

**Municipal District of Fairview No. 136**

**Financial Statements**

**December 31, 2023**

# 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, 2023 and the results of its operations for the year then ended.

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

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

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

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

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

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

Robert Jorgensen  
Chief Administrative Officer

April 23, 2024  
Municipal District of Fairview No. 136, Canada

Edward Cheung, CPA, CA\*  
Scott T. Mockford, CPA, CA\*  
Allen Lee, CPA, CMA\*  
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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 municipality), which comprise the statement of financial position as at December 31, 2023, 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, 2023, 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 municipality 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 municipality'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 municipality'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 municipality'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 municipality'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 municipality 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.

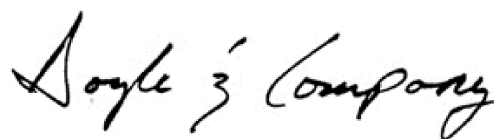
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 municipality'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.



April 23, 2024  
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, 2023

	2023	2022
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	4,568,088	7,055,284
Receivables (Note 3)		
Taxes and grants in lieu receivable	1,309,870	1,037,047
Trade and other receivables	2,103,509	2,270,437
Other local governments	313,846	122,458
Investments (Note 4)	4,587	4,587
	<b>8,299,900</b>	<b>10,489,813</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	1,143,891	1,702,439
Deferred revenue (Note 6)	-	992,058
Asset retirement obligation (Note 7)	39,720	-
Deposits	617	400
Gravel reclamation liability (Note 8)	397,805	321,883
	<b>1,582,033</b>	<b>3,016,780</b>
<b>NET FINANCIAL ASSETS</b>	<b>6,717,867</b>	<b>7,473,033</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	22,411,096	21,960,388
Inventory for consumption	961,901	736,476
Prepaid expenses	94,269	98,950
	<b>23,467,266</b>	<b>22,795,814</b>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 11)</b>	<b>30,185,133</b>	<b>30,268,847</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, 2023

	2023 Budget \$	2023 Actual \$	2022 Actual \$
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	5,349,212	5,535,075	5,470,755
User fees and sales of goods	534,729	1,216,967	459,802
Government transfers (Schedule 4)	2,220,741	446,003	261,808
Investment income	77,927	266,171	157,727
<b>Total Revenues</b>	<b>8,182,609</b>	<b>7,464,216</b>	<b>6,350,092</b>
<b>EXPENSES</b>			
Administration	1,059,905	1,133,578	1,056,535
Agriculture service board	608,251	509,507	370,841
Airport	143,843	197,583	206,765
Animal control	21,500	13,408	10,903
Cemeteries	42,608	39,543	39,936
Culture and library	100,500	96,011	88,698
Family community support services	40,250	37,523	35,182
Fire	101,200	871,475	98,787
Gravel	1,064,418	962,543	902,973
Grading	853,061	931,970	777,866
Land use planning and development	121,791	161,328	115,496
Legislative	275,880	275,716	244,335
Parks and recreation	385,100	596,274	384,546
Public health and safety	117,163	111,875	97,677
Public works	1,698,602	2,253,316	2,524,840
Utilities & Environmental Services			
Waste management	153,000	156,441	160,393
Wastewater treatment and disposal	164,086	146,393	147,646
Water supply and distribution	292,667	445,773	389,251
<b>Total Expenses</b>	<b>7,243,825</b>	<b>8,940,257</b>	<b>7,652,670</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	<b>938,784</b>	<b>(1,476,041)</b>	<b>(1,302,578)</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	611,232	1,392,327	769,985
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>1,550,016</b>	<b>(83,714)</b>	<b>(532,593)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>-</b>	<b>30,268,847</b>	<b>30,801,440</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>-</b>	<b>30,185,133</b>	<b>30,268,847</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, 2023

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>1,550,016</b>	<b>(83,714)</b>	<b>(532,593)</b>
Acquisition of tangible capital assets	<b>(3,267,936)</b>	<b>(1,812,864)</b>	<b>(1,784,053)</b>
Proceeds on disposal of tangible capital assets	-	<b>84,874</b>	150,000
Amortization of tangible capital assets	-	<b>1,325,710</b>	1,341,898
Loss (gain) on disposal of tangible capital assets	-	<b>(48,430)</b>	65,328
	<b>(3,267,936)</b>	<b>(450,710)</b>	<b>(226,827)</b>
Acquisition of supplies inventories	-	<b>(961,901)</b>	<b>(736,476)</b>
Acquisition of prepaid assets	-	<b>(94,267)</b>	<b>(98,950)</b>
Use of supplies inventories	-	<b>736,476</b>	469,213
Use of prepaid assets	-	<b>98,950</b>	89,895
	-	<b>(220,742)</b>	<b>(276,318)</b>
<b>CHANGE IN NET ASSETS DURING THE YEAR</b>	<b>(1,717,920)</b>	<b>(755,166)</b>	<b>(1,035,738)</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>8,508,771</b>	<b>7,473,033</b>	<b>8,508,771</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>6,790,851</b>	<b>6,717,867</b>	<b>7,473,033</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, 2023

	2023	2022
	\$	\$
<b>OPERATING</b>		
Excess of revenue over expenditures	(83,714)	(532,593)
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	1,325,710	1,341,898
Loss (gain) on disposal of tangible capital assets	(48,430)	65,328
Non-cash charges to operations (net change):		
Increase in taxes and grants in lieu receivable	(272,821)	(194,881)
Decrease (increase) in trade and other receivables	(24,460)	(798,903)
Decrease (increase) in prepaid expenditures	4,681	(9,055)
Increase in inventory for consumption	(225,425)	(267,263)
Increase (decrease) in accounts payable and accrued liabilities	(482,409)	1,218,066
Increase (decrease) in deferred contributions	(992,058)	384,349
Cash from operations	(798,926)	1,206,946
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,773,144)	(1,784,053)
Proceeds on disposal of tangible capital assets	84,874	150,000
Cash applied to capital transactions	(1,688,270)	(1,634,053)
<b>INVESTING</b>		
Decrease in investments	-	(101)
<b>CHANGE IN CASH DURING THE YEAR</b>	<b>(2,487,196)</b>	<b>(427,208)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>7,055,284</b>	<b>7,482,492</b>
<b>CASH, END OF YEAR</b>	<b>4,568,088</b>	<b>7,055,284</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, 2023**

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2023 Total \$	2022 Total \$
<b>BALANCE, BEGINNING OF YEAR</b>	619,645	7,688,814	21,960,388	30,268,847	30,801,440
Excess of revenue over expenses	(83,714)	-	-	(83,714)	(532,593)
Unrestricted funds designated for future use	(1,930,868)	1,930,868	-	-	-
Restricted funds used for operations	1,097,993	(1,097,993)	-	-	-
Restricted funds used for tangible capital assets	-	(707,932)	707,932	-	-
Current years funds used for tangible capital assets	(1,104,932)	-	1,104,932	-	-
Disposal of tangible capital assets	36,446	-	(36,446)	-	-
Annual amortization expenses	1,325,710	-	(1,325,710)	-	-
Asset retirement obligation obtained	39,720	-	(39,720)	-	-
Change in accumulated surplus	(619,645)	124,943	410,988	(83,714)	(532,593)
<b>BALANCE, END OF YEAR</b>	-	7,813,757	22,371,376	30,185,133	30,268,847

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, 2023**

	Land	Land Improvements	Buildings	Construction in Progress	Engineered Structures	Machinery and Equipment	Vehicles	2023 Total	2022 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST:</b>									
Balance, Beginning 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
Acquisition of tangible capital assets	-	-	39,720	1,621,173	40,950	111,021	-	1,812,864	4,381,812
Disposal of tangible capital assets	-	-	-	-	-	(314,427)	(59,047)	(373,474)	(3,086,684)
Transfer from construction in progress	-	-	-	(1,644,996)	1,644,996	-	-	-	-
Balance, End of Year	607,670	2,498,741	3,030,023	134,087	47,004,189	7,702,746	599,466	61,576,922	60,137,532
<b>ACCUMULATED AMORTIZATION:</b>									
Balance, Beginning of Year	-	1,791,682	1,156,205	-	29,617,477	5,088,261	523,519	38,177,144	37,108,843
Annual amortization	-	64,294	79,234	-	660,758	489,774	31,650	1,325,710	1,341,898
Accumulated amortization on disposals	-	-	-	-	-	(277,981)	(59,047)	(337,028)	(273,597)
Balance, End of Year	-	1,855,976	1,235,439	-	30,278,235	5,300,054	496,122	39,165,826	38,177,144
<b>NET BOOK VALUE</b>	<b>607,670</b>	<b>642,765</b>	<b>1,794,584</b>	<b>134,087</b>	<b>16,725,954</b>	<b>2,402,692</b>	<b>103,344</b>	<b>22,411,096</b>	<b>21,960,388</b>
2022 NET BOOK VALUE	607,670	707,059	1,834,098	157,910	15,700,766	2,817,891	134,994	21,960,388	

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, 2023**

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	\$	\$	\$
<b>TAXATION</b>			
Real property taxes	3,198,103	3,179,233	3,344,427
Linear property taxes	2,071,103	2,069,716	1,910,602
Provincial school taxes	914,510	913,772	966,327
Senior Housing Foundation	192,834	192,682	170,682
Provincial Designated Industrial Property taxes	10,710	10,707	10,409
Penalties and costs	80,000	285,923	175,427
	<b>6,467,260</b>	<b>6,652,033</b>	<b>6,577,874</b>
<b>REQUISITIONS</b>			
Provincial School Foundation Fund	914,499	914,498	926,088
Senior Housing Foundation	192,839	192,839	170,795
Provincial Designated Industrial Property Assessment	10,710	9,621	10,236
	<b>1,118,048</b>	<b>1,116,958</b>	<b>1,107,119</b>
<b>NET MUNICIPAL TAXES</b>	<b>5,349,212</b>	<b>5,535,075</b>	<b>5,470,755</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, 2023**

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	\$	\$	\$
<b><u>OPERATING</u></b>			
<b>PROVINCIAL TRANSFERS</b>			
Shared-cost agreements and grants	269,883	331,727	194,795
<b>LOCAL GOVERNMENT TRANSFERS</b>			
Shared-cost agreements and grants	116,326	114,276	67,013
	<b>386,209</b>	<b>446,003</b>	<b>261,808</b>
<b><u>CAPITAL</u></b>			
<b>PROVINCIAL TRANSFERS</b>			
Capital grants received during the year	548,979	343,196	1,149,291
Capital grant funding deferred from the last year	-	992,058	585,106
Interest earned on capital grants	-	57,073	27,646
Less: capital grant funding deferred to the next year	-	-	(992,058)
Net shared-cost agreements and grants for the year	<b>548,979</b>	<b>1,392,327</b>	<b>769,985</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, 2023

	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	2,789,299	2,764,326	2,488,452
Contracted and general services	1,738,361	2,413,577	1,366,068
Materials, goods and utilities	2,001,740	1,515,552	1,693,242
Provision for allowances	2,500	151	22,409
Transfers to other governments	383,062	573,777	244,129
Transfers to local boards and agencies	152,013	155,113	132,292
Transfers to individuals and organizations	174,250	158,965	238,578
Bank charges and short-term interest	5,100	5,227	4,968
Amortization of tangible capital assets	-	1,325,459	1,341,898
Loss (gain) on disposal of tangible capital assets	(67,500)	(48,430)	65,328
Purchases from other governments	65,000	76,540	55,306
	<b>7,243,825</b>	<b>8,940,257</b>	<b>7,652,670</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, 2023**

	General Government & Administrative Services \$	Council & Legislative Services \$	Protective Services \$	Transportation Services \$	Airport Services \$
<b>REVENUE</b>					
Net municipal taxes	5,535,074	-	-	-	-
Government transfer	165,480	-	40,770	1,392,327	66,006
User fees and sales of goods	57,062	-	677,698	68,358	86,637
Investment income	266,171	-	-	-	-
	<b>6,023,787</b>	<b>-</b>	<b>718,468</b>	<b>1,460,685</b>	<b>152,643</b>
<b>EXPENSES</b>					
Salaries, wages and benefits	680,895	228,133	-	1,510,089	11,487
Contract and general services	362,949	47,583	772,972	443,234	36,039
Materials, goods and utilities	53,685	-	1,261	1,238,332	76,246
Provision for allowances	151	-	-	-	-
Transfers to other governments	-	-	90,833	-	-
Transfers to local boards and agencies	-	-	73,513	-	-
Transfers to individuals and organizations	-	-	29,649	-	-
Bank charges and short-term interest	1,419	-	-	-	3,808
Loss (gain) on disposal of tangible capital assets	-	-	-	(48,430)	-
Purchases from other governments	-	-	-	-	-
	<b>1,099,099</b>	<b>275,716</b>	<b>968,228</b>	<b>3,143,225</b>	<b>127,580</b>
<b>EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION</b>	<b>4,924,688</b>	<b>(275,716)</b>	<b>(249,760)</b>	<b>(1,682,540)</b>	<b>25,063</b>
Amortization expense	34,478	-	28,530	1,004,604	70,002
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>4,890,210</b>	<b>(275,716)</b>	<b>(278,290)</b>	<b>(2,687,144)</b>	<b>(44,939)</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, 2023**

	Utilities & Environmental Services \$	Seniors & Family Community Support Services \$	Cemetery Services \$	Planning & Development Services \$
<b>REVENUE</b>				
Net municipal taxes	-	-	-	-
Government transfer	-	-	7,500	-
User fees and sales of goods	248,469	1,500	3,600	10,640
Investment income	-	-	-	-
	<b>248,469</b>	<b>1,500</b>	<b>11,100</b>	<b>10,640</b>
<b>EXPENSES</b>				
Salaries, wages and benefits	100,800	1,500	29,222	-
Contract and general services	335,674	-	283	149,299
Materials, goods and utilities	110,313	-	4,105	-
Provision for allowances	-	-	-	-
Transfers to other governments	-	-	-	-
Transfers to local boards and agencies	-	-	-	-
Transfers to individuals and organizations	200	36,023	-	12,029
Bank charges and short-term interest	-	-	-	-
Loss (gain) on disposal of tangible capital assets	-	-	-	-
Purchases from other governments	76,541	-	-	-
	<b>623,528</b>	<b>37,523</b>	<b>33,610</b>	<b>161,328</b>
<b>EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION</b>	<b>(375,059)</b>	<b>(36,023)</b>	<b>(22,510)</b>	<b>(150,688)</b>
Amortization expense	125,079	-	5,933	-
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>(500,138)</b>	<b>(36,023)</b>	<b>(28,443)</b>	<b>(150,688)</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, 2023**

	Agricultural Services \$	Recreation & Cultural Services \$	2023 Total \$	2022 Total \$
<b>REVENUE</b>				
Net municipal taxes	-	-	5,535,074	5,470,755
Government transfer	166,247	-	1,838,330	1,031,793
User fees and sales of goods	61,379	1,623	1,216,966	459,802
Investment income	-	-	266,171	157,727
	<b>227,626</b>	<b>1,623</b>	<b>8,856,541</b>	<b>7,120,077</b>
<b>EXPENSES</b>				
Salaries, wages and benefits	169,792	32,406	2,764,324	2,488,452
Contract and general services	259,267	6,277	2,413,577	1,366,071
Materials, goods and utilities	16,013	15,596	1,515,551	1,693,243
Provision for allowances	-	-	151	22,409
Transfers to other governments	-	482,944	573,777	244,129
Transfers to local boards and agencies	-	81,600	155,113	132,292
Transfers to individuals and organizations	23,564	57,500	158,965	238,578
Bank charges and short-term interest	-	-	5,227	4,968
Loss (gain) on disposal of tangible capital assets	-	-	(48,430)	65,328
Purchases from other governments	-	-	76,541	55,305
	<b>468,636</b>	<b>676,323</b>	<b>7,614,796</b>	<b>6,310,775</b>
<b>EXCESS OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION</b>	<b>(241,010)</b>	<b>(674,700)</b>	<b>1,241,745</b>	<b>809,302</b>
Amortization expense	40,871	15,962	1,325,459	1,341,895
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>(281,881)</b>	<b>(690,662)</b>	<b>(83,714)</b>	<b>(532,593)</b>

The accompanying notes form part of these financial statements

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2023

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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, 2023

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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) 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

#### e) Cash and temporary investments

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

#### f) Investments

Investments are recorded at cost.

#### g) 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.

#### h) 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.

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES - continued

#### i) Asset Retirement Obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the town reviews the carrying amount of the liability. The town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The municipality continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

#### j) 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.

#### k) 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.

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES - continued

#### l) 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.

#### 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.

#### m) Deferred Revenues

Deferred revenues represent government transfers, donations, and other amounts which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met. Interest earned on deferred revenues, reserves, and offsite levies are calculated using an average investing earnings monthly.

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2023

### 2. CASH AND TEMPORARY INVESTMENTS

	2023	2022
	\$	\$
Cash	4,515,657	7,005,548
Temporary investments	52,431	49,736
	<b>4,568,088</b>	<b>7,055,284</b>

The Municipal District has bank accounts at the Servus Credit Union, which earn interest at prime less 1.75% (5.45%).

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

### 3. RECEIVABLES

	2023	2022
	\$	\$
Property taxes		
Current taxes and grants in place of taxes	729,751	589,795
Arrears	580,119	447,252
	<b>1,309,870</b>	<b>1,037,047</b>
Other		
Trade	783,452	909,046
Loans	1,320,057	1,361,391
Other local governments		
Federal	-	87,510
Provincial	298,357	-
Local	15,489	34,948
	<b>2,417,355</b>	<b>2,392,895</b>
	<b>3,727,225</b>	<b>3,429,942</b>

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% 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, 2023

### 4. INVESTMENTS

	2023	2022
	\$	\$
United Farmers of Alberta Co-operative Ltd.	4,587	4,587

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
	\$	\$
Trade	976,582	1,675,137
Vacation	35,468	27,302
Holdbacks	131,841	-
	1,143,891	1,702,439

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 REVENUE

	2022	2023		
	Opening	Received	Recognized	Closing
	\$	\$	\$	\$
MSI - Capital	754,975	285,253	(1,040,228)	-
Canada Community Building Fund	237,083	115,016	(352,099)	-
	992,058	400,269	(1,392,327)	-

Deferred revenue is comprised of the funds noted above, the use of which, together with any earnings thereon, is restricted by agreement. These funds are recognized as revenue in the period they are used for the purpose specified.

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, 2023

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### 7. ASSET RETIREMENT OBLIGATION

#### Asbestos Abatement

The Municipal District own a building which contain asbestos and, therefore, they are legally required to perform abatement activities upon renovation or demolition of this building. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are an abatement cost in year 2032 of \$50,316. The estimated total liability of \$39,720 is based on the sum of discounted future cash flows for abatement activities using a discount rate of 3% and assuming annual inflation of 2%. It is management's opinion that these assumptions are reasonable in the circumstance as at December 31, 2023. The town has not designated assets for settling the abatement activities.

### 8. GRAVEL PIT RECLAMATION LIABILITY

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

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

The total accrued liability recorded to date is \$397,805 (2022 - \$321,883)

### 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 follows:

	2023	2022
	\$	\$
Total Debt Limit	11,196,324	9,525,138
Total Debt	-	-
Debt Limit Available	11,196,324	9,525,138
Debt Service Limit	1,866,054	1,587,523
Debt Service	-	-
Debt Service Limit Available	1,866,054	1,587,523

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, 2023

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### 10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2023	2022
	\$	\$
Tangible capital assets (Schedule 2)	<b>61,576,922</b>	60,137,532
Accumulated amortization (Schedule 2)	<b>(39,165,826)</b>	(38,177,144)
Asset retirement obligation	<b>(39,720)</b>	-
	<b>22,371,376</b>	21,960,388

### 11. ACCUMULATED SURPLUS

	2023	2022
	\$	\$
Unrestricted surplus	-	619,645
Internally restricted surplus		
Operating reserves		
Admin operations	<b>102,500</b>	17,500
Cemetery	<b>106,876</b>	106,876
Gravel	<b>484,102</b>	184,102
Land development	-	-
Rate stabilization fund	<b>1,511,390</b>	2,264,637
Capital reserves		
Agriculture Service Board	<b>271,184</b>	239,184
Airport	<b>34,122</b>	212,726
Bridges	<b>1,082,468</b>	1,349,496
Fire department	<b>388,404</b>	358,404
Joint Use Cultural Facilities	<b>55,000</b>	55,000
Office building	<b>380,402</b>	324,302
Public Works	<b>2,653,561</b>	1,896,339
Recreation and Community Services	<b>287,346</b>	172,746
Senior Services	<b>83,100</b>	63,100
Waste Water	<b>247,245</b>	318,345
Water	<b>126,057</b>	126,057
Equity in tangible capital assets	<b>22,371,376</b>	21,960,388
	<b>30,185,133</b>	30,268,847

# Municipal District of Fairview No. 136

## Notes to the Financial Statements

December 31, 2023

### 12. SEGMENTED DISCLOSURE

The Municipal District of Fairview No. 136 provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statement as disclosed in Note 1.

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

### 13. SALARY AND BENEFITS DISCLOSURE

	2023			2022	
	Salary (1)	Benefits & Allowances (2)	Expenses	Total	Total
	\$	\$	\$	\$	\$
Reeve & Division 2	48,693	5,351	7,992	62,036	61,519
Councillors					
Division 1	36,700	5,351	9,868	51,919	40,661
Division 3	42,000	5,548	11,522	59,070	45,601
Division 4	31,100	5,351	6,117	42,568	41,334
Division 5 & 6	27,500	5,351	7,089	39,940	38,134
Chief Administrative Officer	129,430	8,127	-	137,557	33,394
Chief Administrative Officer	-	-	-	-	98,529
Designated Officers - 4	386,378	44,921	-	431,299	389,054

- (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 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, 2023

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### 14. LOCAL AUTHORITIES PENSION PLAN - continued

Total current service contributions by the Municipal District to the LAPP in the current year were \$137,859 (2022 - \$131,411). Total current service contributions by the employees of the Municipal District to the LAPP in 2022 were \$122,926 (2022 - \$117,207).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.67 billion. The 2023 actuarial surplus was not available prior to issuing these financial statements.

### 15. CONTINGENCIES

The Municipal District is a member of the Rural Municipalities of Alberta - RMA Insurance. Under the terms of the membership, the Municipal District could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

### 16. FINANCIAL INSTRUMENTS

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

#### **Credit Risk**

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

#### **Interest Rate Risk**

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

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

### 17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.