



**TOWN OF FAIRVIEW**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

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## Management's Responsibility

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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 Councilors 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, 2024



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Chief Administrative Officer

To the Council of Town of Fairview:

## Report on the Audit of the Financial Statements

### Qualified 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, 2023, and the consolidated statements of financial activities and accumulated surplus, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2023, and 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 Qualified Opinion

Canadian public sector accounting standards ("PSAS") Section PS 3280 Asset Retirement Obligations ("ARO") which was adopted by the Municipality as of January 1, 2023 requires the recognition of an ARO liability when there is a legal obligation to a tangible capital asset. The Municipality has not identified ARO liabilities as of December 31, 2023 and we were unable to satisfy ourselves concerning those liabilities by alternative means. Consequently, we were not able to determine whether any adjustments would be necessary to liabilities, net financial assets, tangible capital assets, accumulated surplus, expenses, excess (deficit) of revenue over expenses, change in net financial assets for the years-ended December 31, 2023 and 2022, and accumulated surplus as of January 1, 2022 and December 31, 2023 and 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are those standards are further described in the Auditor's Responsibilities for the Audit of the Financial 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 qualified 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 consolidated 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.

## 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 8.

### 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.

Peace River, Alberta

April 16, 2024

*MNP LLP*

Chartered Professional Accountants

**TOWN OF FAIRVIEW  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2023**



	2023 \$	2022 \$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	4,319,776	4,237,650
Receivables		
Taxes and grants in lieu of taxes (Note 3)	924,000	862,059
Debt charges recoverable (Note 5)	70,178	85,770
Trade and other receivables (Note 4)	1,640,465	992,051
Land held for resale	<u>243,572</u>	<u>243,572</u>
	<u><b>7,197,991</b></u>	<u><b>6,421,102</b></u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	772,240	543,180
Deposit liabilities	10,675	40,817
Deferred revenue (Note 6)	-	-
Long term debt (Note 7)	<u>1,018,980</u>	<u>1,231,071</u>
	<u><b>1,801,895</b></u>	<u><b>1,815,068</b></u>
<b>NET FINANCIAL ASSETS</b>	<u><b>5,396,096</b></u>	<u><b>4,606,034</b></u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	37,929,544	38,493,828
Prepaid expenses	<u>44,047</u>	<u>25,900</u>
	<u><b>37,973,591</b></u>	<u><b>38,519,728</b></u>
<b>ACCUMULATED SURPLUS</b> (Note 10)	<u><u><b>43,369,687</b></u></u>	<u><u><b>43,125,762</b></u></u>

Commitments and contingencies - See Notes 13 and 14

Approved by

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Mayor

\_\_\_\_\_  
Chief Administrative Officer

See accompanying notes to the financial statements

**TOWN OF FAIRVIEW  
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2023**



	Budget \$	2023 \$	2022 \$
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	3,273,999	<b>3,290,366</b>	3,176,171
User fees and sale of goods	3,277,419	<b>3,319,955</b>	3,085,764
Government transfers for operating (Schedule 4)	731,788	<b>794,159</b>	481,267
Investment income	180,300	<b>227,230</b>	142,799
Penalties and costs on taxes	82,823	<b>125,104</b>	111,153
Franchise and concession contracts	514,000	<b>494,744</b>	514,094
Other revenues	122,659	<b>688,189</b>	114,768
<b>Total revenues</b>	<b>8,182,988</b>	<b>8,939,747</b>	7,626,016
<b>EXPENSES</b>			
<b>Operating</b>			
Legislative	172,920	<b>164,161</b>	236,835
Administration	1,049,820	<b>979,054</b>	903,626
Protective services	416,239	<b>541,382</b>	308,812
Transportation	1,836,905	<b>1,741,358</b>	1,675,006
Water supply and distribution	2,008,352	<b>2,099,706</b>	2,033,965
Wastewater treatment and disposal	553,100	<b>555,552</b>	516,618
Waste management	585,407	<b>596,423</b>	558,279
Culture	228,712	<b>227,344</b>	207,713
Public health and economic development	145,135	<b>133,637</b>	83,158
Recreation and parks	2,308,757	<b>2,160,478</b>	2,077,473
Family and community services	227,615	<b>235,021</b>	220,427
<b>Total Expenses</b>	<b>9,532,962</b>	<b>9,434,116</b>	8,821,912
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<b>(1,349,974)</b>	<b>(494,369)</b>	(1,195,896)
<b>OTHER</b>			
Gain/loss on disposal of capital assets	-	<b>9,866</b>	22,000
Development Levies and Other Contributions	-	-	-
Contributed assets	-	-	-
Government transfers for capital (Schedule 4)	744,408	<b>728,428</b>	949,427
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<b>(605,566)</b>	<b>243,925</b>	(224,469)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>43,125,762</b>	<b>43,125,762</b>	43,350,231
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>42,520,196</b>	<b>43,369,687</b>	43,125,762

See accompanying notes to the financial statements



**TOWN OF FAIRVIEW  
CONSOLIDATED STATEMENT OF CHANGE IN  
NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023**



	Budget \$	2023 \$	2022 \$
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>(605,566)</u>	<u>243,925</u>	<u>(224,469)</u>
Acquisition of tangible capital assets	(3,620,450)	<b>(1,474,417)</b>	(2,813,984)
Tangible capital assets received as contributions	-	-	-
Proceeds on disposal of tangible capital assets	-	-	-
Amortization of tangible capital assets	2,168,782	<b>2,038,701</b>	1,962,999
Loss on sale of tangible capital assets	-	-	-
	<u>(1,451,668)</u>	<u>564,284</u>	<u>(850,985)</u>
Acquisition of supplies inventories	-	-	-
Acquisition of prepaid assets	-	<b>(44,048)</b>	(25,901)
Use of supplies inventories	-	-	-
Use of prepaid assets	-	<b>25,901</b>	27,147
	<u>-</u>	<u>(18,147)</u>	<u>1,246</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(2,057,234)	<b>790,062</b>	(1,074,208)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>4,606,034</u>	<u>4,606,034</u>	<u>5,680,242</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>2,548,800</u>	<u>5,396,096</u>	<u>4,606,034</u>

**TOWN OF FAIRVIEW  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023**



	2023 \$	2022 \$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	243,925	(224,469)
Non-cash items included in shortfall of revenues over expenses:		
Amortization of tangible capital assets	2,038,701	1,962,999
Loss on disposal of tangible capital assets	-	-
Tangible capital assets received as contributions	-	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(61,941)	29,927
Decrease (increase) in trade and other receivables	(648,414)	(311,994)
Decrease (increase) in land held for resale	-	-
Decrease (increase) in investments	-	-
Decrease (increase) in prepaid expenses	(18,147)	1,246
Increase (decrease) in accounts payable and accrued liabilities	229,060	(550,427)
Increase (decrease) in deposit liabilities	(30,142)	(243,035)
Increase (decrease) in deferred revenue	-	(373,743)
Cash provided by operating transactions	<u>1,753,042</u>	<u>290,504</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,474,417)	(2,813,984)
Sale of tangible capital assets	-	-
Cash applied to capital transactions	<u>(1,474,417)</u>	<u>(2,813,984)</u>
<b>FINANCING</b>		
Long-term debt repaid	(212,091)	(240,169)
Long-term debt issued	-	-
Debt charges recovered	15,592	14,877
Cash applied to financing transactions	<u>(196,499)</u>	<u>(225,292)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>82,126</b>	<b>(2,748,772)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u><b>4,237,650</b></u>	<u><b>6,986,422</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)</b>	<u><u><b>4,319,776</b></u></u>	<u><u><b>4,237,650</b></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, 2023  
SCHEDULE 1**



	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023 \$	2022 \$
<b>BALANCE, BEGINNING OF YEAR</b>	<u>612,412</u>	<u>5,164,823</u>	<u>37,348,527</u>	<u>43,125,762</u>	<u>43,350,231</u>
Excess of revenues over expenses	243,925	-	-	<b>243,925</b>	(224,469)
Current year funds used for tangible capital assets	(828,793)	-	828,793	-	-
Contributed Assets	-	-	-	-	-
Restricted funds used for tangible capital assets	-	(645,623)	645,623	-	-
Disposal of tangible capital assets (at nbv)	-	-	-	-	-
Annual amortization expense	2,038,701	-	(2,038,701)	-	-
Unrestricted funds designated for future use	(1,342,860)	1,342,860	-	-	-
Restricted funds used for operations	85,527	(85,527)	-	-	-
New debt issued	-	-	-	-	-
Long term debt repaid	(196,500)	-	196,500	-	-
Change in accumulated surplus	<u>-</u>	<u>611,710</u>	<u>(367,785)</u>	<u>243,925</u>	<u>(224,469)</u>
<b>BALANCE, END OF YEAR</b>	<u>612,412</u>	<u>5,776,533</u>	<u>36,980,742</u>	<u>43,369,687</u>	<u>43,125,762</u>

See accompanying notes to the financial statements

**TOWN OF FAIRVIEW  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
SCHEDULE 2**



	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2023 \$	2022 \$
<b>COST:</b>							
<b>BALANCE, BEGINNING OF YEAR</b>	1,078,809	19,452,706	42,969,080	5,629,244	2,302,187	<b>71,432,026</b>	68,692,863
Acquisition of tangible capital assets	-	510,052	485,508	478,857	-	<b>1,474,417</b>	2,813,984
Disposal of tangible capital assets	-	-	-	(182,358)	(23,583)	<b>(205,941)</b>	(74,821)
<b>BALANCE, END OF YEAR</b>	<b>1,078,809</b>	<b>19,962,758</b>	<b>43,454,588</b>	<b>5,925,743</b>	<b>2,278,604</b>	<b>72,700,502</b>	<b>71,432,026</b>
<b>ACCUMULATED AMORTIZATION:</b>							
<b>BALANCE, BEGINNING OF YEAR</b>	-	12,013,169	16,564,905	3,362,499	997,625	<b>32,938,198</b>	31,050,020
Annual amortization	-	631,861	1,015,312	298,147	93,381	<b>2,038,701</b>	1,962,999
Accumulated amortization on disposals	-	-	-	(182,358)	(23,583)	<b>(205,941)</b>	(74,821)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>12,645,030</b>	<b>17,580,217</b>	<b>3,478,288</b>	<b>1,067,423</b>	<b>34,770,958</b>	<b>32,938,198</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>1,078,809</b>	<b>7,317,728</b>	<b>25,874,371</b>	<b>2,447,455</b>	<b>1,211,181</b>	<b>37,929,544</b>	<b>38,493,828</b>
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,078,809	7,439,537	26,404,175	2,266,745	1,304,562	38,493,828	

See accompanying notes to the financial statements

**TOWN OF FAIRVIEW  
CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
SCHEDULE 3**



	Budget \$	2023 \$	2022 \$
<b>TAXATION</b>			
Real property taxes	4,137,024	<b>4,123,391</b>	4,026,984
Linear property taxes	106,181	<b>106,181</b>	97,165
Government grants in place of property taxes	31,883	<b>31,883</b>	32,749
	<u>4,275,088</u>	<u><b>4,261,455</b></u>	<u>4,156,898</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	809,700	<b>809,700</b>	833,936
North Peace Housing Foundation	190,852	<b>160,852</b>	146,284
Municipal Affairs	537	<b>537</b>	507
	<u>1,001,089</u>	<u><b>971,089</b></u>	<u>980,727</u>
<b>NET MUNICIPAL TAXES</b>	<u>3,273,999</u>	<u><b>3,290,366</b></u>	<u>3,176,171</u>

See accompanying notes to the financial statements

**TOWN OF FAIRVIEW  
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
SCHEDULE 4**



	Budget \$	2023 \$	2022 \$
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	386,753	<b>442,119</b>	282,895
Federal Government	-	<b>1,170</b>	500
Other Local Governments	345,035	<b>350,870</b>	197,872
	<u>731,788</u>	<u><b>794,159</b></u>	<u>481,267</u>
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	323,000	<b>322,012</b>	657,973
Federal Government	187,680	<b>187,688</b>	251,621
Other Local Governments	233,728	<b>218,728</b>	39,833
	<u>744,408</u>	<u><b>728,428</b></u>	<u>949,427</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>1,476,196</u>	<u><b>1,522,587</b></u>	<u>1,430,694</u>

See accompanying notes to the financial statements

**TOWN OF FAIRVIEW  
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT  
FOR THE YEAR ENDED DECEMBER 31, 2023  
SCHEDULE 5**



	Budget \$	2023 \$	2022 \$
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	3,117,009	<b>3,134,506</b>	2,846,410
Contracted and general services	988,710	<b>1,081,791</b>	846,334
Materials, goods, supplies and utilities	2,456,645	<b>2,387,512</b>	2,368,027
Provision for allowances	4,425	<b>398</b>	20
Transfers to local boards and agencies	39,063	<b>38,135</b>	46,934
Bank charges and short term interest	11,300	<b>15,855</b>	10,773
Interest on capital long-term debt	60,964	<b>49,217</b>	58,670
Amortization of tangible capital assets	2,168,782	<b>2,038,701</b>	1,962,999
Other expenses	686,064	<b>688,001</b>	681,745
	<u>9,532,962</u>	<u><b>9,434,116</b></u>	<u>8,821,912</u>

See accompanying notes to the financial statements

**TOWN OF FAIRVIEW  
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
SCHEDULE 6**



	General Government	Protective Services	Transportation Services	Community Services	Recreation & Culture	Environmental Services	Other	Total \$
<b>REVENUE</b>								
Net municipal taxes	3,290,366							<b>3,290,366</b>
Government transfers	208,110	1,622	357,765	202,716	714,923	-	37,451	<b>1,522,587</b>
User fees and sales of goods	11,002		-		345,576	2,963,377		<b>3,319,955</b>
Investment income	227,230							<b>227,230</b>
Other revenues	690,037	544,267	18,366	7,018	38,909		19,306	<b>1,317,903</b>
	<b>4,426,745</b>	<b>545,889</b>	<b>376,131</b>	<b>209,734</b>	<b>1,099,408</b>	<b>2,963,377</b>	<b>56,757</b>	<b>9,678,041</b>
<b>EXPENSES</b>								
Contract & general services	80,356	352,979	47,182	13,726	128,019	452,457	7,072	<b>1,081,791</b>
Salaries & wages	818,882	32,656	408,955	73,419	1,029,700	770,894		<b>3,134,506</b>
Goods & supplies	145,968	41,114	664,707	26,455	616,216	806,719	86,333	<b>2,387,512</b>
Long term debt interest			20,401		3,843	24,973		<b>49,217</b>
Other expenses	85,460	9,805		121,421	151,392	359,266	15,045	<b>742,389</b>
	<b>1,130,666</b>	<b>436,554</b>	<b>1,141,245</b>	<b>235,021</b>	<b>1,929,170</b>	<b>2,414,309</b>	<b>108,450</b>	<b>7,395,415</b>
<b>NET REVENUE BEFORE AMORTIZATION</b>	<b>3,296,079</b>	<b>109,335</b>	<b>(765,114)</b>	<b>(25,287)</b>	<b>(829,762)</b>	<b>549,068</b>	<b>(51,693)</b>	<b>2,282,626</b>
Amortization expense	(12,548)	(104,829)	(630,269)	-	(458,652)	(807,216)	(25,187)	<b>(2,038,701)</b>
<b>NET REVENUE</b>	<b>3,283,531</b>	<b>4,506</b>	<b>(1,395,383)</b>	<b>(25,287)</b>	<b>(1,288,414)</b>	<b>(258,148)</b>	<b>(76,880)</b>	<b>243,925</b>



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## 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 consolidated financial statements are prepared using the accrual basis of accounting. The accrual 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.

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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 consolidated 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:

	<b>YEARS</b>
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**

	2023 \$	2022 \$
Cash	4,268,640	4,188,668
Temporary investments	51,136	48,982
	<b>4,319,776</b>	<b>4,237,650</b>

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 \$8,547 (\$60,989 for 2022) which is a tax proceeds trust account.

Included in temporary investments is a restricted amount of \$163,510 (\$162,663 for 2022) 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**

	2023 \$	2022 \$
Current taxes and grants in lieu of taxes	290,650	192,888
Non-current taxes and grants in lieu	256,942	207,235
Local improvement taxes receivable	376,408	461,936
Allowance for doubtful accounts	-	-
	<b>924,000</b>	<b>862,059</b>

**4. TRADE AND OTHER RECEIVABLES**

	2023 \$	2022 \$
Trade receivables	1,196,244	509,720
Utility receivables	315,048	314,168
Loan receivable	87,604	92,192
GST receivable	41,569	75,971
	<b>1,640,465</b>	<b>992,051</b>

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.



**5. DEBT CHARGES RECOVERABLE**

	<u>2023</u>	<u>2021</u>
	\$	\$
Non current debt charges recoverable	<u><b>70,178</b></u>	<u>85,770</u>

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 resumed in 2022. This debt matures December 17, 2032.

**6. DEFERRED REVENUE**

Deferred revenue consists of the following amounts, which have been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related expenses are incurred.

	2022	Additions	Revenue Recognized	2023
	\$	\$	\$	\$
Municipal Sustainability Initiative Capital	-	322,012	322,012	-
Canada Community Building Fund	-	187,680	187,680	-
Family and Community Support Services	-	161,237	161,237	-
	<u>-</u>	<u>670,929</u>	<u>670,929</u>	<u>-</u>

Additions represents the government grants received as well as the interest income earned.

**TOWN OF FAIRVIEW**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**



**7. LONG-TERM DEBT**

	<u>2023</u>	<u>2022</u>
	\$	\$
Tax supported debentures	<b>528,285</b>	616,696
Self supported debentures	<b>420,517</b>	528,605
Recoverable debentures	<b>70,178</b>	85,770
	<b><u>1,018,980</u></b>	<u>1,231,071</u>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$
2024	195,928	40,631	236,559
2025	161,209	32,420	193,629
2026	168,176	25,453	193,629
2027	130,499	18,705	149,204
2028	116,256	13,487	129,743
Thereafter	246,912	12,573	259,485
	<b><u>1,018,980</u></b>	<b><u>143,269</u></b>	<b><u>1,162,249</u></b>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 3.845% to 5.625% per annum, and matures in years 2024 through 2030. The average annual interest rate is 4.70% (4.70% for 2022).

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 \$50,373 (\$61,973 for 2022). The Town did not issue any new debentures in 2023 or 2022.

**8. 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>2023</u>	<u>2022</u>
	\$	\$
Total debt limit	<b>13,409,621</b>	11,439,024
Total debt	<b>1,018,980</b>	1,231,071
Amount of debt limit unused	<b><u>12,390,641</u></b>	<u>10,207,953</u>
Debt servicing limit	<b>2,234,937</b>	1,906,504
Total debt payments	<b>236,559</b>	262,464
Amount of debt servicing limit unused	<b><u>1,998,378</u></b>	<u>1,644,040</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 consolidated financial statements must be interpreted as a whole.



**9. EQUITY IN TANGIBLE CAPITAL ASSETS**

	2023 \$	2022 \$
Tangible capital assets (Schedule 2)	<b>72,700,502</b>	71,432,026
Accumulated amortization (Schedule 2)	<b>(34,770,958)</b>	(32,938,198)
Long-term debt (Note 7)	<b>(1,018,980)</b>	(1,231,071)
Debt charges recoverable (Note 5)	<b>70,178</b>	85,770
	<b><u>36,980,742</u></b>	<b><u>37,348,527</u></b>

**10. ACCUMULATED SURPLUS**

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

	2023 \$	2022 \$
Unrestricted surplus (deficit)	<b>612,412</b>	612,412
Restricted surplus	<b>5,776,533</b>	5,164,823
Equity intangible capital assets	<b>36,980,742</b>	37,348,527
	<b><u>43,369,687</u></b>	<b><u>43,125,762</u></b>

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

	2023 \$	2022 \$
Operating Reserves		
Fire department	<b>463,075</b>	117,645
General Operating	<b>39,064</b>	39,064
Handi Bus	<b>43,000</b>	43,000
Local Improvements	<b>376,408</b>	461,936
Mill Rate Stabilization	<b>225,641</b>	225,641
Resource Centre	<b>8,130</b>	8,130
Capital Reserves		
Community Services	<b>276,005</b>	341,883
Fire department/emergency mgmt	<b>134,684</b>	134,684
General Capital	<b>886,738</b>	794,407
Public Works	<b>1,248,074</b>	1,322,265
Streets	<b>14,105</b>	14,105
Swimming Pool Endowment Fund	<b>163,510</b>	162,663
Town Revitalization	<b>128,684</b>	128,684
W/S capital replacement	<b>1,769,415</b>	1,370,716
	<b><u>5,776,533</u></b>	<b><u>5,164,823</u></b>

**11. 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:

	2023			2022
	Salary <sup>1</sup>	Benefits & allowances <sup>2</sup>	Total	Total
Councillors				
Paul Buck	11,340	-	11,340	10,800
Jo Anne Fleming	14,145	-	14,145	13,915
Stanley Golob	14,100	5,944	20,044	18,240
Amanda Golob	12,420	2,223	14,643	14,156
Christopher Laue	12,405	-	12,405	13,455
Gordon MacLeod	18,459	-	18,459	16,875
Tim Schindel	13,050	-	13,050	13,933
CAO	163,962	24,294	188,256	170,863
Designated Officer	152,943	10,582	163,525	135,686

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.

**12. 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 8.45% (8.45% for 2022) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% (12.80% for 2022) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% (7.45% for 2022) of pensionable salary up to the year's maximum pensionable salary and 11.23% (11.80% for 2022) on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP were \$157,930 (\$157,647 for 2022). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan were \$140,723 (\$140,539 for 2022).

At December 31, 2022, the LAPP disclosed a surplus of \$12.67 billion (2021 - \$11.92 billion surplus).



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**13. COMMITMENTS**

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

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**14. 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.

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**15. 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.

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**16. 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 consolidated financial statements as disclosed in Note 1.

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

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**17. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.

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**18. COMPARATIVE FIGURES**

The comparative figures have been reclassified where necessary.