



TOWN OF FAIRVIEW

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

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Management's Responsibility

To the Mayor and Council of Town of Fairview:


Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is composed entirely of Councillors who are neither management nor employees of the Town. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. Council is responsible for the appointment of the Town's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

April 16, 2019



Chief Administrative Officer

Independent Auditor's Report

To the Council of Town of Fairview:

Opinion

We have audited the consolidated financial statements of Town of Fairview (the "Municipality"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, accumulated operating surplus, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2018, and the results of its operations, accumulated surplus and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or 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 Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Peace River, Alberta

April 16, 2019

MNP LLP

Chartered Professional Accountants

**TOWN OF FAIRVIEW
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018**



	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	3,862,079	4,428,317
Receivables		
Taxes and grants in lieu of taxes (Note 3)	1,115,425	1,238,870
Debt charges recoverable (Note 6)	141,332	153,675
Trade and other receivables (Note 4)	1,269,285	1,591,656
Land held for resale	204,650	204,650
Long-term investments (Note 5)	20	20
	<u>6,592,791</u>	<u>7,617,188</u>
LIABILITIES		
Accounts payable and accrued liabilities	660,504	1,582,152
Deposit liabilities	82,427	301,221
Deferred revenue (Note 7)	182,485	4,183
Long term debt (Note 8)	2,413,206	3,101,257
	<u>3,338,622</u>	<u>4,988,813</u>
NET FINANCIAL ASSETS	<u>3,254,169</u>	<u>2,628,375</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	38,206,518	38,708,668
Prepaid expenses	19,841	15,102
	<u>38,226,359</u>	<u>38,723,770</u>
ACCUMULATED SURPLUS (Note 11)	<u>41,480,528</u>	<u>41,352,145</u>

Commitments and contingencies - See Notes 14 and 15

Approved by

Mayor

Chief Administrative Officer

See accompanying notes to the financial statements

**TOWN OF FAIRVIEW
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**



	Budget \$	2018 \$	2017 \$
REVENUE			
Net municipal property taxes (Schedule 3)	3,289,917	3,287,665	3,304,056
User fees and sale of goods	2,820,740	2,826,705	2,694,574
Government transfers for operating (Schedule 4)	521,307	503,231	634,555
Investment income	42,400	101,562	81,781
Penalties and costs on taxes	89,371	90,376	127,118
Franchise and concession contracts	408,000	400,626	428,789
Gain on disposal of capital assets	-	-	7,599
Other revenues	121,376	168,751	193,424
Total revenues	7,293,111	7,378,916	7,471,896
EXPENSES			
Operating			
Legislative	274,485	275,619	320,157
Administration	875,234	803,270	823,224
Protective services	295,514	312,628	272,655
Transportation	1,730,682	1,617,763	1,500,765
Water supply and distribution	1,664,364	1,645,889	1,492,616
Wastewater treatment and disposal	533,807	445,384	423,680
Waste management	476,856	475,043	454,796
Culture	215,150	200,344	195,480
Public health and economic development	139,611	99,208	147,334
Recreation and parks	1,942,339	1,813,963	1,745,020
Family and community services	219,927	220,869	225,789
Total Expenses	8,367,969	7,909,980	7,601,516
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(1,074,858)	(531,064)	(129,620)
OTHER			
Development Levies and Other Contributions	-	-	12,231
Contributed assets	-	-	-
Government transfers for capital (Schedule 4)	580,602	659,447	2,202,409
EXCESS OF REVENUE OVER EXPENSES	(494,256)	128,383	2,085,020
ACCUMULATED SURPLUS, BEGINNING OF YEAR	41,352,145	41,352,145	39,267,125
ACCUMULATED SURPLUS, END OF YEAR	40,857,889	41,480,528	41,352,145

See accompanying notes to the financial statements

**TOWN OF FAIRVIEW
CONSOLIDATED STATEMENT OF CHANGE IN
NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2018**



	Budget \$	2018 \$	2017 \$
EXCESS OF REVENUES OVER EXPENSES	<u>(494,256)</u>	<u>128,383</u>	<u>2,085,020</u>
Acquisition of tangible capital assets	(1,484,694)	(1,254,776)	(3,433,437)
Tangible capital assets received as contributions	-	-	-
Proceeds on disposal of tangible capital assets	-	-	7,599
Amortization of tangible capital assets	1,790,484	1,756,926	1,715,085
Gain on sale of tangible capital assets	-	-	(7,599)
	<u>305,790</u>	<u>502,150</u>	<u>(1,718,352)</u>
Acquisition of supplies inventories	-	-	-
Acquisition of prepaid assets	-	(19,841)	(15,102)
Use of supplies inventories	-	-	-
Use of prepaid assets	-	15,102	17,647
	<u>-</u>	<u>(4,739)</u>	<u>2,545</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(188,466)	625,794	369,213
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>2,628,375</u>	<u>2,628,375</u>	<u>2,259,162</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>2,439,909</u>	<u>3,254,169</u>	<u>2,628,375</u>

**TOWN OF FAIRVIEW
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**



	2018 \$	2017 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	128,383	2,085,020
Non-cash items included in shortfall of revenues over expenses:		
Amortization of tangible capital assets	1,756,926	1,715,085
Gain on disposal of tangible capital assets	-	(7,599)
Tangible capital assets received as contributions	-	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	123,445	163,099
Decrease (increase) in trade and other receivables	322,371	(1,175,592)
Decrease (increase) in land held for resale	-	-
Decrease (increase) in prepaid expenses	(4,739)	2,545
Increase (decrease) in accounts payable and accrued liabilities	(921,647)	1,046,098
Increase (decrease) in deposit liabilities	(218,794)	243,823
Increase (decrease) in deferred revenue	178,302	(240,602)
Cash provided by operating transactions	<u>1,364,247</u>	<u>3,831,877</u>
CAPITAL		
Acquisition of tangible capital assets	(1,254,776)	(3,433,437)
Sale of tangible capital assets	-	7,599
Cash applied to capital transactions	<u>(1,254,776)</u>	<u>(3,425,838)</u>
FINANCING		
Long-term debt repaid	(688,051)	(766,620)
Long-term debt issued	-	-
Debt charges recovered	12,342	11,778
Cash applied to financing transactions	<u>(675,709)</u>	<u>(754,842)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(566,238)	(348,803)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,428,317</u>	<u>4,777,120</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	<u><u>3,862,079</u></u>	<u><u>4,428,317</u></u>

See accompanying notes to the financial statements



**TOWN OF FAIRVIEW
 CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 SCHEDULE 1**

	2018 \$	2017 \$
BALANCE, BEGINNING OF YEAR	41,352,145	39,267,125
Excess of revenues over expenses	128,383	-
Current year funds used for tangible capital assets	(746,128)	746,128
Contributed Assets	-	-
Restricted funds used for tangible capital assets	(508,648)	508,648
Annual amortization expense	1,756,926	(1,756,926)
Unrestricted funds designated for future use	(1,084,847)	-
Restricted funds used for operations	621,374	(621,374)
New debt issued	-	-
Long term debt repaid	(675,708)	675,708
Change in accumulated surplus	128,383	2,085,020
BALANCE, END OF YEAR	41,480,528	41,352,145

See accompanying notes to the financial statements

**TOWN OF FAIRVIEW
CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 3**



	Budget \$	2018 \$	2017 \$
TAXATION			
Real property taxes	4,128,801	4,126,761	4,111,548
Linear property taxes	91,160	91,160	88,336
Government grants in place of property taxes	60,992	60,992	59,563
	<u>4,280,953</u>	<u>4,278,913</u>	<u>4,259,447</u>
REQUISITIONS			
Alberta School Foundation Fund	859,622	859,622	843,916
North Peace Housing Foundation	131,414	131,414	111,475
Municipal Affairs	-	212	-
	<u>991,036</u>	<u>991,248</u>	<u>955,391</u>
NET MUNICIPAL TAXES	<u>3,289,917</u>	<u>3,287,665</u>	<u>3,304,056</u>

See accompanying notes to the financial statements

**TOWN OF FAIRVIEW
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 4**



	Budget \$	2018 \$	2017 \$
TRANSFERS FOR OPERATING:			
Provincial Government	308,506	309,474	383,263
Federal Government	-	-	-
Other Local Governments	212,801	193,757	251,292
	<u>521,307</u>	<u>503,231</u>	<u>634,555</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	383,000	395,970	1,835,554
Federal Government	165,352	165,352	171,030
Other Local Governments	32,250	98,125	195,825
	<u>580,602</u>	<u>659,447</u>	<u>2,202,409</u>
TOTAL GOVERNMENT TRANSFERS	<u>1,101,909</u>	<u>1,162,678</u>	<u>2,836,964</u>

See accompanying notes to the financial statements

**TOWN OF FAIRVIEW
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 5**



	Budget \$	2018 \$	2017 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	2,393,545	2,331,378	2,310,419
Contracted and general services	872,538	821,225	739,376
Materials, goods, supplies and utilities	2,372,416	2,080,270	1,826,816
Provision for allowances	16,100	1,764	1,399
Transfers to local boards and agencies	64,641	48,991	35,057
Bank charges and short term interest	6,500	6,285	4,790
Interest on capital long-term debt	120,264	115,017	139,255
Amortization of tangible capital assets	1,790,486	1,756,926	1,715,085
Other expenses	731,479	748,124	829,319
	<u>8,367,969</u>	<u>7,909,980</u>	<u>7,601,516</u>

See accompanying notes to the financial statements

**TOWN OF FAIRVIEW
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2018
SCHEDULE 6**



	General Government	Protective Services	Transportation Services	Community Services	Recreation & Culture	Environmental Services	Other	Total \$
REVENUE								
Net municipal taxes	3,287,665	-	-	-	-	-	-	3,287,665
Government transfers	104,333	4,233	3,413	194,966	304,650	549,472	1,611	1,162,678
User fees and sales of goods	10,319	-	5,797	-	250,557	2,560,032	-	2,826,705
Investment income	101,562	-	-	-	-	-	-	101,562
Other revenues	495,583	71,658	47,402	500	25,171	-	19,439	659,753
	<u>3,999,462</u>	<u>75,891</u>	<u>56,612</u>	<u>195,466</u>	<u>580,378</u>	<u>3,109,504</u>	<u>21,050</u>	<u>8,038,363</u>
EXPENSES								
Contract & general services	92,690	95,821	70,021	12,762	135,122	364,683	50,126	821,225
Salaries & wages	609,938	53,874	324,770	71,446	730,228	541,122	-	2,331,378
Goods & supplies	116,004	31,811	746,210	5,621	572,397	581,961	26,266	2,080,270
Long term debt interest	-	-	55,793	-	7,096	52,128	-	115,017
Other expenses	253,611	8,785	-	131,040	134,609	262,076	15,043	805,164
	<u>1,072,243</u>	<u>190,291</u>	<u>1,196,794</u>	<u>220,869</u>	<u>1,579,452</u>	<u>1,801,970</u>	<u>91,435</u>	<u>6,153,054</u>
NET REVENUE BEFORE AMORTIZATION	2,927,219	(114,400)	(1,140,182)	(25,403)	(999,074)	1,307,534	(70,385)	1,885,309
Amortization expense	(6,649)	(122,337)	(420,969)	-	(434,855)	(764,346)	(7,770)	(1,756,926)
NET REVENUE	<u>2,920,570</u>	<u>(236,737)</u>	<u>(1,561,151)</u>	<u>(25,403)</u>	<u>(1,433,929)</u>	<u>543,188</u>	<u>(78,155)</u>	<u>128,383</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Fairview 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 Canadian Institute of Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the Town of Fairview are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town Council for administration of their financial affairs and resources. Included with the municipality are the following:

Town of Fairview Fire Department

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 the 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 capital assets are acquired.

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. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

d) **Investments**

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

e) **Inventories for Resale**

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

f) **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.

g) **Government Transfers**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

h) **Requisition Over-levies and Under-Levies**

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated Change in Net Financial Assets (Debt) 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
Buildings	25-50
Engineered structures	
Roadway system	10-100
Water system	45-75
Wastewater system	45-75
Other engineered structures	45-75
Machinery and equipment	4-25
Vehicles	5-25

A full year of the annual amortization is charged in the year of acquisition and none 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 operating leases and the related lease payments are charged 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, if any, are not recorded as tangible capital assets but are disclosed.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local boards with respect to outstanding debentures or other long term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

2. CASH AND CASH EQUIVALENTS

	2018 \$	2017 \$
Cash	971,823	1,955,649
Temporary investments with stated interest at 1.66% - 2.55% per annum	2,890,256	2,472,668
	<u>3,862,079</u>	<u>4,428,317</u>

Temporary investments are short-term deposits with original maturities of twelve months or less, including accrued interest to year end. Also included are common shares held in the Servus Credit Union.

Included in cash is a restricted amount of \$57,257 (\$79,702 for 2017) which is a tax proceeds trust account.

Included in temporary investments is a restricted amount of \$161,635 (\$161,330 for 2017) which is the Fairview Regional Aquatic Center Endowment Fund. This balance is also included in reserves.

3. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLES

	2018 \$	2017 \$
Current taxes and grants in lieu of taxes	100,558	134,723
Non-current taxes and grants in lieu	126,468	89,967
Local improvement taxes receivable	888,399	1,014,180
Allowance for doubtful accounts	-	-
	<u>1,115,425</u>	<u>1,238,870</u>

4. TRADE AND OTHER RECEIVABLES

	2018 \$	2017 \$
Trade receivables	880,467	1,337,269
Utility receivables	206,857	213,908
Loan receivable	122,458	-
GST receivable	59,503	40,479
	<u>1,269,285</u>	<u>1,591,656</u>

In 2018 the Town provided a \$160,000 loan, interest free, with 26 semi-annual payments, to Fairview Day Care Playschool Society for constructing a new daycare facility in the Town of Fairview.

**TOWN OF FAIRVIEW
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**



5. INVESTMENTS

	2018		2017	
	Cost \$	Market Value \$	Cost \$	Market Value \$
Shares in AAMDC	20	20	20	20

6. DEBT CHARGES RECOVERABLE

	2018 \$	2017 \$
Non current debt charges recoverable	141,332	153,675

The Town has assisted the Fairview Golf Club with Clubhouse renovations by issuing a debenture totalling \$250,000. The amount is recoverable with interest at 4.72%. Semi annual payments of principal and interest are \$9,730 each, due in June and December each year.

In 2017 the Town approved the request of the Fairview Golf Club to defer their loan payments for 5 years. The regular loan payment schedule will resume in 2022. This debt matures December 17, 2032.

7. DEFERRED REVENUE

	2018 \$	2017 \$
Deferred grants	179,552	-
Other	2,933	4,183
	182,485	4,183

Funding in the amount of \$562,913 was received in the current year from the Municipal Sustainability Initiative. Of the \$562,913 received, \$458,580 is from the capital component of the program and is restricted to eligible capital projects, as approved under the funding agreement, of which all was used. The remaining \$104,333 is from the operating component of the program and is restricted to eligible operating projects, as approved under the funding agreement, which were completed in 2018.

The additional \$458,581 of the 2018 allocation was received subsequent to year end, of which \$279,029 was used. The remaining \$179,552 has not been used and is in deferred revenue.

TOWN OF FAIRVIEW
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018



8. LONG-TERM DEBT

	<u>2018</u>	<u>2017</u>
	\$	\$
Tax supported debentures	1,161,992	1,684,070
Self supported debentures	1,109,882	1,263,512
Recoverable debentures	141,332	153,675
	<u>2,413,206</u>	<u>3,101,257</u>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$
2019	477,146	99,050	576,196
2020	235,704	84,630	320,334
2021	229,116	73,027	302,143
2022	240,170	61,973	302,143
2023	212,090	50,374	262,464
Thereafter	1,018,980	143,270	1,162,250
	<u>2,413,206</u>	<u>512,324</u>	<u>2,925,530</u>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 1.722% to 6.250% per annum, and matures in years 2019 through 2030. The average annual interest rate is 4.5% (4.5% for 2017).

Debenture debt is issued on the credit and security of the Town of Fairview at large.

The Town's total cash payments for interest were \$118,698 (\$143,617 for 2017).

The Town did not obtain any new debentures in 2018 or 2017.

9. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Fairview be disclosed as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Total debt limit	11,068,374	11,207,844
Total debt	2,413,206	3,101,257
Amount of debt limit unused	<u>8,655,168</u>	<u>8,106,587</u>
Debt servicing limit	1,844,729	1,867,974
Total debt payments	576,196	806,748
Amount of debt servicing limit unused	<u>1,268,533</u>	<u>1,061,226</u>

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 that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018	2017
	\$	\$
Tangible capital assets (Schedule 2)	64,481,499	63,604,953
Accumulated amortization (Schedule 2)	(26,274,981)	(24,896,285)
Long-term debt (Note 7)	(2,413,206)	(3,101,257)
Debt charges recoverable (Note 5)	141,332	153,675
	<u>35,934,644</u>	<u>35,761,086</u>

11. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2018	2017
	\$	\$
Unrestricted surplus (deficit)	605,124	605,124
Restricted surplus	4,940,760	4,985,935
Equity intangible capital assets	35,934,644	35,761,086
	<u>41,480,528</u>	<u>41,352,145</u>

Council has set aside funds as an internal allocation of accumulated surplus to restricted operating and capital reserves as follows:

	2018	2017
	\$	\$
Operating Reserves		
Fire department	80,124	60,516
General Operating	39,064	39,064
Handi Bus	28,000	23,000
Local Improvements	888,398	1,014,180
Mill Rate Stabilization	164,000	164,000
Resource Centre	8,130	8,130
Capital Reserves		
Community Services	327,497	349,943
Fire department/emergency mgmt	77,976	67,360
General Capital	1,772,064	1,700,569
Off Site Water Plant	102,891	102,891
Public Works	1,148,192	971,595
Streets	14,105	14,105
Swimming Pool Endowment Fund	161,635	161,330
Town Revitalization	128,684	128,681
Water Treatment Plant	-	180,571
	<u>4,940,760</u>	<u>4,985,935</u>

12. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2018			2017
	\$			\$
	Salary ¹	Benefits & allowances ²	Total	Total
Councillors				
Gordon MacLeod	16,238	-	16,238	14,784
Larry Chorney	-	-	-	8,460
Tim Schindel	10,705	-	10,705	10,355
Dennis Radbourne	-	-	-	7,273
Owen Stanford	-	-	-	12,931
Paul Buck	9,617	-	9,617	11,055
Peter Robertson	-	-	-	7,598
Jenna Armstrong	10,211	-	10,211	2,995
Bryarly Parker	10,336	-	10,336	2,738
Dianne Golob	11,402	-	11,402	2,882
Nicole Halvorson	13,084	-	13,084	2,070
CAO	122,443	24,410	146,853	140,928
Designated Officers (2 positions)	190,537	40,373	230,910	214,937

1 Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

2 Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

In 2017 Councillors salary was from 3 to 12 months due to election changes.

13. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town 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 238,000 people and 420 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 Town is required to make current service contributions to the LAPP of 10.39% (11.39% for 2017) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% (15.84% for 2017) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 9.39% (10.39% for 2017) of pensionable salary up to the year's maximum pensionable salary and 13.84% (14.84% for 2017) on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP were \$172,940 (\$178,252 for 2017). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan were \$157,763 (\$163,858 for 2017).

At December 31, 2017, the LAPP disclosed a surplus of \$4.835 billion.

Contribution rates decreased by 1% for employees and 1% for employers, effective January 1, 2019.

14. COMMITMENTS

The Town has various contracts in place that are all in the ordinary course of operations.

15. CONTINGENCIES

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town 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 Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town 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.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.



17. SEGMENTED DISCLOSURE

The Town of Fairview 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 statements as disclosed in Note 1.

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

18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

19. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary.