decrease (increase) in investments	36,852	(267)
<b>CHANGE IN CASH DURING THE YEAR</b>	<b>(1,896,634)</b>	<b>652,227</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>9,925,083</b>	<b>9,272,856</b>
<b>CASH, END OF YEAR</b>	<b>8,028,449</b>	<b>9,925,083</b>

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, 2018

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2018 Total \$	2017 Total \$
<b>Balance, Beginning of Year</b>	1,303,145	7,838,290	18,349,195	27,490,630	27,696,243
Excess of revenue over expenses	1,285,482	-	-	1,285,482	(205,613)
Unrestricted funds designated for future use	(864,132)	864,132	-	-	-
Restricted funds used for operations	754,334	(754,334)	-	-	-
Restricted funds used for tangible capital assets	-	(1,714,623)	1,714,623	-	-
Current years funds used for tangible capital assets	(2,141,876)	-	2,141,876	-	-
Disposal of tangible capital assets	155,000	-	(155,000)	-	-
Annual amortization expenses	1,140,325	-	(1,140,325)	-	-
<b>Change in accumulated surplus</b>	<b>329,133</b>	<b>(1,604,825)</b>	<b>2,561,174</b>	<b>1,285,482</b>	<b>(205,613)</b>
<b>Balance, End of Year</b>	<b>1,632,278</b>	<b>6,233,465</b>	<b>20,910,369</b>	<b>28,776,112</b>	<b>27,490,630</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, 2018

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2018 Total	2017 Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST:</b>								
Balance, Beginning of Year	286,344	2,216,129	2,896,754	39,545,746	6,444,163	599,186	51,988,322	51,486,004
Acquisition of tangible capital assets	321,326	-	93,549	330,900	938,180	-	1,683,955	928,981
Construction-in-progress	-	-	-	2,172,544	-	-	2,172,544	105,835
Disposal of tangible capital assets	-	-	-	(87,651)	(408,383)	-	(496,034)	(532,498)
Balance, End of Year	607,670	2,216,129	2,990,303	41,961,539	6,973,960	599,186	55,348,787	51,988,322
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	-	1,433,530	760,035	27,315,737	3,756,465	373,360	33,639,127	32,903,159
Annual amortization	-	73,641	79,234	422,049	522,479	42,922	1,140,325	1,078,682
Accumulated amortization on disposals	-	-	-	(87,651)	(253,383)	-	(341,034)	(342,714)
Balance, End of Year	-	1,507,171	839,269	27,650,135	4,025,561	416,282	34,438,418	33,639,127
<b>NET BOOK VALUE</b>	<b>607,670</b>	<b>708,958</b>	<b>2,151,034</b>	<b>14,311,404</b>	<b>2,948,399</b>	<b>182,904</b>	<b>20,910,369</b>	<b>18,349,195</b>
2017 NET BOOK VALUE	286,344	782,599	2,136,719	12,230,009	2,687,698	225,826	18,349,195	

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, 2018**

	2018 Budget \$	2018 Actual \$	2017 Actual \$
<b>TAXATION</b>			
Real property taxes	3,859,172	3,858,076	3,785,198
Linear property taxes	2,361,054	2,361,053	2,335,144
Penalties and costs	30,000	30,732	33,740
	<b>6,250,226</b>	<b>6,249,861</b>	<b>6,154,082</b>
<b>REQUISITIONS</b>			
Provincial School Foundation Fund	873,685	873,685	927,004
Senior Foundation	149,879	149,879	134,985
Provincial Designated Industrial Property Assessment	5,553	5,555	-
	<b>1,029,117</b>	<b>1,029,119</b>	<b>1,061,989</b>
<b>NET MUNICIPAL TAXES</b>	<b>5,221,109</b>	<b>5,220,742</b>	<b>5,092,093</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, 2018**

	2018 Budget \$	2018 Actual \$	2017 Actual \$
<b><u>OPERATING</u></b>			
<b>PROVINCIAL TRANSFERS</b>			
Shared-cost agreements and grants	841,131	246,001	247,585
<b>LOCAL GOVERNMENT TRANSFERS</b>			
Shared-cost agreements and grants	114,750	108,169	190,349
	<b>955,881</b>	<b>354,170</b>	<b>437,934</b>
<b><u>CAPITAL</u></b>			
<b>PROVINCIAL TRANSFERS</b>			
Capital grants received during the year	1,187,797	1,187,797	966,365
Capital grant funding deferred from the last year	-	1,689,251	1,084,477
Less: capital grant funding deferred to the next year	-	(1,099,330)	(1,689,251)
Net shared-cost agreements and grants for the year	<b>1,187,797</b>	<b>1,777,718</b>	<b>361,591</b>

The accompanying notes form part of these financial statements

**Municipal District of Fairview No. 136**  
**Schedule of Consolidated Expenses by Object - Schedule 5**  
**For the year ended December 31, 2018**

	2018 Budget \$	2018 Actual \$	2017 Actual \$
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	2,523,150	2,317,023	2,308,848
Contracted and general services	1,305,397	1,154,710	1,092,028
Materials, goods and utilities	1,308,700	1,239,483	1,276,099
Provision for allowances	16,000	159,233	24,420
Transfers to other governments	257,300	307,255	386,627
Transfers to local boards and agencies	75,340	74,335	74,085
Transfers to individuals and organizations	267,960	203,392	451,808
Bank charges and short-term interest	15,000	22,091	13,462
Amortization of tangible capital assets	-	1,140,325	1,078,681
Loss (gain) on disposal of tangible capital assets	-	15,000	(42,541)
Purchases from other governments	90,000	83,033	83,056
	<b>5,858,847</b>	<b>6,715,880</b>	<b>6,746,573</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, 2018

	General Government & Council & Administrative Services	Legislative Services	Protective Services	Transportation Services	Airport Services
	\$	\$	\$	\$	\$
<b>REVENUE</b>					
Net municipal taxes	5,220,742	-	-	-	-
Government transfer	1,766,893	-	2,500	88,467	84,065
User fees and sales of goods	65,333	-	28,247	128,025	46,874
Investment income	173,382	-	-	-	-
Oil well drilling taxes	-	-	-	-	-
	<b>7,226,350</b>	<b>-</b>	<b>30,747</b>	<b>216,492</b>	<b>130,939</b>
<b>EXPENSES</b>					
Salaries, wages and benefits	502,469	160,672	-	1,277,156	11,897
Contract and general services	280,252	41,463	23,289	403,268	56,806
Materials, goods and utilities	40,570	-	2,013	948,634	55,799
Provision for allowances	159,233	-	-	-	-
Transfers to other governments	-	-	83,783	-	-
Transfers to local boards and agencies	-	-	-	-	-
Transfers to individuals and organizations	-	-	23,010	-	-
Bank charges and short-term interest	20,066	-	-	-	2,025
Loss (gain) on disposal of tangible capital assets	-	-	-	15,000	-
Purchases from other governments	-	-	-	-	-
	<b>1,002,590</b>	<b>202,135</b>	<b>132,095</b>	<b>2,644,058</b>	<b>126,527</b>
<b>EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION</b>	<b>6,223,760</b>	<b>(202,135)</b>	<b>(101,348)</b>	<b>(2,427,566)</b>	<b>4,412</b>
Amortization expense	35,083	-	28,530	878,731	97,356
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>6,188,677</b>	<b>(202,135)</b>	<b>(129,878)</b>	<b>(3,306,297)</b>	<b>(92,944)</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, 2018

	Utilities & Environmental Services	Seniors & Family Community Support Services	Cemetery Services	Planning & Development Services
	\$	\$	\$	\$
<b>REVENUE</b>				
Net municipal taxes	-	-	-	-
Government transfer	-	-	21,604	-
User fees and sales of goods	165,963	-	1,800	23,462
Investment income	-	-	-	-
Oil well drilling taxes	-	-	-	-
	<b>165,963</b>	<b>-</b>	<b>23,404</b>	<b>23,462</b>
<b>EXPENSES</b>				
Salaries, wages and benefits	96,059	250	27,530	250
Contract and general services	156,763	-	336	105,057
Materials, goods and utilities	82,259	-	1,734	-
Provision for allowances	-	-	-	-
Transfers to other governments	-	-	-	-
Transfers to local boards and agencies	-	-	-	-
Transfers to individuals and organizations	200	27,853	-	20,673
Bank charges and short-term interest	-	-	-	-
Loss (gain) on disposal of tangible capital assets	-	-	-	-
Purchases from other governments	83,033	-	-	-
	<b>418,314</b>	<b>28,103</b>	<b>29,600</b>	<b>125,980</b>
<b>EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION</b>	<b>(252,351)</b>	<b>(28,103)</b>	<b>(6,196)</b>	<b>(102,518)</b>
Amortization expense	53,388	-	1,310	-
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>(305,739)</b>	<b>(28,103)</b>	<b>(7,506)</b>	<b>(102,518)</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, 2018

	Agricultural Services \$	Recreation & Cultural Services \$	2018 Total \$	2017 Total \$
<b>REVENUE</b>				
Net municipal taxes	-	-	5,220,742	5,092,093
Government transfer	168,359	-	2,131,888	799,525
User fees and sales of goods	8,646	7,000	475,350	536,247
Investment income	-	-	173,382	113,095
Oil well drilling taxes	-	-	-	-
	<b>177,005</b>	<b>7,000</b>	<b>8,001,362</b>	<b>6,540,960</b>
<b>EXPENSES</b>				
Salaries, wages and benefits	208,798	31,942	2,317,023	2,308,848
Contract and general services	74,717	12,759	1,154,710	1,092,028
Materials, goods and utilities	96,670	11,804	1,239,483	1,276,099
Provision for allowances	-	-	159,233	24,420
Transfers to other governments	-	223,472	307,255	386,627
Transfers to local boards and agencies	-	74,335	74,335	74,085
Transfers to individuals and organizations	67,710	63,946	203,392	451,808
Bank charges and short-term interest	-	-	22,091	13,462
Loss (gain) on disposal of tangible capital assets	-	-	15,000	(42,541)
Purchases from other governments	-	-	83,033	83,056
	<b>447,895</b>	<b>418,258</b>	<b>5,575,555</b>	<b>5,667,892</b>
<b>EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION</b>	<b>(270,890)</b>	<b>(411,258)</b>	<b>2,425,807</b>	<b>873,068</b>
Amortization expense	32,468	13,459	1,140,325	1,078,681
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>(303,358)</b>	<b>(424,717)</b>	<b>1,285,482</b>	<b>(205,613)</b>

The accompanying notes form part of these financial statements

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2018

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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, 2018

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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 consolidated Change in Net Financial Assets for the year.

##### i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized 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, 2018

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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. **CASH AND TEMPORARY INVESTMENTS**

	2018	2017
	\$	\$
Cash	7,984,821	9,882,932
Temporary investments	43,628	42,151
	<b>8,028,449</b>	<b>9,925,083</b>

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 \$1,329,401 (2017 - \$1,928,734) and capital \$4,904,064 (2017 - \$5,909,556), totaling \$6,233,465 (2017 - \$7,838,290).

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2018

### 3. RECEIVABLES

	2018	2017
	\$	\$
Property taxes		
Current taxes and grants in place of taxes	217,867	149,663
Arrears	46,889	66,766
	<b>264,756</b>	<b>216,429</b>
Other		
Trade	68,239	458,730
Loans	379,826	-
Other local governments		
Federal	122,814	47,765
Provincial	95,405	90,491
Local	42,819	131,106
	<b>709,103</b>	<b>728,092</b>
	<b>973,859</b>	<b>944,521</b>

The loans receivable consists of a loan to Fairview Cooperative Seed Cleaning Plant, repayable over a 5 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.

### 4. INVESTMENTS

	2018	2017
	\$	\$
Guaranteed investment certificate - restricted	-	36,852
United Farmers of Alberta Co-operative Ltd.	4,468	4,468
Alberta Municipal Financing Corporation Shares - at cost	40	40
	<b>4,508</b>	<b>41,360</b>

### 5. EMPLOYEE BENEFITS OBLIGATIONS

	2018	2017
	\$	\$
Vacation and overtime	43,942	39,641

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

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2018

### 6. DEFERRED REVENUE

	2018	2017
	\$	\$
Municipal Sustainability Initiative - Capital	1,099,330	1,689,251
Seedling Pre-order	173	200
Land Rent	18,526	-
	<b>1,118,029</b>	<b>1,689,451</b>

### 7. 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:

	2018	2017
	\$	\$
Total Debt Limit	9,335,466	9,269,054
Total Debt	-	-
Debt Limit Available	<b>9,335,466</b>	<b>9,269,054</b>
Debt Service Limit	1,555,911	1,544,842
Debt Service	-	-
Debt Service Limit Available	<b>1,555,911</b>	<b>1,544,842</b>

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, 2018

### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018	2017
	\$	\$
Tangible capital assets (Schedule 2)	55,348,787	51,988,322
Accumulated amortization (Schedule 2)	(34,438,418)	(33,639,127)
	<b>20,910,369</b>	<b>18,349,195</b>

### 9. ACCUMULATED SURPLUS

	2018	2017
	\$	\$
Unrestricted surplus	1,632,278	1,303,145
Restricted surplus		
Operating reserves		
Admin operations	5,000	-
Cemetery	115,148	129,252
Gravel	300,195	150,195
Land development	-	100,000
Rate stabilization fund	909,058	1,549,287
Capital reserves		
Agriculture Service Board	186,704	133,454
Airport	85,477	92,327
Bridges	557,496	637,496
Fire department	238,404	208,404
Joint Use Cultural Facilities	40,000	40,000
Office building	365,000	315,000
Public Land Reserve Fund	10,230	36,852
Public Works	2,528,516	3,728,786
Recreation and Community Services	336,187	261,187
Senior Services	63,100	63,100
Waste Water	216,183	166,183
Water	276,767	226,767
Equity in tangible capital assets	<b>20,910,369</b>	<b>18,349,195</b>
	<b>28,776,112</b>	<b>27,490,630</b>

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2018

### 10. SALARY AND BENEFITS DISCLOSURE

	2018			2017	
	Salary (1)	Benefits & Allowances (2)	Expenses	Total	Total
	\$	\$	\$	\$	\$
Reeve & Division 4	34,250	-	6,505	40,755	34,134
Councillors					
Division 1	34,625	671	9,197	44,493	49,072
Division 2	30,375	3,980	7,456	41,811	29,480
Division 3	23,625	3,923	4,489	32,037	35,388
Division 5 & 6	27,625	1,681	8,740	38,046	34,939
Chief Administrative Officer	122,906	22,350	-	145,256	138,872

- (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, Workers' Compensation Board, health care, dental coverage, group life insurance, accidental death and dismemberment insurance, long and short term disability plans, retirement pension professional memberships and tuition.

### 11. 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 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees of the Municipal District are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the Municipal District to the LAPP in 2018 were \$164,985 (2017 - \$177,605). Total current service contributions by the employees of the Municipal District to the LAPP in 2018 were \$150,577 (2017 - \$163,287).



# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2018

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### 12. CONTINGENCIES

The Municipal District is a member of the Alberta Association of Municipal Districts and Counties - Genesis Reciprocal Insurance Exchange. 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.

The Municipal District has provided a loan guarantee for the Friedenstal Historical Society in the amount of \$350,000.

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

### 14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.