

Municipal District of Fairview No. 136

Financial Statements

December 31, 2016

Municipal District of Fairview No. 136

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MANAGEMENT'S REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of the **Municipal District of Fairview No. 136**.

These consolidated financial statements have been prepared by management. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Municipal District of Fairview No. 136 maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Municipal District's assets are appropriately accounted for and adequately safeguarded.

The elected Council of the Municipal District of Fairview No. 136 are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council meets annually with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Doyle & Company, Chartered Accountants, the external auditors, in accordance with Canadian public sector accounting standards on behalf of the Council, residents and ratepayers of the Municipal District of Fairview No. 136. Doyle & Company has full and free access to the Municipal District's Council.



Sandra Fox

Chief Administrative Officer

Allan J. Grykuliak, CPA, CA*
Scott T. Mockford, CPA, CA*
Allen Lee, CPA, CMA*
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AUDITORS' REPORT

* Operates as a Professional Corporation

To the Members of Council

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the **Municipal District of Fairview No. 136**, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, change in net financial assets and the statement of 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

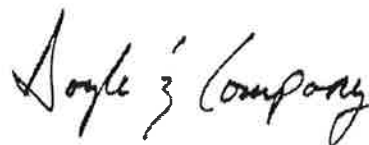
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Municipal District of Fairview No. 136 as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
April 10, 2017



Chartered Professional Accountants

Municipal District of Fairview No. 136
Consolidated Statement of Financial Position
As at December 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	9,272,856	8,704,501
Receivables (Note 3)		
Taxes and grants in lieu receivable	206,591	218,853
Trade and other receivables	609,288	253,633
Investments (Note 4)	41,093	40,583
	10,129,828	9,217,570
LIABILITIES		
Accounts payable and accrued liabilities	344,200	246,664
Deferred revenue (Note 6)	1,084,777	547,268
Deposit liabilities	400	1,400
	1,429,377	795,332
NET FINANCIAL ASSETS	8,700,451	8,422,238
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	18,582,845	18,806,952
Inventory for consumption	317,732	148,428
Prepaid expenses	95,215	85,732
	18,995,792	19,041,112
ACCUMULATED SURPLUS (Schedule 1, Note 9)	27,696,243	27,463,350

The accompanying notes form part of these financial statements

Municipal District of Fairview No. 136

Consolidated Statement of Operations

For the year ended December 31, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
REVENUE			
Net municipal taxes (Schedule 3)	5,178,499	5,154,815	5,369,453
User fees and sales of goods	467,999	885,224	454,633
Government transfers (Schedule 4)	347,728	412,369	546,367
Investment income	98,000	88,231	87,304
Total Revenues	6,092,226	6,540,639	6,457,757
EXPENSES			
Administration	789,615	949,697	827,887
Agriculture service board	487,991	503,627	457,496
Airport	143,163	225,705	230,109
Animal control	16,700	5,894	5,060
Cemeteries	29,045	28,029	26,363
Culture and library	79,040	77,478	78,804
Family community support services	15,300	40,812	12,360
Fire	237,550	555,280	116,555
Gravel	727,593	637,407	711,293
Grading	517,065	666,296	-
Land use planning and development	158,000	122,719	101,826
Legislative	211,250	176,624	198,594
Parks and recreation	274,063	257,596	388,102
Public health and safety	47,548	40,146	46,465
Public works	1,634,491	1,972,584	2,677,800
Utilities	35,090	40,343	123,911
Waste management	119,200	117,602	127,391
Wastewater treatment and disposal	53,532	74,546	53,277
Water supply and distribution	271,527	256,667	231,991
Total Expenses	5,847,763	6,749,052	6,415,284
EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	244,463	(208,413)	42,473
OTHER			
Government transfers for capital (Schedule 4)	-	441,306	1,398,773
EXCESS OF REVENUE OVER EXPENSES	244,463	232,893	1,441,246
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	27,463,350	26,022,104
ACCUMULATED SURPLUS, END OF YEAR	-	27,696,243	27,463,350

The accompanying notes form part of these financial statements

Municipal District of Fairview No. 136
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2016

	2016	2015
	\$	\$
EXCESS OF REVENUES OVER EXPENSES	232,893	1,441,246
Acquisition of tangible capital assets	(1,170,167)	(2,225,694)
Proceeds on disposal of tangible capital assets	230,875	211,111
Amortization of tangible capital assets	1,062,518	1,000,810
Loss (gain) on disposal of tangible capital assets	100,881	(19,051)
	224,107	(1,032,824)
Acquisition of supplies inventories	(317,732)	(148,428)
Acquisition of prepaid assets	(95,215)	(85,732)
Use of supplies inventories	148,428	138,497
Use of prepaid assets	85,732	94,774
	(178,787)	(889)
INCREASE IN NET ASSETS	278,213	407,533
NET FINANCIAL ASSETS, BEGINNING OF YEAR	8,422,238	8,014,705
NET FINANCIAL ASSETS, END OF YEAR	8,700,451	8,422,238

The accompanying notes form part of these financial statements

Municipal District of Fairview No. 136

Consolidated Statement of Cash Flows

For the year ended December 31, 2016

	2016	2015
	\$	\$
OPERATING		
Excess of revenue over expenditures	232,893	1,441,246
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	1,062,518	1,000,810
Loss (gain) on disposal of tangible capital assets	100,881	(19,051)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	12,262	(53,797)
Decrease (increase) in trade and other receivables	(355,655)	36,072
Decrease (increase) in prepaid expenditures	(9,483)	9,042
Increase in inventory for consumption	(169,304)	(9,931)
Increase (decrease) in accounts payable and accrued liabilities	96,536	(26,988)
Increase (decrease) in deferred revenue	537,509	(8,301)
Cash from operations	1,508,157	2,369,102
CAPITAL		
Acquisition of tangible capital assets	(1,170,167)	(2,225,694)
Proceeds on disposal of tangible capital assets	230,875	211,111
Cash applied to capital transactions	(939,292)	(2,014,583)
INVESTING		
Increase in investments	(510)	(11,577)
CHANGE IN CASH DURING THE YEAR	568,355	342,942
CASH, BEGINNING OF YEAR	8,704,501	8,361,559
CASH, END OF YEAR	9,272,856	8,704,501

The accompanying notes form part of these financial statements

Municipal District of Fairview No. 136
Schedule of Changes in Accumulated Surplus - Schedule 1
For the year ended December 31, 2016

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Capital Assets \$	2016 Total \$	2015 Total \$
Balance, Beginning of Year	1,137,072	7,519,326	18,806,952	27,463,350	26,022,104
Excess of revenue over expenses	232,893	-	-	232,893	1,441,246
Unrestricted funds designated for future use	(1,208,738)	1,208,738	-	-	-
Restricted funds used for operations	393,000	(393,000)	-	-	-
Restricted funds used for tangible capital assets	-	(386,627)	386,627	-	-
Current years funds used for tangible capital assets	(783,540)	-	783,540	-	-
Disposal of tangible capital assets	331,756	-	(331,756)	-	-
Annual amortization expenses	1,062,518	-	(1,062,518)	-	-
Change in accumulated surplus	27,889	429,111	(224,107)	232,893	1,441,246
Balance, End of Year	1,164,961	7,948,437	18,582,845	27,696,243	27,463,350

The accompanying notes form part of these financial statements

Municipal District of Fairview No. 136
Schedule of Tangible Capital Assets - Schedule 2

For the year ended December 31, 2016

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2016 Total	2015 Total
	\$	\$	\$	\$	\$	\$	\$	\$
COST:								
Balance, Beginning of Year	286,344	2,068,462	2,878,437	38,981,079	6,387,954	450,772	51,053,048	49,204,837
Acquisition of tangible capital assets	-	17,024	18,317	295,277	772,666	30,987	1,134,271	2,158,307
Construction-in-progress	-	-	-	67,266	(31,370)	-	35,896	67,387
Disposal of tangible capital assets	-	-	-	(4,294)	(732,917)	-	(737,211)	(377,483)
Balance, End of Year	286,344	2,085,486	2,896,754	39,339,328	6,396,333	481,759	51,486,004	51,053,048
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	1,292,780	609,050	26,505,327	3,517,863	321,076	32,246,096	31,430,709
Annual amortization	-	67,109	75,492	405,851	477,964	36,102	1,062,518	1,000,810
Accumulated amortization on disposals	-	-	-	(4,294)	(401,161)	-	(405,455)	(185,423)
Balance, End of Year	-	1,359,889	684,542	26,906,884	3,594,666	357,178	32,903,159	32,246,096
NET BOOK VALUE	286,344	725,597	2,212,212	12,432,444	2,801,667	124,581	18,582,845	18,806,952
2015 NET BOOK VALUE	286,344	775,682	2,269,387	12,475,752	2,870,091	129,696	18,806,952	

The accompanying notes form part of these financial statements

Municipal District of Fairview No. 136
Schedule of Property and Other Taxes - Schedule 3

For the year ended December 31, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
TAXATION			
Real property taxes	3,650,459	3,620,631	3,608,389
Linear property taxes	2,560,829	2,560,829	2,787,791
Government grants in place of property taxes	300	-	303
Penalties and costs	24,000	30,443	23,365
	6,235,588	6,211,903	6,419,848
REQUISITIONS			
Provincial School Foundation Fund	930,035	930,034	930,212
Senior Foundation	127,054	127,054	120,183
	1,057,089	1,057,088	1,050,395
NET MUNICIPAL TAXES	5,178,499	5,154,815	5,369,453

The accompanying notes form part of these financial statements

Municipal District of Fairview No. 136
Schedule of Government Transfers - Schedule 4

For the year ended December 31, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
<u>OPERATING</u>			
PROVINCIAL TRANSFERS			
Shared-cost agreements and grants	252,228	252,120	247,813
LOCAL GOVERNMENT TRANSFERS			
Shared-cost agreements and grants	95,500	160,249	298,554
	347,728	412,369	546,367
<u>CAPITAL</u>			
PROVINCIAL TRANSFERS			
Capital grants received during the year	1,525,783	978,915	1,407,816
Capital grant funding deferred from the last year	-	546,868	537,825
Less: capital grant funding deferred to the next year	-	(1,084,477)	(546,868)
Net shared-cost agreements and grants for the year	-	441,306	1,398,773

The accompanying notes form part of these financial statements

Municipal District of Fairview No. 136
Schedule of Consolidated Expenses by Object - Schedule 5
For the year ended December 31, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	2,212,097	2,276,383	2,141,219
Contracted and general services	2,122,453	1,914,702	1,901,409
Materials, goods and utilities	1,071,500	902,381	926,038
Provision for allowances	500	79,062	4,473
Transfers to local boards and agencies	186,300	185,608	233,191
Transfers to individuals and organizations	244,913	212,879	218,095
Bank charges and short-term interest	10,000	14,638	9,099
Amortization of tangible capital assets	-	1,062,518	1,000,811
Loss (gain) on disposal of tangible capital assets	-	100,881	(19,051)
	5,847,763	6,749,052	6,415,284

The accompanying notes form part of these financial statements

Municipal District of Fairview No. 136

Notes to the Financial Statements

December 31, 2016

DESCRIPTION OF OPERATIONS

The Municipal District of Fairview No. 136 is a local government authority providing municipal services. The municipality is empowered through bylaws and policies approved by Council and pursuant to the Municipal Government Act.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Municipal District of Fairview No. 136 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 Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the municipality are as follows:

(a) Reporting Entity

These financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and changes in financial position of the reporting entity.

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 record 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 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 assets are acquired.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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.

Municipal District of Fairview No. 136

Notes to the Financial Statements

December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Cash and temporary investments

Cash and temporary investments consists of bank accounts and temporary investments with maturities of three months or less.

(e) Investments

Investments are recorded at cost.

(f) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(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, the eligibility criteria have been met and reasonable estimates of the amounts can be determined.

(h) 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 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	
Land Improvements	15-20
Buildings	25-50
Engineered structures	10-75
Machinery and equipment	5-20
Vehicles	3-20

Annual amortization is charged in the year of acquisition and not in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Municipal District of Fairview No. 136

Notes to the Financial Statements

December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES - continued

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 operation leases and the related lease payments are charges to expenses as incurred.

iv) Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

2. CASH AND TEMPORARY INVESTMENTS

	2016	2015
	\$	\$
Cash	9,232,122	8,665,137
Temporary investments	40,734	39,364
	9,272,856	8,704,501

The Municipal District has bank accounts at the Servus Credit Union, which earn interest at prime less 1.75%.

Temporary investments are shares held with the Servus Credit Union, which can be redeemed at any time by the Municipal District.

Included in cash is a restricted amount of \$1,084,477 (2015 - \$546,868) received from the Municipal Sustainability Initiative and held exclusively for approved projects (Note 6).

Council has designated cash for the funding of restricted reserves, including operating \$2,228,734 (2015 - \$2,088,055) and capital \$5,719,651 (2015 - \$5,143,092), totaling \$7,948,436 (2015 - \$7,231,147).

Municipal District of Fairview No. 136

Notes to the Financial Statements

December 31, 2016

3. RECEIVABLES

	2016	2015
	\$	\$
Property taxes		
Current taxes and grants in place of taxes	175,667	175,310
Arrears	96,719	43,543
Allowance for doubtful accounts	(65,795)	-
	206,591	218,853
Other		
Trade	566,342	127,973
GST	42,946	35,805
Loan	-	89,855
	609,288	253,633
	815,879	472,486

4. INVESTMENTS

	2016	2015
	\$	\$
Guaranteed investment certificate - restricted	36,607	36,120
United Farmers of Alberta Co-operative Ltd.	4,446	4,423
Alberta Municipal Financing Corporation Shares - at cost	40	40
	41,093	40,583

Guaranteed investment certificate has effective interest rate of 1.35% with maturity of less than 12 months. This investment use is restricted for the public reserve trust as per the Municipal Government Act.

5. EMPLOYEE BENEFITS OBLIGATIONS

	2016	2015
	\$	\$
Vacation and overtime	37,653	37,367

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

Municipal District of Fairview No. 136

Notes to the Financial Statements

December 31, 2016

6. DEFERRED REVENUE

	2016	2015
	\$	\$
Municipal Sustainability Initiative - Capital	1,084,477	546,868
Land Rent	300	400
	1,084,777	547,268

Municipal Sustainability Initiative - Capital

Funding in the amount of \$888,719 was received in the current year from the Municipal Sustainability Initiative Capital grant. \$888,719 received in 2016 plus \$195,758 received in 2015 (totaling \$1,084,477) remain unspent on eligible capital projects, as approved under the funding agreement, which are scheduled for completion in 2017.

Unexpended funds related to the advance are supported by cash of \$1,084,477 held exclusively for eligible capital projects (Note 2).

7. DEBT LIMIT

Section 276(2) of the Municipal Government Act requires that total debt limit as defined by Alberta Regulation 255/00 for the Municipal District of Fairview No. 136 be disclosed as follow:

	2016	2015
	\$	\$
Total Debt Limit	9,810,959	9,686,636
Total Debt	-	-
Debt Limit Available	9,810,959	9,686,636
Debt Service Limit	1,635,160	1,614,439
Debt Service	-	-
Debt Service Limit Available	1,635,160	1,614,439

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 which 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.

Municipal District of Fairview No. 136

Notes to the Financial Statements

December 31, 2016

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2016	2015
	\$	\$
Tangible capital assets (Schedule 2)	51,486,004	51,053,048
Accumulated amortization (Schedule 2)	(32,903,159)	(32,246,096)
	18,582,845	18,806,952

9. ACCUMULATED SURPLUS

	2016	2015
	\$	\$
Unrestricted surplus	1,164,961	1,137,072
Restricted surplus		
Operating reserves		
Cemetery	129,252	83,752
Gravel	300,195	543,195
Land development	100,000	50,000
Rate stabilization fund	1,699,288	1,699,287
Capital reserves		
Agriculture Service Board	80,204	138,000
Airport	140,000	115,000
Bridges	547,496	479,220
Fire department	265,989	235,989
Joint Use Cultural Facilities	40,000	20,000
Office building	265,000	240,000
Public Land Reserve Fund	36,607	36,120
Public Works	3,707,096	3,347,211
Recreation and Community Services	238,810	188,810
Senior Services	63,100	57,100
Waste Water	137,408	99,420
Water	197,992	186,222
Equity in tangible capital assets	18,582,845	18,806,952
	27,696,243	27,463,350

Municipal District of Fairview No. 136

Notes to the Financial Statements

December 31, 2016

10. SALARY AND BENEFITS DISCLOSURE

	2016			2015	
	Salary (1)	Benefits & Allowances (2)	Expenses	Total	Total
	\$	\$	\$	\$	\$
Reeve & Division 5	29,875	1,338	5,784	36,997	43,766
Councillors					
Division 1	39,500	617	11,075	51,192	54,995
Division 2	22,750	1,374	2,799	26,923	24,773
Division 3	20,000	3,821	3,084	26,905	42,749
Division 4	23,000	-	4,702	27,702	36,257
Chief Administrative Officer	111,175	21,354	-	132,529	126,402

- (1) Salary includes regular base pay, overtime, honoraria and any other direct cash remuneration.
- (2) Consists of employer's share of all employee benefits and contributions or payments made on behalf of employees including Canada Pension Plan, employment insurance, Workers' Compensation Board, health care, dental coverage, group life insurance, accidental death and dismemberment insurance, long and short term disability plans, retirement pension professional memberships and tuition.

11. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipal District 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 250,000 people and over 400 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 Municipal District 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 Municipal District are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the Municipal District to the LAPP in 2016 were \$178,952 (2015 - \$154,982). Total current service contributions by the employees of the Municipal District to the LAPP in 2016 were \$164,488 (2015 - \$143,305).

Municipal District of Fairview No. 136

Notes to the Financial Statements

December 31, 2016

12. CONTINGENCIES

The Municipal District is a member of the Alberta Association of Municipal Districts and Counties - Genesis Reciprocal Insurance Exchange. Under the terms of the membership, the Municipal District 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.

The Municipal District has provided a loan guarantee for the Friedenstal Historical Society in the amount of \$350,000.

13. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash, receivables, investments, accounts payable and accrued liabilities. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management.