



TOWN OF FAIRVIEW

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

TABLE OF CONTENTS

	<u>Page</u>
Statement of Management's Responsibility	3
Independent Auditors' Report	4-5
Consolidated Statement of Financial Position	6
Consolidated Statement of Financial Activities	7
Consolidated Statement of Change in Net Financial Assets	8
Consolidated Statement of Cash Flows	9
Consolidated Schedule of Changes in Accumulated Surplus	10
Consolidated Schedule of Tangible Capital Activities	11
Consolidated Schedule of Property Taxes Levied	12
Consolidated Schedule of Government Transfers	13
Consolidated Schedule of Expenses by Object	14
Consolidated Schedule of Segmented Disclosure	15
Notes to the Consolidated Financial Statements	16

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.

May 5, 2020



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 consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, changes in net financial 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, 2019, 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

May 5, 2020

MNP LLP

Chartered Professional Accountants

**TOWN OF FAIRVIEW
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019**



	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	4,313,917	3,862,079
Receivables		
Taxes and grants in lieu of taxes (Note 3)	1,036,372	1,115,425
Debt charges recoverable (Note 6)	128,399	141,332
Trade and other receivables (Note 4)	715,345	1,269,285
Land held for resale	204,650	204,650
Long-term investments (Note 5)	-	20
	<u>6,398,683</u>	<u>6,592,791</u>
LIABILITIES		
Accounts payable and accrued liabilities	487,367	660,504
Deposit liabilities	50,609	82,427
Deferred revenue (Note 7)	82,011	182,485
Long term debt (Note 8)	1,936,060	2,413,206
	<u>2,556,047</u>	<u>3,338,622</u>
NET FINANCIAL ASSETS	<u>3,842,636</u>	<u>3,254,169</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	38,205,925	38,206,518
Prepaid expenses	15,436	19,841
	<u>38,221,361</u>	<u>38,226,359</u>
ACCUMULATED SURPLUS (Note 11)	<u>42,063,997</u>	<u>41,480,528</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, 2019**



	Budget \$	2019 \$	2018 \$
REVENUE			
Net municipal property taxes (Schedule 3)	3,229,321	3,217,006	3,287,665
User fees and sale of goods	2,806,560	2,748,279	2,826,705
Government transfers for operating (Schedule 4)	573,249	571,330	503,231
Investment income	62,346	105,337	101,562
Penalties and costs on taxes	75,029	104,133	90,376
Franchise and concession contracts	400,000	421,274	400,626
Other revenues	124,391	153,875	168,751
Total revenues	7,270,896	7,321,234	7,378,916
EXPENSES			
Operating			
Legislative	183,850	167,708	275,619
Administration	935,599	896,421	803,270
Protective services	343,628	343,226	312,628
Transportation	1,666,459	1,572,492	1,617,763
Water supply and distribution	1,711,233	1,679,740	1,645,889
Wastewater treatment and disposal	532,474	437,512	445,384
Waste management	474,826	462,868	475,043
Culture	208,536	216,179	200,344
Public health and economic development	115,411	97,336	99,208
Recreation and parks	1,794,014	1,686,528	1,813,963
Family and community services	220,869	219,928	220,869
Total Expenses	8,186,899	7,779,938	7,909,980
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	(916,003)	(458,704)	(531,064)
OTHER			
Loss on disposal of capital assets	-	(1,981)	-
Development Levies and Other Contributions	-	2,933	-
Contributed assets	-	-	-
Government transfers for capital (Schedule 4)	1,123,050	1,041,221	659,447
EXCESS OF REVENUE OVER EXPENSES	207,047	583,469	128,383
ACCUMULATED SURPLUS, BEGINNING OF YEAR	41,480,528	41,480,528	41,352,145
ACCUMULATED SURPLUS, END OF YEAR	41,687,575	42,063,997	41,480,528

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, 2019



	Budget \$	2019 \$	2018 \$
EXCESS OF REVENUES OVER EXPENSES	<u>207,047</u>	<u>583,469</u>	<u>128,383</u>
Acquisition of tangible capital assets	(1,484,694)	(1,880,695)	(1,254,776)
Tangible capital assets received as contributions	-	-	-
Proceeds on disposal of tangible capital assets	-	62,720	-
Amortization of tangible capital assets	1,790,484	1,816,588	1,756,926
Loss on sale of tangible capital assets	-	1,981	-
	<u>305,790</u>	<u>594</u>	<u>502,150</u>
Acquisition of supplies inventories	-	-	-
Acquisition of prepaid assets	-	(15,437)	(19,841)
Use of supplies inventories	-	-	-
Use of prepaid assets	-	19,841	15,102
	<u>-</u>	<u>4,404</u>	<u>(4,739)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	512,837	588,467	625,794
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>3,254,169</u>	<u>3,254,169</u>	<u>2,628,375</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>3,767,006</u></u>	<u><u>3,842,636</u></u>	<u><u>3,254,169</u></u>

**TOWN OF FAIRVIEW
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**



	2019 \$	2018 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	583,469	128,383
Non-cash items included in shortfall of revenues over expenses:		
Amortization of tangible capital assets	1,816,588	1,756,926
Loss on disposal of tangible capital assets	1,981	-
Tangible capital assets received as contributions	-	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	79,053	123,445
Decrease (increase) in trade and other receivables	553,939	322,371
Decrease (increase) in land held for resale	-	-
Decrease (increase) in investments	20	-
Decrease (increase) in prepaid expenses	4,405	(4,739)
Increase (decrease) in accounts payable and accrued liabilities	(173,137)	(921,647)
Increase (decrease) in deposit liabilities	(31,818)	(218,794)
Increase (decrease) in deferred revenue	(100,474)	178,302
Cash provided by operating transactions	<u>2,734,026</u>	<u>1,364,247</u>
CAPITAL		
Acquisition of tangible capital assets	(1,880,695)	(1,254,776)
Sale of tangible capital assets	62,720	-
Cash applied to capital transactions	<u>(1,817,975)</u>	<u>(1,254,776)</u>
FINANCING		
Long-term debt repaid	(477,146)	(688,051)
Long-term debt issued	-	-
Debt charges recovered	12,933	12,342
Cash applied to financing transactions	<u>(464,213)</u>	<u>(675,709)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	451,838	(566,238)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,862,079	4,428,317
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	<u>4,313,917</u>	<u>3,862,079</u>

See accompanying notes to the financial statements

TOWN OF FAIRVIEW
CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2019
SCHEDULE 1



	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019 \$	2018 \$
BALANCE, BEGINNING OF YEAR	<u>605,124</u>	<u>4,940,760</u>	<u>35,934,644</u>	<u>41,480,528</u>	<u>41,352,145</u>
Excess of revenues over expenses	583,469	-	-	583,469	128,383
Current year funds used for tangible capital assets	(1,234,555)	-	1,234,555	-	-
Contributed Assets	-	-	-	-	-
Restricted funds used for tangible capital assets	-	(646,140)	646,140	-	-
Disposal of tangible capital assets (at nbv)	64,702	-	(64,702)	-	-
Annual amortization expense	1,816,588	-	(1,816,588)	-	-
Unrestricted funds designated for future use	(1,128,712)	1,128,712	-	-	-
Restricted funds used for operations	362,721	(362,721)	-	-	-
New debt issued	-	-	-	-	-
Long term debt repaid	(464,213)	-	464,213	-	-
Change in accumulated surplus	<u>-</u>	<u>119,851</u>	<u>463,618</u>	<u>583,469</u>	<u>128,383</u>
BALANCE, END OF YEAR	<u>605,124</u>	<u>5,060,611</u>	<u>36,398,262</u>	<u>42,063,997</u>	<u>41,480,528</u>

See accompanying notes to the financial statements

TOWN OF FAIRVIEW
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
SCHEDULE 2



	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2019 \$	2018 \$
COST:							
BALANCE, BEGINNING OF YEAR	1,078,809	18,791,828	38,043,576	4,751,273	1,816,013	64,481,499	63,604,953
Acquisition of tangible capital assets	-	477,410	793,220	523,139	86,926	1,880,695	1,254,776
Disposal of tangible capital assets	-	-	(222,391)	(300,083)	(17,927)	(540,401)	(378,230)
BALANCE, END OF YEAR	1,078,809	19,269,238	38,614,405	4,974,329	1,885,012	65,821,793	64,481,499
ACCUMULATED AMORTIZATION:							
BALANCE, BEGINNING OF YEAR	-	9,522,908	13,305,580	2,739,148	707,345	26,274,981	24,896,285
Annual amortization	-	635,226	861,217	240,050	80,095	1,816,588	1,756,926
Accumulated amortization on disposals	-	-	(222,391)	(235,383)	(17,927)	(475,701)	(378,230)
BALANCE, END OF YEAR	-	10,158,134	13,944,406	2,743,815	769,513	27,615,868	26,274,981
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,078,809	9,111,104	24,669,999	2,230,514	1,115,499	38,205,925	38,206,518
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,078,809	9,268,920	24,737,996	2,012,125	1,108,668	38,206,518	

See accompanying notes to the financial statements

TOWN OF FAIRVIEW
 CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED
 FOR THE YEAR ENDED DECEMBER 31, 2019
 SCHEDULE 3



	Budget \$	2019 \$	2018 \$
TAXATION			
Real property taxes	4,068,196	4,065,850	4,126,761
Linear property taxes	94,202	94,202	91,160
Government grants in place of property taxes	58,137	46,161	60,992
	<u>4,220,535</u>	<u>4,206,213</u>	<u>4,278,913</u>
REQUISITIONS			
Alberta School Foundation Fund	859,496	857,490	859,622
North Peace Housing Foundation	131,217	131,217	131,414
Municipal Affairs	501	500	212
	<u>991,214</u>	<u>989,207</u>	<u>991,248</u>
NET MUNICIPAL TAXES	<u>3,229,321</u>	<u>3,217,006</u>	<u>3,287,665</u>

See accompanying notes to the financial statements

**TOWN OF FAIRVIEW
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2019
SCHEDULE 4**



	Budget \$	2019 \$	2018 \$
TRANSFERS FOR OPERATING:			
Provincial Government	375,606	371,799	309,474
Federal Government	-	-	-
Other Local Governments	197,643	199,531	193,757
	<u>573,249</u>	<u>571,330</u>	<u>503,231</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	671,400	589,572	395,970
Federal Government	338,775	338,775	165,352
Other Local Governments	112,875	112,874	98,125
	<u>1,123,050</u>	<u>1,041,221</u>	<u>659,447</u>
TOTAL GOVERNMENT TRANSFERS	<u>1,696,299</u>	<u>1,612,551</u>	<u>1,162,678</u>

See accompanying notes to the financial statements

TOWN OF FAIRVIEW
 CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
 FOR THE YEAR ENDED DECEMBER 31, 2019
 SCHEDULE 5



	Budget \$	2019 \$	2018 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	2,469,212	2,377,745	2,331,378
Contracted and general services	882,531	828,345	821,225
Materials, goods, supplies and utilities	2,280,329	2,001,249	2,080,270
Provision for allowances	4,100	(94)	1,764
Transfers to local boards and agencies	44,050	47,243	48,991
Bank charges and short term interest	13,600	8,965	6,285
Interest on capital long-term debt	101,766	95,338	115,017
Amortization of tangible capital assets	1,793,439	1,816,588	1,756,926
Other expenses	597,872	604,559	748,124
	<u>8,186,899</u>	<u>7,779,938</u>	<u>7,909,980</u>

See accompanying notes to the financial statements

TOWN OF FAIRVIEW
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2019
SCHEDULE 6



	General Government	Protective Services	Transportation Services	Community Services	Recreation & Culture	Environmental Services	Other	Total \$
REVENUE								
Net municipal taxes	3,217,006	-	-	-	-	-	-	3,217,006
Government transfers	165,716	3,183	932,210	194,966	316,476	-	-	1,612,551
User fees and sales of goods	7,237	-	10,611	-	225,780	2,504,651	-	2,748,279
Investment income	105,337	-	-	-	-	-	-	105,337
Other revenues	497,772	79,646	47,466	500	35,412	-	19,438	680,234
	<u>3,993,068</u>	<u>82,829</u>	<u>990,287</u>	<u>195,466</u>	<u>577,668</u>	<u>2,504,651</u>	<u>19,438</u>	<u>8,363,407</u>
EXPENSES								
Contract & general services	159,974	91,701	47,267	10,574	126,833	373,794	18,202	828,345
Salaries & wages	658,831	80,790	345,094	80,600	683,298	529,132	-	2,377,745
Goods & supplies	117,325	44,866	676,179	7,600	499,564	608,165	47,550	2,001,249
Long term debt interest	-	-	47,578	-	6,505	41,255	-	95,338
Other expenses	121,350	9,137	-	121,154	139,031	254,956	15,045	660,673
	<u>1,057,480</u>	<u>226,494</u>	<u>1,116,118</u>	<u>219,928</u>	<u>1,455,231</u>	<u>1,807,302</u>	<u>80,797</u>	<u>5,963,350</u>
NET REVENUE BEFORE AMORTIZATION	2,935,588	(143,665)	(125,831)	(24,462)	(877,563)	697,349	(61,359)	2,400,057
Amortization expense	(6,649)	(116,732)	(456,374)	-	(447,476)	(772,818)	(16,539)	(1,816,588)
NET REVENUE	<u>2,928,939</u>	<u>(260,397)</u>	<u>(582,205)</u>	<u>(24,462)</u>	<u>(1,325,039)</u>	<u>(75,469)</u>	<u>(77,898)</u>	<u>583,469</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

	2019 \$	2018 \$
Cash	2,126,308	971,823
Temporary investments with stated interest at 2.66% per annum	2,187,609	2,890,256
	<u>4,313,917</u>	<u>3,862,079</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 \$58,530 (\$57,257 for 2018) which is a tax proceeds trust account.

Included in temporary investments is a restricted amount of \$161,991 (\$161,635 for 2018) 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

	2019 \$	2018 \$
Current taxes and grants in lieu of taxes	162,671	100,558
Non-current taxes and grants in lieu	117,631	126,468
Local improvement taxes receivable	756,070	888,399
Allowance for doubtful accounts	-	-
	<u>1,036,372</u>	<u>1,115,425</u>

4. TRADE AND OTHER RECEIVABLES

	2019 \$	2018 \$
Trade receivables	354,776	880,467
Utility receivables	211,655	206,857
Loan receivable	114,132	122,458
GST receivable	34,782	59,503
	<u>715,345</u>	<u>1,269,285</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, 2019



5. INVESTMENTS

	2019		2018	
	Cost \$	Market Value \$	Cost \$	Market Value \$
Shares in AAMDC	-	-	20	20

6. DEBT CHARGES RECOVERABLE

	2019 \$	2018 \$
Non current debt charges recoverable	128,399	141,332

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

	2019 \$	2018 \$
Deferred grants	82,011	179,552
Other	-	2,933
	82,011	182,485

Funding in the amount of \$1,048,699 was received in the current year from the Municipal Sustainability Initiative. Of the \$1,048,699 received, \$949,983 is from the capital component of the program and is restricted to eligible capital projects, as approved under the funding agreement, of which \$867,972 was used. The remaining \$82,011 from the capital component has not been used and is in deferred revenue.

The additional \$98,716 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 2019.

TOWN OF FAIRVIEW
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019



8. LONG-TERM DEBT

	2019	2018
	\$	\$
Tax supported debentures	859,443	1,161,992
Self supported debentures	948,218	1,109,882
Recoverable debentures	128,399	141,332
	1,936,060	2,413,206

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
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
2024	195,928	40,631	236,559
Thereafter	823,052	102,638	925,690
	1,936,060	413,273	2,349,333

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 3.845% to 6.250% per annum, and matures in years 2020 through 2030. The average annual interest rate is 4.5% (4.5% for 2018).

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 \$99,050 (\$118,698 for 2018).

The Town did not issue any new debentures in 2019 or 2018.

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:

	2019	2018
	\$	\$
Total debt limit	10,981,851	11,068,374
Total debt	1,936,060	2,413,206
Amount of debt limit unused	9,045,791	8,655,168
Debt servicing limit	1,830,309	1,844,729
Total debt payments	320,334	576,196
Amount of debt servicing limit unused	1,509,975	1,268,533

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

	2019 \$	2018 \$
Tangible capital assets (Schedule 2)	65,821,793	64,481,499
Accumulated amortization (Schedule 2)	(27,615,868)	(26,274,981)
Long-term debt (Note 8)	(1,936,060)	(2,413,206)
Debt charges recoverable (Note 6)	128,399	141,332
	<u>36,398,264</u>	<u>35,934,644</u>

11. ACCUMULATED SURPLUS

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

	2019 \$	2018 \$
Unrestricted surplus (deficit)	605,124	605,124
Restricted surplus	5,060,611	4,940,760
Equity intangible capital assets	36,398,262	35,934,644
	<u>42,063,997</u>	<u>41,480,528</u>

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

	2019 \$	2018 \$
Operating Reserves		
Fire department	57,316	80,124
General Operating	39,064	39,064
Handi Bus	33,000	28,000
Local Improvements	756,070	888,398
Mill Rate Stabilization	164,000	164,000
Resource Centre	8,130	8,130
Capital Reserves		
Community Services	422,272	327,497
Fire department/emergency mgmt	84,417	77,976
General Capital	1,654,718	1,772,064
Off Site Water Plant	-	102,891
Public Works	1,340,793	1,148,192
Streets	14,105	14,105
Swimming Pool Endowment Fund	161,991	161,635
Town Revitalization	128,684	128,684
W/S capital replacement	196,051	-
	<u>5,060,611</u>	<u>4,940,760</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:

	2019		2018	
	\$		\$	
	Salary ¹	Benefits & allowances ²	Total	Total
Councillors				
Gordon MacLeod	15,250	-	15,250	16,238
Tim Schindel	11,012	-	11,012	10,705
Paul Buck	10,162	-	10,162	9,617
Jenna Armstrong	10,843	-	10,843	10,211
Bryarly Parker	9,562	-	9,562	10,336
Dianne Golob	-	-	-	11,402
Nicole Halvorson	-	-	-	13,084
Jeffrey Johnston	9,289	4,050	13,339	-
Stanley Golob	10,289	4,050	14,339	-
CAO	138,158	22,832	160,990	146,853
Designated Officers (2 positions)	213,823	34,380	248,203	230,910

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.

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 9.39% (10.39% for 2018) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% (14.84% for 2018) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.39% (9.39% for 2018) of pensionable salary up to the year's maximum pensionable salary and 12.84% (13.84% for 2018) on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP were \$157,213 (\$172,940 for 2018). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan were \$142,155 (\$157,763 for 2018).

At December 31, 2018, the LAPP disclosed a surplus of \$3.469 billion.

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.

20. SUBSEQUENT EVENT

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