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**MUNICIPAL DISTRICT OF FAIRVIEW NO. 136**

**Municipal District of Fairview No. 136**

**Financial Statements**

**December 31, 2022**

# Municipal District of Fairview No. 136

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March 28, 2023

## 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, 2022 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.

A handwritten signature in black ink, appearing to read "R. Jorgensen".

Robert Jorgensen  
Chief Administrative Officer

Edward Cheung, 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 financial statements of Municipal District of Fairview No. 136 (the Entity), which comprise the statement of financial position as at December 31, 2022, 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, 2022, 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.

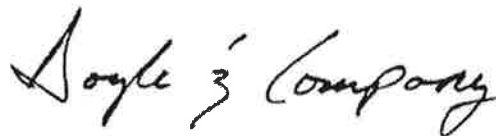
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



March 28, 2023  
11210 - 107 Avenue NW  
Edmonton, Alberta T5H 0Y1

Chartered Professional Accountants

# Municipal District of Fairview No. 136

## Statement of Financial Position

As at December 31, 2022

	2022	2021
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	7,055,284	7,482,492
Receivables (Note 3)		
Taxes and grants in lieu receivable	1,037,047	842,166
Trade and other receivables	1,401,480	1,471,534
Other local governments	991,415	122,458
Investments (Note 4)	4,587	4,486
	<b>10,489,813</b>	<b>9,923,136</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	1,702,439	563,094
Deferred contributions (Note 6)	992,058	607,709
Deposit liabilities	400	400
Gravel reclamation liability (Note 7)	321,883	243,162
	<b>3,016,780</b>	<b>1,414,365</b>
<b>NET FINANCIAL ASSETS</b>	<b>7,473,033</b>	<b>8,508,771</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	21,960,388	21,733,561
Inventory for consumption	736,476	469,213
Prepaid expenses	98,950	89,895
	<b>22,795,814</b>	<b>22,292,669</b>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 10)</b>	<b>30,268,847</b>	<b>30,801,440</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, 2022

	2022 Budget \$	2022 Actual \$	2021 Actual \$
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	5,337,717	5,470,755	5,288,852
User fees and sales of goods	457,350	459,802	527,354
Government transfers (Schedule 4)	286,295	261,808	476,184
Investment income	53,000	157,727	48,256
<b>Total Revenues</b>	<b>6,134,362</b>	<b>6,350,092</b>	<b>6,340,646</b>
<b>EXPENSES</b>			
Administration	874,349	1,056,533	896,175
Agriculture service board	435,971	370,843	379,345
Airport	126,134	206,766	202,426
Animal control	17,000	10,903	2,658
Cemeteries	47,653	39,936	35,734
Culture and library	96,315	88,698	94,245
Family community support services	40,250	35,182	36,232
Fire	116,000	98,787	108,680
Gravel	474,909	902,973	669,187
Grading	845,834	777,866	637,398
Land use planning and development	117,351	115,496	104,431
Legislative	220,000	244,335	189,588
Parks and recreation	394,373	384,546	298,054
Public health and safety	117,525	97,677	95,189
Public works	1,657,559	2,524,839	2,318,116
Utilities & Environmental Services			
Waste management	156,675	160,393	143,552
Wastewater treatment and disposal	83,734	147,646	89,864
Water supply and distribution	255,897	389,251	289,728
<b>Total Expenses</b>	<b>6,077,529</b>	<b>7,652,670</b>	<b>6,590,602</b>
<b>EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<b>56,833</b>	<b>(1,302,578)</b>	<b>(249,956)</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	741,492	769,985	1,384,443
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>798,325</b>	<b>(532,593)</b>	<b>1,134,487</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>-</b>	<b>30,801,440</b>	<b>29,666,953</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>-</b>	<b>30,268,847</b>	<b>30,801,440</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, 2022

	2022 Budget \$	2022 Actual \$	2021 Actual \$
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>798,325</b>	<b>(532,593)</b>	<b>1,134,487</b>
Acquisition of tangible capital assets	-	(1,784,053)	(2,155,817)
Proceeds on disposal of tangible capital assets	-	150,000	177,200
Amortization of tangible capital assets	-	1,341,898	1,229,993
Loss on disposal of tangible capital assets	-	65,328	52,380
	-	(226,827)	(696,244)
Acquisition of supplies inventories	-	(736,476)	(469,213)
Acquisition of prepaid assets	-	(98,950)	(89,895)
Use of supplies inventories	-	469,213	631,387
Use of prepaid assets	-	89,895	121,812
	-	(276,318)	194,091
<b>CHANGE IN NET ASSETS DURING THE YEAR</b>	<b>798,325</b>	<b>(1,035,738)</b>	<b>632,334</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>8,508,771</b>	<b>8,508,771</b>	<b>7,876,437</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>9,307,096</b>	<b>7,473,033</b>	<b>8,508,771</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, 2022

	2022	2021
	\$	\$
<b>OPERATING</b>		
Excess of revenue over expenditures	(532,593)	1,134,487
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	1,341,898	1,229,993
Loss on disposal of tangible capital assets	65,328	52,380
Non-cash charges to operations (net change):		
Increase in taxes and grants in lieu receivable	(194,881)	(206,814)
Decrease (increase) in trade and other receivables	(798,903)	61,868
Decrease (increase) in prepaid expenditures	(9,055)	31,917
Decrease (increase) in inventory for consumption	(267,263)	162,174
Increase in accounts payable and accrued liabilities	1,218,066	109,993
Increase (decrease) in deferred contributions	384,349	(41,684)
Cash from operations	1,206,946	2,534,314
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,784,053)	(2,155,817)
Proceeds on disposal of tangible capital assets	150,000	177,200
Cash applied to capital transactions	(1,634,053)	(1,978,617)
<b>INVESTING</b>		
Decrease in investments	(101)	-
<b>CHANGE IN CASH DURING THE YEAR</b>	<b>(427,208)</b>	<b>555,697</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>7,482,492</b>	<b>6,926,795</b>
<b>CASH, END OF YEAR</b>	<b>7,055,284</b>	<b>7,482,492</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, 2022

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2022 Total \$	2021 Total \$
<b>BALANCE, BEGINNING OF YEAR</b>	943,703	8,124,176	21,733,561	30,801,440	29,666,953
Excess of revenue over expenses	(532,593)	-	-	(532,593)	1,134,487
Restricted funds used for operations	282,007	(282,007)	-	-	-
Restricted funds used for tangible capital assets	-	(153,355)	153,355	-	-
Current years funds used for tangible capital assets	(1,630,698)	-	1,630,698	-	-
Disposal of tangible capital assets	215,328	-	(215,328)	-	-
Annual amortization expenses	1,341,898	-	(1,341,898)	-	-
Change in accumulated surplus	(324,058)	(435,362)	226,827	(532,593)	1,134,487
<b>BALANCE, END OF YEAR</b>	619,645	7,688,814	21,960,388	30,268,847	30,801,440

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, 2022**

	Land	Land Improvements	Buildings	Construction in Progress	Engineered Structures	Machinery and Equipment	Vehicles	2022 Total	2021 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST:</b>									
Balance, Beginning 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
Acquisition of tangible capital assets	-	19,015	-	19,272	3,263,137	1,080,388	-	4,381,812	2,155,817
Disposal of tangible capital assets	-	-	-	(2,597,759)	-	(488,925)	-	(3,086,684)	(445,032)
Balance, End of Year	607,670	2,498,741	2,990,303	157,910	45,318,243	7,906,152	658,513	60,137,532	58,842,404
<b>ACCUMULATED AMORTIZATION:</b>									
Balance, Beginning of Year	-	1,725,092	1,076,971	-	29,023,017	4,791,894	491,869	37,108,843	36,094,322
Annual amortization	-	66,590	79,234	-	594,460	569,964	31,650	1,341,898	1,229,993
Accumulated amortization on disposals	-	-	-	-	-	(273,597)	-	(273,597)	(215,472)
Balance, End of Year	-	1,791,682	1,156,205	-	29,617,477	5,088,261	523,519	38,177,144	37,108,843
<b>NET BOOK VALUE</b>	<b>607,670</b>	<b>707,059</b>	<b>1,834,098</b>	<b>157,910</b>	<b>15,700,766</b>	<b>2,817,891</b>	<b>134,994</b>	<b>21,960,388</b>	<b>21,733,561</b>
2021 NET BOOK VALUE	607,670	754,634	1,913,332	2,736,397	13,032,089	2,522,795	166,644	21,733,561	

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, 2022**

	2022 Budget \$	2022 Actual \$	2021 Actual \$
<b>TAXATION</b>			
Real property taxes	3,346,973	3,344,427	3,251,777
Linear property taxes	1,910,602	1,910,602	1,949,365
Provincial school taxes	926,076	966,327	888,478
Senior Housing Foundation	170,795	170,682	157,985
Provincial Designated Industrial Property taxes	10,409	10,409	10,558
Penalties and costs	80,000	175,427	89,977
	<b>6,444,855</b>	<b>6,577,874</b>	<b>6,348,140</b>
<b>REQUISITIONS</b>			
Provincial School Foundation Fund	926,089	926,088	889,458
Senior Housing Foundation	170,795	170,795	159,120
Provincial Designated Industrial Property Assessment	10,254	10,236	10,710
	<b>1,107,138</b>	<b>1,107,119</b>	<b>1,059,288</b>
<b>NET MUNICIPAL TAXES</b>	<b>5,337,717</b>	<b>5,470,755</b>	<b>5,288,852</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, 2022**

	2022 Budget \$	2022 Actual \$	2021 Actual \$
<b><u>OPERATING</u></b>			
<b>PROVINCIAL TRANSFERS</b>			
Shared-cost agreements and grants	194,795	194,795	384,439
<b>LOCAL GOVERNMENT TRANSFERS</b>			
Shared-cost agreements and grants	91,500	67,013	91,745
	<b>286,295</b>	<b>261,808</b>	<b>476,184</b>
<b><u>CAPITAL</u></b>			
<b>PROVINCIAL TRANSFERS</b>			
Capital grants received during the year	671,239	1,149,291	1,339,034
Capital grant funding deferred from the last year	-	585,106	626,898
Interest earned on capital grants	-	27,646	3,617
Less: capital grant funding deferred to the next year	-	(992,058)	(585,106)
Net shared-cost agreements and grants for the year	<b>671,239</b>	<b>769,985</b>	<b>1,384,443</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, 2022

	2022 Budget \$	2022 Actual \$	2021 Actual \$
<b>EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	2,540,301	2,488,452	2,296,824
Contracted and general services	1,386,834	1,366,068	1,181,069
Materials, goods and utilities	1,351,354	1,693,242	1,185,070
Provision for allowances	1,000	22,409	16,894
Transfers to other governments	311,100	244,129	277,798
Transfers to local boards and agencies	152,190	132,292	135,095
Transfers to individuals and organizations	266,250	238,578	149,126
Bank charges and short-term interest	3,500	4,968	3,145
Amortization of tangible capital assets	-	1,341,898	1,229,992
Loss (gain) on disposal of tangible capital assets	-	65,328	52,380
Purchases from other governments	65,000	55,306	63,209
	<b>6,077,529</b>	<b>7,652,670</b>	<b>6,590,602</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, 2022

	General Government & Administrative Services	Council & Legislative Services	Protective Services	Transportation Services	Airport Services
	\$	\$	\$	\$	\$
<b>REVENUE</b>					
Net municipal taxes	5,470,754	-	-	-	-
Government transfer	70,888	-	2,500	107,419	47,506
User fees and sales of goods	46,446	-	720	73,788	97,973
Investment income	157,727	-	-	-	-
Oil well drilling taxes	-	-	-	-	-
	<b>5,745,815</b>	<b>-</b>	<b>3,220</b>	<b>181,207</b>	<b>145,479</b>
<b>EXPENSES</b>					
Salaries, wages and benefits	592,895	206,819	-	1,354,454	9,705
Contract and general services	354,105	37,516	19,214	449,843	40,863
Materials, goods and utilities	51,705	-	2,742	1,309,257	85,149
Provision for allowances	22,409	-	-	-	-
Transfers to other governments	-	-	69,531	-	-
Transfers to local boards and agencies	-	-	57,697	-	-
Transfers to individuals and organizations	-	-	29,653	-	-
Bank charges and short-term interest	792	-	-	-	4,176
Loss (gain) on disposal of tangible capital assets	-	-	-	65,328	-
Purchases from other governments	-	-	-	-	-
	<b>1,021,906</b>	<b>244,335</b>	<b>178,837</b>	<b>3,178,882</b>	<b>139,893</b>
<b>EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION</b>	<b>4,723,909</b>	<b>(244,335)</b>	<b>(175,617)</b>	<b>(2,997,675)</b>	<b>5,586</b>
Amortization expense	34,627	-	28,530	1,026,796	66,873
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>4,689,282</b>	<b>(244,335)</b>	<b>(204,147)</b>	<b>(4,024,471)</b>	<b>(61,287)</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, 2022

	Utilities & Environmental Services \$	Seniors & Family Community Support Services \$	Cemetery Services \$	Planning & Development Services \$
<b>REVENUE</b>				
Net municipal taxes	-	-	-	-
Government transfer	662,566	-	17,008	-
User fees and sales of goods	212,682	1,500	6,250	8,544
Investment income	-	-	-	-
Oil well drilling taxes	-	-	-	-
	<b>875,248</b>	<b>1,500</b>	<b>23,258</b>	<b>8,544</b>
<b>EXPENSES</b>				
Salaries, wages and benefits	90,605	150	28,803	-
Contract and general services	271,382	-	274	101,882
Materials, goods and utilities	155,315	-	4,926	-
Provision for allowances	-	-	-	-
Transfers to other governments	-	-	-	-
Transfers to local boards and agencies	-	-	-	-
Transfers to individuals and organizations	-	35,032	-	13,614
Bank charges and short-term interest	-	-	-	-
Loss (gain) on disposal of tangible capital assets	-	-	-	-
Purchases from other governments	55,305	-	-	-
	<b>572,607</b>	<b>35,182</b>	<b>34,003</b>	<b>115,496</b>
<b>EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION</b>	<b>302,641</b>	<b>(33,682)</b>	<b>(10,745)</b>	<b>(106,952)</b>
Amortization expense	124,683	-	5,933	-
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>177,958</b>	<b>(33,682)</b>	<b>(16,678)</b>	<b>(106,952)</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, 2022

	Agricultural Services \$	Recreation & Cultural Services \$	2022 Total \$	2021 Total \$
<b>REVENUE</b>				
Net municipal taxes	-	-	5,470,754	5,288,852
Government transfer	123,907	-	1,031,794	1,860,627
User fees and sales of goods	4,899	7,000	459,802	527,354
Investment income	-	-	157,727	48,256
Oil well drilling taxes	-	-	-	-
	<b>128,806</b>	<b>7,000</b>	<b>7,120,077</b>	<b>7,725,089</b>
<b>EXPENSES</b>				
Salaries, wages and benefits	172,344	32,676	2,488,451	2,296,824
Contract and general services	67,506	23,484	1,366,069	1,181,072
Materials, goods and utilities	72,996	11,153	1,693,243	1,185,068
Provision for allowances	-	-	22,409	16,894
Transfers to other governments	-	174,598	244,129	277,798
Transfers to local boards and agencies	-	74,595	132,292	135,095
Transfers to individuals and organizations	21,800	138,479	238,578	149,126
Bank charges and short-term interest	-	-	4,968	3,145
Loss (gain) on disposal of tangible capital assets	-	-	65,328	52,380
Purchases from other governments	-	-	55,305	63,207
	<b>334,646</b>	<b>454,985</b>	<b>6,310,772</b>	<b>5,360,609</b>
<b>EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION</b>	<b>(205,840)</b>	<b>(447,985)</b>	<b>809,305</b>	<b>2,364,480</b>
Amortization expense	36,197	18,259	1,341,898	1,229,993
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>(242,037)</b>	<b>(466,244)</b>	<b>(532,593)</b>	<b>1,134,487</b>

The accompanying notes form part of these financial statements

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2022

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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 records 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.

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2022

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### 1. SIGNIFICANT ACCOUNTING POLICIES - continued

#### c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period.

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.

#### 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) Loans Receivable

Loans receivable are initially recognized at cost, net of any transaction costs, with interest income recognized using the effective interest method. Loans receivable are subsequently measured at amortized cost net of any valuation allowances.

#### g) Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the Municipality has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2022

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### 1. SIGNIFICANT ACCOUNTING POLICIES - continued

#### h) 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.

#### i) 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.

#### j) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

#### k) Valuation of Financial Assets and Liabilities

The Municipality's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Temporary investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Loans receivable and debt charges recoverable	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term liabilities	Amortized cost

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2022

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### 1. SIGNIFICANT ACCOUNTING POLICIES - continued

#### 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.

#### 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) Inventories

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

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

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

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2022

### 2. CASH AND TEMPORARY INVESTMENTS

	2022	2021
	\$	\$
Cash	7,005,548	7,434,671
Temporary investments	49,736	47,821
	7,055,284	7,482,492

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 \$2,573,115 (2021 - \$2,855,124) and capital \$5,115,697 (2021 - \$5,269,052), totaling \$7,688,812 (2021 - \$8,124,176).

### 3. RECEIVABLES

	2022	2021
	\$	\$
Property taxes		
Current taxes and grants in place of taxes	456,928	394,914
Arrears	580,119	447,252
	1,037,047	842,166
Other		
Trade	40,089	65,995
Loans	1,361,391	1,405,539
Other local governments		
Federal	101,624	87,510
Provincial	865,658	-
Local	24,133	34,948
	2,392,895	1,593,992
	3,429,942	2,436,158

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.

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2022

### 4. INVESTMENTS

	2022	2021
	\$	\$
United Farmers of Alberta Co-operative Ltd.	4,587	4,486

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
	\$	\$
Trade	1,675,137	429,998
Vacation	27,302	28,006
Holdbacks	-	105,090
	1,702,439	563,094

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.

### 6. DEFERRED CONTRIBUTIONS

	2022	2021
	\$	\$
Municipal Sustainability Initiative - Capital	754,975	348,013
Canada Community Building Fund	237,083	237,093
Alberta Community Partnership Grant - Peace Valley Conservation, Recreation & Tourism Society Partnership	-	22,603
	992,058	607,709

#### Municipal Sustainability Initiative

Funding in the amount of \$461,493 was received in the current year from the Municipal Sustainability Initiative. Of the funding received, \$390,605 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.

Unexpended funds related to the above grants are supported by cash deposits held exclusively for these projects.

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2022

### 7. 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 \$321,883 (2021 - \$243,162)

### 8. 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 follows:

	2022	2021
	\$	\$
Total Debt Limit	9,525,138	9,510,969
Total Debt	-	-
Debt Limit Available	9,525,138	9,510,969
Debt Service Limit	1,587,523	1,585,162
Debt Service	-	-
Debt Service Limit Available	1,587,523	1,585,162

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, 2022

### 9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2022	2021
	\$	\$
Tangible capital assets (Schedule 2)	60,137,532	58,842,404
Accumulated amortization (Schedule 2)	(38,177,144)	(37,108,843)
	<b>21,960,388</b>	<b>21,733,561</b>

### 10. ACCUMULATED SURPLUS

	2022	2021
	\$	\$
Unrestricted surplus	619,645	1,360,768
Internally restricted surplus		
Operating reserves		
Admin operations	17,500	12,500
Cemetery	106,876	116,383
Gravel	184,102	490,479
Land development	-	-
Rate stabilization fund	2,264,637	2,235,762
Capital reserves		
Agriculture Service Board	239,184	263,184
Airport	212,726	200,438
Bridges	1,349,496	1,099,496
Fire department	358,404	328,404
Joint Use Cultural Facilities	55,000	70,000
Office building	324,302	293,202
Public Land Reserve Fund	-	10,295
Public Works	1,896,339	2,429,490
Recreation and Community Services	172,746	136,220
Senior Services	63,100	63,100
Waste Water	318,345	299,167
Water	126,057	76,057
Equity in tangible capital assets	<b>21,960,388</b>	<b>21,733,561</b>
	<b>30,268,847</b>	<b>31,218,506</b>

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2022

### 11. 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).

### 12. SALARY AND BENEFITS DISCLOSURE

	2022			2021	
	Salary (1)	Benefits & Allowances (2)	Expenses	Total	Total
	\$	\$	\$	\$	\$
Reeve & Division 4	-	-	-	-	32,323
Reeve & Division 2	48,500	4,960	8,059	61,519	39,995
Councilors					
Division 1	32,250	2,912	5,499	40,661	34,436
Division 3	36,450	3,160	5,991	45,601	32,784
Division 4	31,450	4,960	4,924	41,334	8,299
Division 5 & 6	27,550	4,960	5,624	38,134	33,443
Chief Administrative Officer	28,686	4,708	-	33,394	159,220
Chief Administrative Officer	95,605	2,924	-	-	-
Designated Officers - 4	340,940	48,114	-	389,054	367,416

(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.

### 13. 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 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% on pensionable earnings above this amount. Employees of the Municipal District are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.23% on pensionable salary above this amount.

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2022

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### 14. LOCAL AUTHORITIES PENSION PLAN - continued

Total current service contributions by the Municipal District to the LAPP in 2022 were \$131,411 (2021 - \$149,654). Total current service contributions by the employees of the Municipal District to the LAPP in 2021 were \$117,207 (2021 - \$135,090).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$4.98 billion. The 2022 actuarial surplus was not available prior to issuing these financial statements.

### 14. 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.

### 15. 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.

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2022

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### 16. FUTURE ACCOUNTING STANDARD PRONOUNCEMENTS

In 2023, the Municipality will assess the impact of and prepare for the adoption of PS 3280.

The Public Sector Accounting Board (PSAB) issued the new PS 3280 Asset Retirement Obligations to establish an accounting standard for public sector entities that addresses the accounting and reporting obligations associated with the retirement of tangible capital assets. The new standard is effective for annual financial statements relating to fiscal years beginning on or after April 1, 2022.

The new standard provides guidance addressing the accounting for various types of asset retirement obligations. This standard covers the Municipality's legal obligation to account for any asset retirement obligation on tangible capital assets it controls. These include, but are not limited to:

- Buildings containing asbestos
- Landfill closure and post-closure liabilities

The Municipality is required to adopt this standard on its 2023 financial statements and must include a liability for each asset retirement obligation identified.

### 17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.