

Town of Fairview
Consolidated Financial Statements
For the Year Ended December 31, 2009



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MEYERS NORRIS PENNY LLP

Auditors' Report

To the Mayor and Members of Council:

We have audited the consolidated statement of financial position of the Town of Fairview as at December 31, 2009 and the consolidated statement of operations and changes in net debt and the consolidated statement of cash flows for the year then ended. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Fairview as at December 31, 2009 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Peace River, Alberta
June 23, 2010

Meyers Norris Penny LLP
Chartered Accountants

TOWN OF FAIRVIEW
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009

	2009 \$	2008 \$ (Restated) Note 17
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	3,259,286	2,788,770
Receivables		
Taxes and Grants in place of taxes (Note3)	166,669	121,319
Trade and other receivables	804,014	797,090
Land inventory held for resale	301,515	645,115
Investments (Note 4)	20	20
Debt charges recoverable (Note 5)	234,157	242,263
	<u>4,765,661</u>	<u>4,594,577</u>
LIABILITIES		
Accounts payable and accrued liabilities	668,364	449,316
Deposit liabilities	26,287	29,672
Deferred Revenue (Note 6)	1,076,780	1,079,142
Long Term Debt (Note 7)	3,750,399	3,521,884
	<u>5,521,830</u>	<u>5,080,014</u>
NET FINANCIAL DEBT	<u>(756,169)</u>	<u>(485,437)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	27,827,391	26,594,019
Inventory for consumption	68,210	102,315
Prepaid expenses	6,640	14,470
	<u>27,902,241</u>	<u>26,710,804</u>
ACCUMULATED SURPLUS (Note 11)	<u>27,146,072</u>	<u>26,225,367</u>

Commitments and contingencies - See Notes 14 and 15

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TOWN OF FAIRVIEW
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budget \$ (Unaudited)	2009 \$	2008 \$ (Restated) Note 17
REVENUE			
Net municipal property taxes (Schedule 2)	2,977,278	2,786,992	2,752,520
User fees and sale of goods	1,996,301	1,780,422	2,203,785
Government transfers for operating (Schedule 3)	575,799	549,337	523,448
Investment income	36,000	30,615	79,439
Licenses and permits	210,000	269,927	195,550
Penalties and costs on taxes	20,000	42,901	28,509
Other revenues	91,214	133,385	186,078
Total revenues	5,906,592	5,593,579	5,969,329
EXPENSES			
Operating			
Legislative	82,000	86,318	79,010
Administration	753,326	778,875	874,500
Fire and bylaws enforcement	116,180	134,690	122,682
Roads, streets, walks lighting	908,114	1,405,102	1,165,359
Water supply and distribution	694,028	999,123	987,174
Wastewater treatment and disposal	171,584	241,382	313,714
Waste management	344,623	338,549	338,882
Family and community support	292,570	331,404	206,919
Community Development	127,951	91,252	113,106
Recreation and parks	1,085,247	1,407,983	1,317,565
Culture	168,757	186,659	182,615
Writedown of land inventory held for resale	-	343,600	-
Gain on disposal of capital assets	-	-	(162,847)
Total Expenses	4,744,380	6,344,937	5,538,679
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	1,162,212	(751,358)	430,650
OTHER			
Government transfers for capital (Schedule 3)	839,681	1,671,063	800,670
Developer's levies	-	1,000	-
EXCESS OF REVENUE OVER EXPENSES	2,001,893	920,705	1,231,320
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS PREVIOUSLY STATED	41,301,370	41,301,370	39,046,647
PRIOR PERIOD ADJUSTMENT (NOTE 17)	(15,076,003)	(15,076,003)	(14,052,600)
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS RESTATED	26,225,367	26,225,367	24,994,047
ACCUMULATED SURPLUS, END OF YEAR	28,227,260	27,146,072	26,225,367

See accompanying notes to the financial statements

TOWN OF FAIRVIEW
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budget \$ (Unaudited)	2009 \$	2008 \$ (Restated) Note 17
EXCESS OF REVENUE OVER EXPENSES	<u>2,001,893</u>	<u>920,705</u>	<u>1,231,320</u>
Acquisition of tangible capital assets	(2,738,126)	(2,262,461)	(1,004,087)
Proceeds on disposal of tangible capital assets	-	-	240,236
Amortization of tangible capital assets	-	1,029,094	1,023,403
Gain on disposal of tangible capital assets	-	-	(162,847)
	<u>(2,738,126)</u>	<u>(1,233,367)</u>	<u>96,705</u>
Acquisition of supplies inventories	-	(68,210)	(102,315)
Acquisition of prepaid assets	-	(6,640)	(14,470)
Use of supplies inventories	-	102,310	136,425
Use of prepaid assets	-	14,470	18,884
	<u>-</u>	<u>41,930</u>	<u>38,524</u>
(INCREASE) DECREASE IN NET DEBT	(736,233)	(270,732)	1,366,549
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(485,437)</u>	<u>(485,437)</u>	<u>(1,851,986)</u>
NET FINANCIAL DEBT, END OF YEAR	<u>(1,221,670)</u>	<u>(756,169)</u>	<u>(485,437)</u>

TOWN OF FAIRVIEW
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 \$	2008 \$ (Restated) Note 17
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	920,705	1,231,320
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	1,029,094	1,023,403
Gain on disposal of tangible capital assets	-	(162,847)
Non-cash charges to operations (net change):		
Increase in taxes and grants in lieu receivable	(45,350)	(50,628)
Increase in trade and other receivables	(6,929)	(307,913)
Decrease in land held for resale	343,600	80,957
Decrease in inventory for consumption	34,105	34,105
Decrease (increase) in prepaid expenses	7,830	4,414
Increase in accounts payable and accrued liabilities	219,051	69,589
(Decrease) Increase in deposit liabilities	(3,388)	3,981
(Decrease) Increase in deferred revenue	(2,362)	672,175
Cash provided by operating transactions	<u>2,496,356</u>	<u>2,598,556</u>
CAPITAL		
Acquisition of tangible capital assets	(2,262,461)	(1,004,087)
Sale of tangible capital assets	-	240,236
Cash applied to capital transactions	<u>(2,262,461)</u>	<u>(763,851)</u>
FINANCING		
Debt charges recovered	8,106	7,737
Long-term debt issued	500,000	-
Long-term debt repaid	(271,485)	(384,560)
Cash provided by (applied to) financing transactions	<u>236,621</u>	<u>(376,823)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	470,516	1,457,882
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,788,770</u>	<u>1,330,888</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)	<u>3,259,286</u>	<u>2,788,770</u>

TOWN OF FAIRVIEW
SCHEDULE OF TANGIBLE CAPITAL ASSETS
SCHEDULE 1
FOR THE YEAR ENDED DECEMBER 31, 2009

	LAND	BUILDINGS	VEHICLES	ENGINEERING STRUCTURES	FURNITURE MACHINERY EQUIPMENT	2009	2008 (Restated) Note 17
COST:							
BALANCE BEGINNING OF YEAR	635,310	10,569,184	1,036,511	25,571,890	3,757,100	41,569,995	40,665,935
Add/dispose/adj of Tangible Capital Assets	-	1,991,955	-	224,698	45,813	2,262,466	1,004,087
Write down of Tangible Capital assets	-	-	-	-	-	-	(100,027)
BALANCE END OF YEAR	635,310	12,561,139	1,036,511	25,796,588	3,802,913	43,832,461	41,569,995
ACCUMULATED AMORTIZATION:							
BALANCE BEGINNING OF YEAR	-	(4,348,510)	(369,860)	(8,368,315)	(1,889,291)	(14,975,976)	(13,952,573)
Annual Amortization	-	(310,212)	(45,354)	(533,140)	(140,388)	(1,029,094)	(1,023,403)
BALANCE END OF YEAR	-	(4,658,722)	(415,214)	(8,901,455)	(2,029,679)	(16,005,070)	(14,975,976)
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	635,310	7,902,417	621,297	16,895,133	1,773,234	27,827,391	26,594,019
2008 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS (Restated)	635,310	6,220,672	666,651	17,203,575	1,867,811		26,594,019

TOWN OF FAIRVIEW
 SCHEDULE OF PROPERTY AND OTHER TAXES
 FOR THE YEAR ENDED DECEMBER 31, 2009
 SCHEDULE 2

	Budget \$ (Unaudited)	2009 \$	2008 \$
TAXATION			
Real property taxes	3,347,868	\$ 3,205,127	3,107,487
Linear property taxes	108,302	76,760	108,302
Business taxes	-	-	-
Government grants in place of property taxes	75,639	56,055	75,639
Special assessments and local improvement taxes	286,167	272,583	289,140
	<u>3,817,976</u>	<u>3,610,525</u>	<u>3,580,568</u>
REQUISITIONS			
Grande Prairie R.C.S.S.D.#28	171,123	162,895	180,669
Alberta School Foundation Fund	593,360	584,423	593,360
North Peace Housing Foundation	76,215	76,215	54,019
	<u>840,698</u>	<u>823,533</u>	<u>828,048</u>
NET MUNICIPAL TAXES	<u>2,977,278</u>	<u>2,786,992</u>	<u>2,752,520</u>

See accompanying notes to the financial statements.

TOWN OF FAIRVIEW
 SCHEDULE OF GOVERNMENT TRANSFERS
 FOR THE YEAR ENDED DECEMBER 31, 2009
 SCHEDULE 3

	<u>Budget</u> \$ (Unaudited)	<u>2009</u> \$	<u>2008</u> \$
TRANSFERS FOR OPERATING:			
Provincial Government	405,031	410,841	397,973
Other Local Governments	<u>170,768</u>	<u>138,496</u>	<u>125,475</u>
	575,799	549,337	523,448
TRANSFERS FOR CAPITAL:			
Provincial Government	656,349	1,109,940	800,670
Other Local Governments	-	561,123	
Federal Government	<u>183,332</u>	<u>-</u>	<u>-</u>
	839,681	1,671,063	800,670
TOTAL GOVERNMENT TRANSFERS	<u>1,415,480</u>	<u>2,220,400</u>	<u>1,324,118</u>

See accompanying notes to the financial statements

TOWN OF FAIRVIEW
 SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
 FOR THE YEAR ENDED DECEMBER 31, 2009
 SCHEDULE 4

	Budget \$ (Unaudited)	2009 \$	2008 \$ (Restated) Note 17
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	1,614,649	1,742,227	1,616,450
Contracted and general services	971,393	921,530	881,220
Materials, goods, supplies and utilities	1,440,640	1,589,954	1,405,750
Transfers to local boards and agencies	495,714	534,093	563,570
Bank charges and short term interest	3,000	1,150	3,170
Interest on capital long-term debt	218,984	183,289	207,963
Amortization of tangible capital assets	-	1,029,094	1,023,403
Gain on disposal of tangible capital assets	-	-	(162,847)
Writedown of land inventory held for resale	-	343,600	-
Other expenses	-	-	-
	<u>4,744,380</u>	<u>6,344,937</u>	<u>5,538,679</u>

TOWN OF FAIRVIEW
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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 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 expenses, 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
Town of Fairview Recreation Board
Town of Fairview FCSS Board

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are 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 expense 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.

TOWN OF FAIRVIEW
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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TOWN OF FAIRVIEW
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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) Land Inventory Held 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) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

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.

TOWN OF FAIRVIEW
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009

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
Land Improvements	
Buildings	25-50
Engineered structures	
Roadway system	10-20
Water system	35-75
Wastewater system	35-75
Other engineered structures	35-75
Machinery, equipment and furnishings	5-25
Vehicles	5-25

Annual amortization is not charged in the year of acquisition and is charged 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.

TOWN OF FAIRVIEW
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009

2. CASH AND TEMPORARY INVESTMENTS

	2009	2008
	\$	\$
Cash	185,549	229,854
Temporary investments with stated interest at 0.80% per annum compounded monthly.	3,073,737	2,558,916
	<u>3,259,286</u>	<u>2,788,770</u>

Temporary investments are short-term deposits with original maturities of three months or less.

Included in temporary investments is a restricted amount of \$116,994 (2008 – \$115,789) which is the Fairview Regional Aquatic Center Endowment Fund. This balance is also included in reserves.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2009	2008
	\$	\$
Current taxes and grants in place of taxes	78,346	93,779
Non-current taxes and grants in lieu	88,323	27,540
	<u>166,669</u>	<u>121,319</u>

4. Investments

	2009		2008	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
Shares in AAMDC	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>

5. Debt Charges Recoverable

	2009	2008
	\$	\$
Non current debt charges recoverable	<u>234,157</u>	<u>242,263</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. This debt matures December 17th, 2027.

TOWN OF FAIRVIEW
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009

6. **Deferred Revenue**

	<u>2009</u>	<u>2008</u>
	<u>\$</u>	<u>\$</u>
Prepaid local improvement charges	335,861	364,528
Deferred grants	684,621	701,640
Other	56,298	12,974
	<u>1,076,780</u>	<u>1,079,142</u>

Prepaid local improvement charges are being amortized to revenue.

Deferred Grants:

Street Improvement	service road	80,984
Street Improvement	sidewalks	63,324
AWWWP	water treatment plant	141,793
CFEP	arena renovation	46,960
CIP	arena renovation	75,000
Community & MD	arena renovation	271,500
County of Clear Hills	Climbing wall	5,060
		<u>684,621</u>

Other:

Includes unspent amount of \$34,311 which is a grant for Intermunicipal Cooperation. Original amount of this grant was \$35,000.

TOWN OF FAIRVIEW
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009

7. Long-Term Debt

	2009	2008
	\$	\$
Tax supported debentures	1,433,278	1,043,642
Self supported debentures	2,082,964	2,235,980
Debt charges recoverable supported debentures	234,157	242,262
	<u>3,750,399</u>	<u>3,521,884</u>

The current portion of the long-term debt amounts to \$379,979 (2008 - \$271,484)

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2010	379,979	201,544	581,523
2011	367,354	176,143	543,497
2012	360,794	158,715	519,509
2013	379,258	119,878	499,136
2014	370,787	109,047	479,834
Thereafter	1,892,227	498,911	2,391,138
	<u>3,750,399</u>	<u>1,264,238</u>	<u>5,014,637</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.284% to 11.375% per annum, and matures in periods 2010 through 2027.

The average annual interest rate is 6.530% for 2009 (6.52% for 2008).

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

Interest on long-term debt amounted to \$183,289 (2008-\$207,963).

The town's total cash payments for interest in 2009 were \$202,683 (2008 -\$222,561).

TOWN OF FAIRVIEW
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009

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>2009</u>	<u>2008</u>
	\$	\$
Total debt limit	<u>8,390,369</u>	8,953,994
Total debt	<u>3,750,399</u>	3,521,884
Amount of debt limit unused	<u>4,639,970</u>	<u>5,432,110</u>
Debt servicing limit	<u>1,398,395</u>	1,492,332
Debt servicing	<u>581,523</u>	474,167
Amount of debt servicing limit unused	<u>816,872</u>	<u>1,018,165</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.

9. TANGIBLE CAPITAL ASSETS

	<u>2009</u>	<u>2008</u>
	\$	\$
Net Book Value		(Restated) Note 17
Land	<u>635,310</u>	635,310
Land Improvements	-	-
Buildings	<u>7,902,410</u>	6,220,672
Engineered Structures	<u>16,895,138</u>	17,203,575
Machinery, equipment and furnishings	<u>1,773,236</u>	1,867,811
Vehicles	<u>621,297</u>	666,651
	<u>27,827,391</u>	<u>26,594,019</u>

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2009</u>	<u>2008</u>
	\$	\$
		(Restated) Note 17
Tangible capital assets (Schedule 1)	<u>43,832,462</u>	41,569,995
Accumulated amortization (Schedule 1)	<u>(16,005,071)</u>	(14,975,976)
Long-term debt (Note 8)	<u>(3,750,399)</u>	(3,521,884)
Debt charges recoverable (Note 5)	<u>234,157</u>	242,262
	<u>24,311,149</u>	<u>23,314,397</u>

TOWN OF FAIRVIEW
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009

11. ACCUMULATED SURPLUS

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

	2009 \$	2008 \$ (Restated) Note 17
Unrestricted surplus	1,061,305	738,857
Restricted Surplus	1,773,618	2,172,113
Equity in tangible capital assets	24,311,149	23,314,397
	<u>27,146,072</u>	<u>26,225,367</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:

	2009 \$		2008 \$	
	Salary 1	Benefits & allowances ²	Total	Total
Councillors				
Rick Nicholson	-	-	-	11,225
Brent Dechant	8,462	-	8,462	8,100
Tony Prybysh	6,693	-	6,693	6,100
Larry Chorney	12,831	-	12,831	10,156
Anne Grayson	10,016	-	10,016	9,899
Lloyd Campbell	17,150	1,186	18,336	9,685
Noel Jorgenson	8,438	-	8,438	8,813
Tim Schindel	8,188	-	8,188	-
CAO	99,227	12,892	112,119	124,641
Senior Management (2 positions)	169,564	10,610	180,174	175,244

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.

TOWN OF FAIRVIEW
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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 133,000 people and 389 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 8.46% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.66% on pensionable earnings above this amount. Employees of the town are required to make current service contributions of 7.46% of pensionable salary up to the year's maximum pensionable salary and 10.66% on pensionable salary above this amount.

Total current service contributions by the town to the LAPP in 2009 were \$86,844 (2008 - \$68,222). Total current service contributions by the employees of the town to the Local Authorities Pension Plan in 2009 were \$76,214 (2008 - \$59,860).

At December 31, 2008, the LAPP disclosed an actuarial deficiency of \$1,288.9 million.

14. COMMITMENTS

The town is committed to make annual payment of \$25,000 for the next year to the 55+ Seniors Games.

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.

TOWN OF FAIRVIEW
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009

17. PRIOR PERIOD ADJUSTMENTS

The town has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook, which requires governments to record and amortize their tangible capital assets on their financial statements. In addition revenue from government grants and transfers relating to capital acquisitions has been included in income. These adjustments are as follows:

	<u>2009</u>	<u>2008</u>
	<u>\$</u>	<u>\$</u>
Adjustments to opening accumulated surplus:		
As previously reported	41,301,370	39,046,647
Adjustment to net book value of tangible capital assets	<u>(15,076,003)</u>	<u>(14,052,600)</u>
As restated	<u>26,225,367</u>	<u>24,994,047</u>
		<u>\$</u>
Adjustments to surplus of revenues over expenses:		
As previously reported		1,328,027
Tangible capital assets recorded but previously expensed		1,004,085
Gain on disposal of tangible capital assets		162,847
Proceeds on disposal of tangible capital assets		(240,236)
Annual amortization expense		<u>(1,023,403)</u>
As restated		<u>1,231,320</u>
		<u>2008</u>
		<u>\$</u>
Adjustment to tangible capital assets:		
As previously reported		41,670,022
Adjustment to historical cost of tangible capital assets		(100,027)
Accumulated amortization recorded		<u>(14,975,976)</u>
As restated		<u>26,594,019</u>

18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.