

**TOWN OF FAIRVIEW**

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

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## TOWN OF FAIRVIEW

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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 17, 2018

  
Chief Administrative Officer

## Auditors' Report

To the Mayor and Council of  
The Town of Fairview

### *Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of the Town of Fairview, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of financial activities, consolidated change in net financial assets and consolidated cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Fairview as at December 31, 2017, the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Peace River, Alberta  
April 17, 2018

  
Chartered Professional Accountants



**TOWN OF FAIRVIEW  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017 \$	2016 \$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	4,428,317	4,777,120
Receivables		
Taxes and grants in lieu of taxes (Note 3)	1,238,870	1,401,969
Debt charges recoverable (Note 5)	153,675	165,454
Trade and other receivables	1,591,656	416,064
Land held for resale	204,650	204,650
Long-term investments (Note 4)	20	20
	<u>7,617,188</u>	<u>6,965,277</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,582,152	536,056
Deposit liabilities	301,221	57,398
Deferred revenue (Note 6)	4,183	244,785
Long term debt (Note 7)	3,101,257	3,867,876
	<u>4,988,813</u>	<u>4,706,115</u>
<b>NET FINANCIAL ASSETS</b>	<u>2,628,375</u>	<u>2,259,162</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	38,708,668	36,990,316
Prepaid expenses	15,102	17,647
	<u>38,723,770</u>	<u>37,007,963</u>
<b>ACCUMULATED SURPLUS (Note 10)</b>	<u>41,352,145</u>	<u>39,267,125</u>

Commitments and contingencies - See Notes 13 and 14

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, 2017**

	Budget \$	2017 \$	2016 \$
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	3,281,941	<b>3,304,056</b>	3,366,880
User fees and sale of goods	2,677,690	<b>2,694,574</b>	2,638,103
Government transfers for operating (Schedule 4)	634,956	<b>634,555</b>	638,730
Investment income	37,500	<b>81,781</b>	76,546
Penalties and costs on taxes	89,886	<b>127,118</b>	161,194
Franchise and concession contracts	405,000	<b>428,789</b>	406,149
Gain on disposal of capital assets	-	<b>7,599</b>	4,708
Other revenues	79,994	<b>193,424</b>	109,624
<b>Total revenues</b>	<b>7,206,967</b>	<b>7,471,896</b>	<b>7,401,934</b>
<b>EXPENSES</b>			
<b>Operating</b>			
Legislative	324,405	<b>320,157</b>	206,159
Administration	854,140	<b>823,224</b>	788,259
Protective services	320,076	<b>272,655</b>	264,622
Transportation	1,649,332	<b>1,500,765</b>	1,610,723
Water supply and distribution	1,507,592	<b>1,492,616</b>	1,496,222
Wastewater treatment and disposal	489,327	<b>423,680</b>	483,140
Waste management	500,700	<b>454,796</b>	453,680
Culture	210,099	<b>195,480</b>	202,922
Public health and economic development	175,528	<b>147,334</b>	125,413
Recreation and parks	1,777,649	<b>1,745,020</b>	1,684,598
Family and community services	225,189	<b>225,789</b>	235,991
<b>Total Expenses</b>	<b>8,034,037</b>	<b>7,601,516</b>	<b>7,551,729</b>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<b>(827,070)</b>	<b>(129,620)</b>	<b>(149,795)</b>
<b>OTHER</b>			
Development Levies and Other Contributions	-	<b>12,231</b>	1,500
Contributed assets	-	-	-
Government transfers for capital (Schedule 4)	2,207,567	<b>2,202,409</b>	952,291
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>1,380,497</b>	<b>2,085,020</b>	<b>803,996</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>39,267,125</b>	<b>39,267,125</b>	<b>38,463,129</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>40,647,622</b>	<b>41,352,145</b>	<b>39,267,125</b>

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, 2017**

	Budget \$	2017 \$	2016 \$
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>1,380,497</u>	<u>2,085,020</u>	<u>803,996</u>
Acquisition of tangible capital assets	(1,949,556)	(3,433,437)	(1,652,499)
Tangible capital assets received as contributions	-	-	-
Proceeds on disposal of tangible capital assets	-	7,599	4,708
Amortization of tangible capital assets	1,718,830	1,715,085	1,654,180
Gain on sale of tangible capital assets	-	(7,599)	(4,708)
	<u>(230,726)</u>	<u>(1,718,352)</u>	<u>1,681</u>
Acquisition of supplies inventories	-	-	-
Acquisition of prepaid assets	-	(15,102)	(17,647)
Use of supplies inventories	-	-	-
Use of prepaid assets	-	17,647	13,057
	<u>-</u>	<u>2,545</u>	<u>(4,590)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	1,149,771	369,213	801,087
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>2,259,162</u>	<u>2,259,162</u>	<u>1,458,075</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>3,408,933</u>	<u>2,628,375</u>	<u>2,259,162</u>



**TOWN OF FAIRVIEW  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017 \$	2016 \$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	2,085,020	803,996
Non-cash items included in shortfall of revenues over expenses:		
Amortization of tangible capital assets	1,715,085	1,654,180
Gain on disposal of tangible capital assets	(7,599)	(4,708)
Tangible capital assets received as contributions	-	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	163,099	227,160
Decrease (increase) in trade and other receivables	(1,175,592)	12,427
Decrease (increase) in land held for resale	-	(83,850)
Decrease (increase) in prepaid expenses	2,545	(4,590)
Increase (decrease) in accounts payable and accrued liabilities	1,041,490	(62,130)
Increase (decrease) in deposit liabilities	248,431	(2,985)
Increase (decrease) in deferred revenue	(240,602)	211,722
Cash provided by operating transactions	<u>3,831,877</u>	<u>2,751,222</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(3,433,437)	(1,652,499)
Sale of tangible capital assets	7,599	4,708
Cash applied to capital transactions	<u>(3,425,838)</u>	<u>(1,647,791)</u>
<b>FINANCING</b>		
Long-term debt repaid	(766,620)	(742,726)
Long-term debt issued	-	-
Debt charges recovered	11,778	11,241
Cash applied to financing transactions	<u>(754,842)</u>	<u>(731,485)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>(348,803)</b>	<b>371,946</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>4,777,120</b>	<b>4,405,174</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)</b>	<b><u>4,428,317</u></b>	<b><u>4,777,120</u></b>

See accompanying notes to the financial statements





**TOWN OF FAIRVIEW  
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017 \$	2016 \$
<b>BALANCE, BEGINNING OF YEAR</b>	<u>605,122</u>	<u>5,374,109</u>	<u>33,287,894</u>	<u>39,267,125</u>	<u>38,463,129</u>
Excess of revenues over expenses	2,085,020	-	-	2,085,020	803,996
Current year funds used for tangible capital assets	(2,392,864)	-	2,392,864	-	-
Contributed Assets	-	-	-	-	-
Restricted funds used for tangible capital assets	-	(1,040,572)	1,040,572	-	-
Annual amortization expense	1,715,084	-	(1,715,084)	-	-
Unrestricted funds designated for future use	(1,280,172)	1,280,172	-	-	-
Restricted funds used for operations	627,774	(627,774)	-	-	-
New debt issued	-	-	-	-	-
Long term debt repaid	(754,840)	-	754,840	-	-
<b>Change in accumulated surplus</b>	<u>2</u>	<u>(388,174)</u>	<u>2,473,192</u>	<u>2,085,020</u>	<u>803,996</u>
<b>BALANCE, END OF YEAR</b>	<u>605,124</u>	<u>4,985,935</u>	<u>35,761,086</u>	<u>41,352,145</u>	<u>39,267,125</u>

See accompanying notes to the financial statements



**TOWN OF FAIRVIEW  
SCHEDULE OF TANGIBLE CAPITAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017  
SCHEDULE 2**

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2017 \$	2016 \$
<b>COST:</b>							
<b>BALANCE, BEGINNING OF YEAR</b>	1,078,809	18,545,556	34,548,502	4,621,422	1,464,069	<b>60,258,358</b>	58,780,585
Acquisition of tangible capital assets	-	209,635	2,727,665	147,966	348,171	3,433,437	1,652,499
Disposal of tangible capital assets	-	-	(8,203)	(78,639)	-	(86,842)	(174,726)
<b>BALANCE, END OF YEAR</b>	<b>1,078,809</b>	<b>18,755,191</b>	<b>37,267,964</b>	<b>4,690,749</b>	<b>1,812,240</b>	<b>63,604,953</b>	<b>60,258,358</b>
<b>ACCUMULATED AMORTIZATION:</b>							
<b>BALANCE, BEGINNING OF YEAR</b>	-	8,332,082	11,768,274	2,537,947	629,739	<b>23,268,042</b>	21,788,588
Annual amortization	-	594,473	825,221	227,659	67,732	1,715,085	1,654,180
Accumulated amortization on disposals	-	-	(8,203)	(78,639)	-	(86,842)	(174,726)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>8,926,555</b>	<b>12,585,292</b>	<b>2,686,967</b>	<b>697,471</b>	<b>24,896,285</b>	<b>23,268,042</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>1,078,809</b>	<b>9,828,636</b>	<b>24,682,672</b>	<b>2,003,782</b>	<b>1,114,769</b>	<b>38,708,668</b>	<b>36,990,316</b>
2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,078,809	10,213,474	22,780,228	2,083,475	834,330	36,990,316	

See accompanying notes to the financial statements



**TOWN OF FAIRVIEW  
 SCHEDULE OF PROPERTY TAXES LEVIED  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 SCHEDULE 3**

	Budget \$	2017 \$	2016 \$
<b>TAXATION</b>			
Real property taxes	4,089,983	<b>4,111,548</b>	4,177,844
Linear property taxes	87,869	<b>88,336</b>	88,685
Government grants in place of property taxes	59,562	<b>59,563</b>	60,554
	<u>4,237,414</u>	<u><b>4,259,447</b></u>	<u>4,327,083</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	844,000	<b>843,916</b>	854,136
North Peace Housing Foundation	111,473	<b>111,475</b>	106,067
	<u>955,473</u>	<u><b>955,391</b></u>	<u>960,203</u>
<b>NET MUNICIPAL TAXES</b>	<u>3,281,941</u>	<u><b>3,304,056</b></u>	<u>3,366,880</u>

See accompanying notes to the financial statements



**TOWN OF FAIRVIEW  
SCHEDULE OF GOVERNMENT TRANSFERS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
SCHEDULE 4**

	Budget \$	2017 \$	2016 \$
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	381,163	383,263	407,810
Federal Government	-	-	-
Other Local Governments	253,793	251,292	230,920
	<u>634,956</u>	<u>634,555</u>	<u>638,730</u>
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	1,838,100	1,835,554	781,818
Federal Government	171,300	171,030	170,473
Other Local Governments	198,167	195,825	-
	<u>2,207,567</u>	<u>2,202,409</u>	<u>952,291</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>2,842,523</u>	<u>2,836,964</u>	<u>1,591,021</u>

See accompanying notes to the financial statements



**TOWN OF FAIRVIEW**  
**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**SCHEDULE 5**

	Budget	2017	2016
	\$	\$	\$
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	2,382,646	<b>2,310,419</b>	2,267,723
Contracted and general services	842,136	<b>739,376</b>	823,720
Materials, goods, supplies and utilities	2,067,289	<b>1,826,816</b>	2,002,566
Provision for allowances	16,100	<b>1,399</b>	6,626
Transfers to local boards and agencies	30,938	<b>35,057</b>	34,520
Bank charges and short term interest	6,300	<b>4,790</b>	5,869
Interest on capital long-term debt	143,375	<b>139,255</b>	164,002
Amortization of tangible capital assets	1,686,300	<b>1,715,085</b>	1,654,180
Other expenses	858,953	<b>829,319</b>	592,523
	<b>8,034,037</b>	<b>7,601,516</b>	7,551,729

See accompanying notes to the financial statements



**TOWN OF FAIRVIEW  
SCHEDULE OF SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2017  
SCHEDULE 6**

	General Government	Protective Services	Transportation Services	Community Services	Recreation & Culture	Environmental Services	Other	Total \$
<b>REVENUE</b>								
Net municipal taxes	3,304,056	-	-	-	-	-	-	3,304,056
Government transfers	151,334	264,895	3,150	194,966	313,684	1,833,584	75,351	2,836,964
User fees and sales of goods	20,304	-	2,678	-	258,049	2,413,543	-	2,694,574
Investment income	81,781	-	-	-	-	-	-	81,781
Other revenues	575,493	66,543	55,944	600	51,141	-	19,440	769,161
	<u>4,132,968</u>	<u>331,438</u>	<u>61,772</u>	<u>195,566</u>	<u>622,874</u>	<u>4,247,127</u>	<u>94,791</u>	<u>9,686,536</u>
<b>EXPENSES</b>								
Contract & general services	98,510	71,372	63,285	14,252	143,639	346,094	2,224	739,376
Salaries & wages	588,286	40,362	332,618	70,696	744,607	533,850	-	2,310,419
Goods & supplies	116,993	38,729	580,541	5,738	476,683	484,714	123,418	1,826,816
Long term debt interest	-	-	64,487	-	7,660	67,108	-	139,255
Other expenses	332,926	8,855	-	135,103	133,051	244,852	15,778	870,565
	<u>1,136,715</u>	<u>159,318</u>	<u>1,040,931</u>	<u>225,789</u>	<u>1,505,640</u>	<u>1,676,618</u>	<u>141,420</u>	<u>5,886,431</u>
<b>NET REVENUE BEFORE AMORTIZATION</b>	2,996,253	172,120	(979,159)	(30,223)	(882,766)	2,570,509	(46,629)	3,800,105
Amortization expense	(6,665)	(113,338)	(459,834)	-	(432,806)	(694,475)	(7,967)	(1,715,085)
<b>NET REVENUE</b>	<u>2,989,588</u>	<u>58,782</u>	<u>(1,438,993)</u>	<u>(30,223)</u>	<u>(1,315,572)</u>	<u>1,876,034</u>	<u>(54,596)</u>	<u>2,085,020</u>



**TOWN OF FAIRVIEW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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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 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.



**TOWN OF FAIRVIEW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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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 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 CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**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.



**TOWN OF FAIRVIEW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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**

	2017	2016
	\$	\$
Cash	1,955,649	2,301,655
Temporary investments with stated interest at 1.66% - 1.88% per annum	2,472,668	2,475,465
	<u>4,428,317</u>	<u>4,777,120</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 \$79,702 (\$19,253 for 2016) which is a tax proceeds trust account.

Included in temporary investments is a restricted amount of \$161,330 (\$161,149 for 2016) 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**

	2017	2016
	\$	\$
Current taxes and grants in lieu of taxes	134,723	92,253
Non-current taxes and grants in lieu	89,967	149,552
Local improvement taxes receivable	1,014,180	1,160,164
Allowance for doubtful accounts	-	-
	<u>1,238,870</u>	<u>1,401,969</u>

**4. INVESTMENTS**

	2017		2016	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
Shares in AAMDC	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>



**TOWN OF FAIRVIEW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**5. DEBT CHARGES RECOVERABLE**

	2017 \$	2016 \$
Non current debt charges recoverable	<u>153,675</u>	<u>165,454</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 17, 2027.

**6. DEFERRED REVENUE**

	2017 \$	2016 \$
Deferred grants	-	240,602
Other	4,183	4,183
	<u>4,183</u>	<u>244,785</u>

Funding in the amount of \$893,122 was received in the current year from the Municipal Sustainability Initiative. Of the \$893,122 received, \$741,788 is from the capital component of the program and is restricted to eligible capital project, as approved under the funding agreement, of which all was used in 2017. The remaining \$151,334 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 2017. The Town was approved and used an additional \$737,609 from the 2018 MSI allocation. This amount is included in trade and other receivables.

**7. LONG-TERM DEBT**

	2017 \$	2016 \$
Tax supported debentures	1,684,070	2,272,000
Self supported debentures	1,263,512	1,430,422
Recoverable debentures	153,675	165,454
	<u>3,101,257</u>	<u>3,867,876</u>

Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2018	688,050	118,698	806,748
2019	477,146	99,050	576,196
2020	235,704	84,630	320,334
2021	229,116	73,027	302,143
2022	240,170	61,973	302,143
Thereafter	1,231,071	193,642	1,424,713
	<u>3,101,257</u>	<u>631,020</u>	<u>3,732,277</u>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 1.722% to 6.625% per annum, and matures in years 2017 through 2030. The average annual interest rate is 4.5% (4.7% for 2016).

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 \$143,617 (\$167,510 for 2016).

The Town did not obtain any new debentures in 2017 or 2016.



**TOWN OF FAIRVIEW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**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>2017</u>	<u>2016</u>
	\$	\$
Total debt limit	<u>11,207,844</u>	11,102,901
Total debt	<u>3,101,257</u>	3,867,876
Amount of debt limit unused	<u>8,106,587</u>	<u>7,235,025</u>
Debt servicing limit	<u>1,867,974</u>	1,850,484
Total debt payments	<u>806,748</u>	910,237
Amount of debt servicing limit unused	<u>1,061,226</u>	<u>940,247</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.

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**9. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2017</u>	<u>2016</u>
	\$	\$
Tangible capital assets (Schedule 2)	<u>63,604,953</u>	60,258,358
Accumulated amortization (Schedule 2)	<u>(24,896,285)</u>	(23,268,042)
Long-term debt (Note 7)	<u>(3,101,257)</u>	(3,867,876)
Debt charges recoverable (Note 5)	<u>153,675</u>	165,454
	<u>35,761,086</u>	<u>33,287,894</u>



**TOWN OF FAIRVIEW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**10. ACCUMULATED SURPLUS**

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Unrestricted surplus (deficit)	605,124	605,122
Restricted surplus	4,985,935	5,374,109
Equity intangible capital assets	35,761,086	33,287,894
	<u>41,352,145</u>	<u>39,267,125</u>

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

	<u>2017</u>	<u>2016</u>
	\$	\$
<b>Operating Reserves</b>		
FCSS	-	5,766
Fire department	60,516	126,063
General Operating	39,064	42,916
Handi Bus	23,000	18,000
Local Improvements	1,014,180	1,160,164
Mill Rate Stabilization	164,000	164,000
Resource Centre	8,130	8,130
<b>Capital Reserves</b>		
Community Services	349,943	327,419
Fire department/emergency mgmt	67,360	137,907
General Capital	1,700,569	2,071,989
Off Site Water Plant	102,891	102,891
Public Works	971,595	670,207
Streets	14,105	14,105
Swimming Pool Endowment Fund	161,330	161,149
Town Revitalization	128,681	128,681
Water Treatment Plant	180,571	234,722
	<u>4,985,935</u>	<u>5,374,109</u>



**TOWN OF FAIRVIEW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**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:

	2017			2016
	\$			\$
	Salary <sup>1</sup>	Benefits & allowances <sup>2</sup>	Total	Total
<b>Councillors</b>				
Gordon MacLeod (12 months in 2017)	14,784	-	14,784	16,132
Larry Chorney (10 months in 2017)	8,460	-	8,460	10,526
Tim Schindel (12 months in 2017)	10,355	-	10,355	10,278
Dennis Radbourne (10 months in 2017)	7,273	-	7,273	9,432
Owen Stanford (10 months in 2017)	9,848	3,083	12,931	14,101
Paul Buck (12 months in 2017)	11,055	-	11,055	9,995
Peter Robertson (10 months in 2017)	7,598	-	7,598	10,188
Jenna Armstrong (3 months in 2017)	2,995	-	2,995	-
Bryarly Parker (3 months in 2017)	2,738	-	2,738	-
Dianne Golob (3 months in 2017)	2,882	-	2,882	-
Nicole Halvorson (3 months in 2017)	2,070	-	2,070	-
<b>CAO</b>	<b>117,034</b>	<b>23,894</b>	<b>140,928</b>	<b>134,568</b>
<b>Designated Officers (2 positions)</b>	<b>178,559</b>	<b>36,378</b>	<b>214,937</b>	<b>202,160</b>

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 CONSOLIDATED FINANCIAL STATEMENTS  
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**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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 15.84% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP were \$178,252 (\$175,981 for 2016). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan were \$163,858 (\$161,685 for 2016).

At December 31, 2016, the LAPP disclosed an actuarial deficiency of \$637 million.

Contribution rates decreased by 1% for employees and 1% for employers, effective January 1, 2018.

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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.



**TOWN OF FAIRVIEW  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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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 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.