

MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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Management's Responsibility

To the Members of Council:

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 consolidated financial statements.

The Municipality Council is composed entirely of Councilors who are neither management nor employees of the Municipality. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. The Council is also responsible for the appointment of the Municipality'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 Municipality Council and management to discuss their audit findings.

April 29, 2025



Chief Administrative Officer

Independent Auditor's Report

To the Council of Municipal District of Fairview No. 136:

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Municipal District of Fairview No. 136 (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2024, and the consolidated results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Canadian public sector accounting standards ("PSAS") Section PS 3280 Asset Retirement Obligations ("ARO") which was adopted by the Municipality as of January 1, 2023 requires the recognition of an ARO liability when there is a legal obligation to a tangible capital asset. The Municipality has not appropriately identified ARO liabilities as of December 31, 2024 and we were unable to satisfy ourselves concerning those liabilities by alternative means. Consequently, we were not able to determine whether any adjustments would be necessary to liabilities, net financial assets, tangible capital assets, accumulated surplus, expenses, excess (deficit) of revenue over expenses, change in net financial assets for the years-ended December 31, 2024 and 2023, and accumulated surplus as of January 1, 2023 and December 31, 2024 and 2023.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Debt Limit Regulation

In accordance with Alberta regulation 255/2000, we confirm that the Municipality is in compliance with the Debt Limit Regulation. A detailed account of the Municipality's debt limit can be found in note 10.

Supplementary Accounting Principles and Standards Regulation

In accordance with Alberta regulation 313/2000, we confirm that the Municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation.

Peace River, Alberta

April 29, 2025

MNP LLP

Chartered Professional Accountants


**MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | 2024 \$ | 2023 \$ |
|---|-------------------|-------------------|
| FINANCIAL ASSETS | | |
| Cash and temporary investments (Note 2) | 4,820,278 | 4,568,088 |
| Receivables (Note 3) | | |
| Taxes and grants in place of taxes | 231,150 | 1,309,870 |
| Trade and other receivables | 729,951 | 1,097,298 |
| Loans receivable | 1,275,544 | 1,320,057 |
| Investments (Note 4) | 4,587 | 4,587 |
| | <u>7,061,510</u> | <u>8,299,900</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 5) | 489,180 | 1,143,891 |
| Deferred revenue (Note 6) | - | - |
| Asset Retirement Obligations (Note 7) | 40,912 | 39,720 |
| Deposit Liabilities | 731 | 617 |
| Gravel pit reclamation liability (Note 8) | 397,805 | 397,805 |
| | <u>928,628</u> | <u>1,582,033</u> |
| NET FINANCIAL ASSETS | <u>6,132,882</u> | <u>6,717,867</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 2, Note 11) | 23,582,947 | 22,411,096 |
| Inventory for consumption (Note 9) | 1,099,313 | 961,901 |
| Prepaid expenses | 152,663 | 94,269 |
| | <u>24,834,923</u> | <u>23,467,266</u> |
| ACCUMULATED SURPLUS (Schedule 1, Note 12) | <u>30,967,805</u> | <u>30,185,133</u> |

Approved by



Reeve



Chief Administrative Officer

See accompanying notes to the financial statements

MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024

| | Budget \$ | 2024 \$ | 2023 \$ |
|---|-------------------|--------------------|--------------------|
| REVENUE | | | |
| Net municipal property taxes (Schedule 3) | 5,497,091 | 5,722,673 | 5,249,152 |
| User fees and sale of goods | 369,155 | 407,531 | 410,951 |
| Government transfers for operating (Schedule 4) | 383,776 | 372,223 | 446,003 |
| Investment income | 218,248 | 272,630 | 303,091 |
| Penalties and costs of taxes | 300,220 | 360,175 | 285,923 |
| Other | 498,367 | 192,323 | 759,089 |
| Rentals | 9,000 | 6,855 | 10,007 |
| Total revenues | 7,275,857 | 7,334,410 | 7,464,216 |
| EXPENSES | | | |
| Administration | 1,201,359 | 1,166,579 | 1,133,427 |
| Agriculture service board | 628,292 | 431,913 | 509,507 |
| Airport | 121,450 | 152,904 | 197,583 |
| Animal control | 20,500 | 16,521 | 13,408 |
| Cemeteries | 49,020 | 38,249 | 39,543 |
| Culture and library | 102,825 | 66,609 | 96,011 |
| Family and community support services | 40,750 | 21,689 | 37,523 |
| Fire | 132,000 | 359,421 | 871,475 |
| Gravel | 1,406,000 | 643,186 | 962,543 |
| Grading | 896,900 | 1,115,385 | 931,970 |
| Land use planning and development | 130,048 | 145,496 | 161,328 |
| Legislative | 288,300 | 253,774 | 275,716 |
| Parks and recreation | 505,123 | 546,573 | 596,274 |
| Public health and safety | 158,245 | 141,899 | 111,875 |
| Public works | 1,291,514 | 1,770,601 | 2,253,316 |
| Utilities & environmental services | | | |
| Waste management | 123,800 | 124,454 | 156,441 |
| Wastewater treatment and disposal | 88,225 | 105,009 | 146,393 |
| Water supply and distribution | 312,600 | 335,969 | 445,773 |
| Provision for allowance (recovery) | 4,000 | 1,477,410 | 151 |
| Total Expenses | 7,500,951 | 8,913,641 | 8,940,257 |
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER | (225,094) | (1,579,231) | (1,476,041) |
| OTHER | | | |
| Government transfers for capital (Schedule 4) | 2,181,791 | 2,361,903 | 1,392,327 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | 1,956,697 | 782,672 | (83,714) |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | 30,185,133 | 30,185,133 | 30,268,847 |
| ACCUMULATED SURPLUS, END OF YEAR | 32,141,830 | 30,967,805 | 30,185,133 |
| See accompanying notes to the financial statements | | | |

**MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Budget \$ | 2024 \$ | 2023 \$ |
|---|-------------------------|-------------------------|-------------------------|
| EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES | <u>1,956,697</u> | <u>782,672</u> | <u>(83,714)</u> |
| Acquisition of tangible capital assets | (3,090,191) | (2,787,209) | (1,812,864) |
| Proceeds on disposal of tangible capital assets | - | 352,047 | 84,874 |
| Amortization of tangible capital assets | - | 1,451,156 | 1,325,710 |
| (Gain) loss on sale of tangible capital assets | <u>-</u> | <u>(187,845)</u> | <u>(48,430)</u> |
| | <u>(3,090,191)</u> | <u>(1,171,851)</u> | <u>(450,710)</u> |
| Acquisition of supplies inventories | (525,000) | (1,099,313) | (961,901) |
| Use of supplies inventories | 420,000 | 961,901 | 736,476 |
| Acquisition of prepaid assets | - | (152,663) | (94,267) |
| Use of prepaid assets | <u>-</u> | <u>94,269</u> | <u>98,950</u> |
| | <u>(105,000)</u> | <u>(195,806)</u> | <u>(220,742)</u> |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS | <u>(1,238,494)</u> | <u>(584,985)</u> | <u>(755,166)</u> |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | <u>6,717,867</u> | <u>6,717,867</u> | <u>7,473,033</u> |
| NET FINANCIAL ASSETS, END OF YEAR | <u><u>5,479,373</u></u> | <u><u>6,132,882</u></u> | <u><u>6,717,867</u></u> |

**MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | 2024 | 2023 |
|--|---------------------------|---------------------------|
| | \$ | \$ |
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| Excess (shortfall) of revenues over expenses | 782,672 | (83,714) |
| (Gain) loss on sale of tangible capital assets | (187,845) | (48,430) |
| Non-cash items included in excess (shortfall) of revenues over expenses: | | |
| Amortization of tangible capital assets | 1,451,156 | 1,325,710 |
| Non-cash charges to operations (net change): | | |
| Decrease (increase) in taxes and grants in lieu receivables | 1,078,720 | (272,821) |
| Decrease (increase) in loans receivable | 44,513 | 41,334 |
| Decrease (increase) in trade and other receivables | 367,347 | (65,794) |
| Decrease (increase) in inventory for consumption | (137,412) | (225,425) |
| Decrease (increase) in prepaid expenses | (58,394) | 4,681 |
| Increase (decrease) in accounts payable and accrued liabilities | (654,711) | (482,409) |
| Increase (decrease) in deposit liabilities | 114 | - |
| Increase (decrease) in deferred revenue | - | (992,058) |
| Increase (decrease) in asset retirement obligation | 1,192 | - |
| Cash provided by operating transactions | <u>2,687,352</u> | <u>(798,926)</u> |
| CAPITAL | | |
| Acquisition of tangible capital assets | (2,787,209) | (1,773,144) |
| Proceeds on disposal of tangible capital assets | 352,047 | 84,874 |
| Cash applied to capital transactions | <u>(2,435,162)</u> | <u>(1,688,270)</u> |
| INVESTING | | |
| Decrease (increase) in investments | - | - |
| CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR | 252,190 | (2,487,196) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>4,568,088</u> | <u>7,055,284</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>4,820,278</u> | <u>4,568,088</u> |

See accompanying notes to the financial statements

MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024
SCHEDULE 1

| | Unrestricted Surplus (Deficit) | Restricted Surplus | Equity in Tangible Capital Assets | 2024 \$ | 2023 \$ |
|---|-----------------------------------|-----------------------|--------------------------------------|-------------------|------------|
| BALANCE, BEGINNING OF YEAR | - | 7,813,757 | 22,371,376 | 30,185,133 | 30,268,847 |
| Excess of revenues over expenses | 782,672 | - | - | 782,672 | (83,714) |
| Unrestricted funds designated for future use | - | - | - | - | - |
| Restricted funds used for operations | - | - | - | - | - |
| Restricted funds used for tangible capital assets | - | - | - | - | - |
| Current year funds used for tangible capital assets | (2,787,209) | - | 2,787,209 | - | - |
| Disposal of assets (at net book value) | 164,203 | - | (164,203) | - | - |
| Annual amortization expense | 1,451,156 | - | (1,451,156) | - | - |
| Accretion of asset retirement obligation | 1,191 | - | (1,191) | - | - |
| Change in accumulated surplus | (387,987) | - | 1,170,659 | 782,672 | (83,714) |
| BALANCE, END OF YEAR | (387,987) | 7,813,757 | 23,542,035 | 30,967,805 | 30,185,133 |

See accompanying notes to the financial statements

**MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
SCHEDULE 2**

| | Land | Land Improvements | Buildings | Construction in Progress | Engineered Structures | Machinery and Equipment | Vehicles | 2024 \$ | 2023 \$ |
|---|----------------|----------------------|------------------|-----------------------------|--------------------------|----------------------------|----------------|--------------------|-------------------|
| COST: | | | | | | | | | |
| BALANCE, BEGINNING OF YEAR | 607,670 | 2,498,741 | 3,030,023 | 134,087 | 47,004,189 | 7,702,746 | 599,466 | 61,576,922 | 60,137,532 |
| Acquisition of tangible capital assets | - | - | - | 1,730,903 | 251,071 | 756,220 | 49,015 | 2,787,209 | 1,812,864 |
| Disposal of tangible capital assets | - | - | - | - | - | (1,191,105) | (79,247) | (1,270,352) | (373,474) |
| Transfer from construction in progress | - | - | - | - | - | - | - | - | - |
| BALANCE, END OF YEAR | 607,670 | 2,498,741 | 3,030,023 | 1,864,990 | 47,255,260 | 7,267,861 | 569,234 | 63,093,779 | 61,576,922 |
| ACCUMULATED AMORTIZATION: | | | | | | | | | |
| BALANCE, BEGINNING OF YEAR | - | 1,855,976 | 1,235,439 | - | 30,278,235 | 5,300,054 | 496,122 | 39,165,826 | 38,177,144 |
| Annual amortization | - | 64,294 | 82,586 | - | 661,693 | 614,848 | 27,735 | 1,451,156 | 1,325,710 |
| Accumulated amortization on disposals | - | - | - | - | - | (1,040,192) | (65,958) | (1,106,150) | (337,028) |
| BALANCE, END OF YEAR | - | 1,920,270 | 1,318,025 | - | 30,939,928 | 4,874,710 | 457,899 | 39,510,832 | 39,165,826 |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 607,670 | 578,471 | 1,711,998 | 1,864,990 | 16,315,332 | 2,393,151 | 111,335 | 23,582,947 | 22,411,096 |
| 2023 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 607,670 | 642,765 | 1,794,584 | 134,087 | 16,725,954 | 2,402,692 | 103,344 | 22,411,096 | |

See accompanying notes to the financial statements

**MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
CONSOLIDATED SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2024
SCHEDULE 3**

| | Budget \$ | 2024 \$ | 2023 \$ |
|--|------------------|-------------------------|------------------|
| TAXATION | | | |
| Real property taxes | 3,241,135 | 3,369,959 | 3,179,233 |
| Linear property taxes | 2,255,956 | 2,353,121 | 2,069,716 |
| Provincial school taxes | 968,944 | 968,631 | 913,772 |
| Senior housing foundation | 202,464 | 202,387 | 192,682 |
| Provincial designated industrial property taxes | 11,474 | 11,474 | 10,707 |
| | <u>6,679,973</u> | <u>6,905,572</u> | <u>6,366,110</u> |
| REQUISITIONS | | | |
| Provincial school foundation fund | 968,944 | 968,965 | 914,498 |
| Senior housing foundation | 202,463 | 202,463 | 192,839 |
| Provincial designated industrial property assessment | 11,475 | 11,471 | 9,621 |
| | <u>1,182,882</u> | <u>1,182,899</u> | <u>1,116,958</u> |
| NET MUNICIPAL TAXES | <u>5,497,091</u> | <u>5,722,673</u> | <u>5,249,152</u> |

See accompanying notes to the financial statements

**MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2024
SCHEDULE 4**

| | Budget \$ | 2024 \$ | 2023 \$ |
|---|------------------|------------------|------------------|
| TRANSFERS FOR OPERATING: | | | |
| Local Government Fiscal Framework - Operating | 141,776 | 141,776 | - |
| Municipal Sustainability Initiative - Operating | - | - | 141,776 |
| Agriculture Service Board | 166,000 | 166,247 | 166,247 |
| Other Provincial Government | - | 54,200 | 23,704 |
| Federal Government | - | - | - |
| Other Local Governments | 76,000 | 10,000 | 114,276 |
| | <u>383,776</u> | <u>372,223</u> | <u>446,003</u> |
| TRANSFERS FOR CAPITAL: | | | |
| Local Government Fiscal Framework - Capital | 635,114 | 635,114 | - |
| Municipal Sustainability Initiative - Capital | - | 184,248 | 1,040,228 |
| Canada Community Building Fund | 100,413 | 105,621 | 352,099 |
| Strategic Transportation Infrastructure Program | 1,446,264 | 1,000,000 | - |
| Disaster Recovery Program Funding | - | 436,920 | - |
| Other Provincial Government | - | - | - |
| Federal Government | - | - | - |
| | <u>2,181,791</u> | <u>2,361,903</u> | <u>1,392,327</u> |
| TOTAL GOVERNMENT TRANSFERS | <u>2,565,567</u> | <u>2,734,126</u> | <u>1,838,330</u> |

See accompanying notes to the financial statements

**MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2024
SCHEDULE 5**

| | Budget \$ | 2024 \$ | 2023 \$ |
|--|------------------|-------------------------|------------------|
| CONSOLIDATED EXPENSES BY OBJECT | | | |
| Salaries, wages and benefits | 2,568,173 | 2,476,232 | 2,764,326 |
| Contracted and general services | 1,680,943 | 1,580,788 | 2,413,577 |
| Materials, goods and utilities | 2,242,100 | 1,173,621 | 1,515,552 |
| Provision for allowance (recovery) | 4,000 | 1,477,410 | 151 |
| Transfers to other governments | 559,323 | 606,506 | 573,777 |
| Transfers to local boards and agencies | 198,720 | 159,807 | 155,113 |
| Transfers to individuals and organizations | 164,192 | 126,380 | 158,965 |
| Bank charges and short-term interest | 3,500 | 1,506 | 5,227 |
| Amortization of tangible capital assets | - | 1,451,156 | 1,325,459 |
| Accretion of asset retirement obligation | - | 1,191 | - |
| (Gain) Loss on disposal of tangible capital assets | - | (187,845) | (48,430) |
| Purchases from other governments | 80,000 | 46,889 | 76,540 |
| | <u>7,500,951</u> | <u>8,913,641</u> | <u>8,940,257</u> |

See accompanying notes to the financial statements

MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2024
SCHEDULE 6

| | General Government & Administrative | Council & Legislative Services | Protective Services | Transportation Services | Airport Services | Utilities & Environmental Services | Seniors & Family Community Support Services |
|--|---|--------------------------------------|------------------------|----------------------------|---------------------|--|---|
| REVENUE | | | | | | | |
| Net municipal taxes | 5,722,673 | - | - | - | - | - | - |
| User fees and sales of goods | 59,629 | - | 830 | 52,311 | 47,520 | 233,807 | - |
| Government transfers for operating | 195,976 | - | 2,500 | - | - | - | - |
| Penalties and costs on taxes | 360,175 | - | - | - | - | - | - |
| Investment income | 272,630 | - | - | - | - | - | - |
| Other | - | - | - | 35,082 | 128,976 | 19,459 | 2,400 |
| Rentals | - | - | - | - | - | - | - |
| | <u>6,611,083</u> | <u>-</u> | <u>3,330</u> | <u>87,393</u> | <u>176,496</u> | <u>253,266</u> | <u>2,400</u> |
| EXPENSES | | | | | | | |
| Salaries , wages and benefits | 721,292 | 204,397 | - | 1,223,144 | 8,665 | 117,008 | - |
| Contracted and general services | 418,853 | 49,376 | 190,133 | 313,299 | 23,883 | 218,097 | - |
| Materials, goods and utilities | 20,129 | - | 5,100 | 1,012,735 | 48,848 | 56,763 | - |
| Provision for allowance (recovery) | 1,477,410 | - | - | - | - | - | - |
| Transfers to other governments | - | 157,280 | - | - | - | - | - |
| Transfers to local boards and agencies | - | 107,052 | - | - | - | - | - |
| Transfers to individuals and organizations | - | 29,747 | - | - | 1,000 | 200 | 21,689 |
| Bank charges and short-term interest | 1,000 | - | - | - | 506 | - | - |
| Accretion of asset retirement obligation | 1,191 | - | - | - | - | - | - |
| (Gain) loss on disposal of tangible capital assets | (187,845) | - | - | - | - | - | - |
| Purchases from other governments | - | - | - | - | - | 46,889 | - |
| | <u>2,452,030</u> | <u>547,852</u> | <u>195,233</u> | <u>2,549,178</u> | <u>82,902</u> | <u>438,957</u> | <u>21,689</u> |
| NET REVENUE (SHORTFALL) BEFORE AMORTIZATION AND TRANSFERS FOR CAPITAL | <u>4,159,053</u> | <u>(547,852)</u> | <u>(191,903)</u> | <u>(2,461,785)</u> | <u>93,594</u> | <u>(185,691)</u> | <u>(19,289)</u> |
| Amortization expense | (35,110) | - | (28,530) | (1,136,844) | (70,002) | (126,473) | - |
| Government transfers for capital | - | - | 436,920 | 924,983 | 1,000,000 | - | - |
| NET REVENUE (SHORTFALL) | <u>4,123,943</u> | <u>(547,852)</u> | <u>216,487</u> | <u>(2,673,646)</u> | <u>1,023,592</u> | <u>(312,164)</u> | <u>(19,289)</u> |

MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2024
SCHEDULE 6

| | Cemetery Services | Planning & Development Services | Agricultural Services | Recreation & Cultural Services | 2024 Total \$ | 2023 Total \$ |
|--|----------------------|---------------------------------------|--------------------------|--------------------------------------|---------------------|---------------------|
| REVENUE | | | | | | |
| Net municipal taxes | - | - | - | - | 5,722,673 | 5,249,152 |
| User fees and sales of goods | 5,500 | 7,360 | 574 | - | 407,531 | 410,951 |
| Government transfers for operating | 7,500 | - | 166,247 | - | 372,223 | 446,003 |
| Penalties and costs on taxes | - | - | - | - | 360,175 | 285,923 |
| Investment income | - | - | - | - | 272,630 | 303,091 |
| Other | - | 400 | 6,006 | - | 192,323 | 759,089 |
| Rentals | - | 2,270 | 4,585 | - | 6,855 | 10,007 |
| | 13,000 | 10,030 | 177,412 | - | 7,334,410 | 7,464,216 |
| EXPENSES | | | | | | |
| Salaries , wages and benefits | 26,966 | - | 144,617 | 30,143 | 2,476,232 | 2,764,326 |
| Contracted and general services | 328 | 136,119 | 216,717 | 13,983 | 1,580,788 | 2,413,577 |
| Materials, goods and utilities | 5,022 | - | 21,120 | 3,904 | 1,173,621 | 1,515,552 |
| Provision for allowance (recovery) | - | - | - | - | 1,477,410 | 151 |
| Transfers to other governments | - | - | - | 449,226 | 606,506 | 573,777 |
| Transfers to local boards and agencies | - | - | - | 52,755 | 159,807 | 155,113 |
| Transfers to individuals and organizations | - | 9,378 | 16,542 | 47,824 | 126,380 | 158,965 |
| Bank charges and short-term interest | - | - | - | - | 1,506 | 5,227 |
| Accretion of asset retirement obligation | - | - | - | - | 1,191 | - |
| (Gain) loss on disposal of tangible capital assets | - | - | - | - | (187,845) | (48,430) |
| Purchases from other governments | - | - | - | - | 46,889 | 76,540 |
| | 32,316 | 145,497 | 398,996 | 597,835 | 7,462,485 | 7,614,798 |
| NET REVENUE (SHORTFALL) BEFORE AMORTIZATION AND TRANSFERS FOR CAPITAL | (19,316) | (135,467) | (221,584) | (597,835) | (128,075) | (150,582) |
| Amortization expense | (5,933) | - | (32,917) | (15,347) | (1,451,156) | (1,325,459) |
| Government transfers for capital | - | - | - | - | 2,361,903 | 1,392,327 |
| NET REVENUE (SHORTFALL) | (25,249) | (135,467) | (254,501) | (613,182) | 782,672 | (83,714) |

**MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in net financial assets and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for administration of their financial affairs and resources.

The schedule of taxes also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual 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) Deferred Revenue

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation and agreement and may only be used in completion of certain programs, in the completion of specific work, or for the purchase of tangible capital assets. These funds and the earnings thereon are accounted for as deferred revenue until the related expenses are incurred, the services are performed or the tangible capital assets are acquired.

d) 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 consolidated financial statements, and the reported amounts of revenue and expenses during the period. Where management uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates. There is a high degree of measurement uncertainty in the allowance for uncollectible taxes for the current year. A large amount of current taxes receivable are linear assessment properties which are much more difficult to recover than taxes receivable on land and improvements.

**MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Cash and temporary investments

Cash and temporary investments consist of cash on hand, balances with the banks net of outstanding cheques and term deposits with original maturity date of purchase of three months or less. Because of the short term maturity of these investments, their carrying value approximates fair value.

f) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on a 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.

g) Loans Receivable

Loans receivable are initially recognized at cost, net of any transaction costs, with interest income recognized using the effective interest method. Loans receivable are subsequently measured at amortized cost net of any valuation allowances.

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.

j) 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.

**MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Asset Retirement Obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the municipality to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the municipality reviews the carrying amount of the liability. The municipality recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The municipality continues to recognize the liability until it is settled or otherwise extinguished. Disbursement made to settle the liability are deducted from the reported liability when they are made.

m) Employee Future Benefits

Selected employees of the municipality are members of the Local Authority Pension Plan ("LAPP"), a multi-employer defined benefit pension plan. The trustee of the plan is the Alberta Treasurer and the plan is administered by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the municipality does not recognize its share of any of the LAPP's surplus or deficit.

n) Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the municipality has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

o) 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.

p) 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.

**MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 | 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.

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. Parts, grader blades and other supplies are costed out on a first-in first-out basis. Gravel piles are costed using the historical cost of the gravel pile from which the gravel was taken during the year.

v. Cultural and Historical Tangible Capital Assets

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

q) Accumulated Surplus

Accumulated surpluses are established at the discretion of the municipality to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.

Equity in capital assets consist of the net investments in total capital assets after deducting the portion financed by third parties.

MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

2. CASH AND TEMPORARY INVESTMENTS

| | 2024 | 2023 |
|-----------------------|------------------|-------------|
| | \$ | \$ |
| Cash | 4,765,821 | 4,515,657 |
| Temporary investments | 54,457 | 52,431 |
| | 4,820,278 | 4,568,088 |

The Municipality has bank accounts at the Servus Credit Union, which earn interest at prime less 1.75% (5.45%).

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

3. RECEIVABLES

| | 2024 | 2023 |
|--|--------------------|-------------|
| | \$ | \$ |
| Property taxes | | |
| Current taxes and grants in place of taxes | 555,168 | 729,751 |
| Arrears taxes | 1,153,392 | 580,119 |
| | 1,708,560 | 1,309,870 |
| Less: Allowance for doubtful accounts | (1,477,410) | - |
| | 231,150 | 1,309,870 |

For credit risk pertaining to current taxes receivable see Note 16. For measurement uncertainty pertaining to the allowance for doubtful tax accounts see Note 1 d) use of estimates.

| | | |
|-----------------|------------------|-----------|
| Other | | |
| Trade and other | 729,951 | 1,097,298 |
| Loans | 1,275,544 | 1,320,057 |
| | 2,005,495 | 2,417,355 |
| | 2,236,645 | 3,727,225 |

The loans receivable consists of a loan to Fairview Cooperative Seed Cleaning Plant, repayable over a 25 year period with interest charged annually at 3% and a loan to Fairview Day Care & Playschool Society, repayable over a 27 year period with no interest charged.

4. INVESTMENTS

| | 2024 | 2023 |
|--|--------------|-------------|
| | \$ | \$ |
| Equity held in United Farmers of Alberta Co-operative Ltd. | 4,587 | 4,587 |

**MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2024 | 2023 |
|-----------|----------------|------------------|
| | \$ | \$ |
| Trade | 470,562 | 976,582 |
| Vacation | 18,618 | 35,468 |
| Holdbacks | - | 131,841 |
| | <u>489,180</u> | <u>1,143,891</u> |

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

6. DEFERRED REVENUE

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

| | 2023 | Additions | Revenue Recognized | 2024 |
|---|------|------------------|-----------------------|------|
| | \$ | \$ | \$ | \$ |
| Municipal Sustainability Initiative - Capital | - | 184,248 | 184,248 | - |
| Local Government Fiscal Framework - Capital | - | 635,114 | 635,114 | - |
| Local Government Fiscal Framework - Operating | - | 141,776 | 141,776 | - |
| Canada Community Building Fund (CCBF) | - | 105,621 | 105,621 | - |
| | - | <u>1,066,759</u> | <u>1,066,759</u> | - |

Deferred revenue is comprised of the funds noted above, the use of which, together with any earnings thereon, is restricted by agreement. These funds are recognized as revenue in the period they are used for the purpose specified.

Unexpended funds related to the above grants are supported by cash deposits held exclusively for these projects.

The CCBF fund current year amount received of \$142,046 was reduced by \$36,425. This amount was related to the 2023 allocation and it was determined during 2024 that this amount was not going to be used and therefore was required to be paid back to the Government of Alberta during 2024.

Any interest earned is included in the amounts received for the CCBF Fund and for the LGFF Capital funding.

7. ASSET RETIREMENT OBLIGATION

Asbestos Abatement

The Municipality owns a building which contains asbestos and, therefore, they are legally required to perform abatement activities upon renovation or demolition of this building. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are an abatement cost in year 2032 of \$50,316. The estimated total liability of \$40,912 (2023 - \$39,720) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 3% and assuming annual inflation of 2%. It is management's opinion that these assumptions are reasonable in the circumstances at December 31, 2024.

MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

8. GRAVEL PIT RECLAMATION LIABILITY

The Municipality is responsible for reclamation costs, under Alberta environmental law, for two gravel pits within the Municipal boundaries. These are accrued over the life of the two gravel pits, which is estimated at between 15 and 20 years.

The total estimated obligation for the reclamation of these gravel pits at the end of their useful life is \$1,492,134, based on engineering studies to determine the amount of disturbed land within the gravel pits.

The total accrued liability recorded to date is \$397,805 (2023 - \$397,805).

9. INVENTORY FOR CONSUMPTION

| | 2024 | 2023 |
|---|------------------|----------------|
| | \$ | \$ |
| Gravel | 912,278 | 744,666 |
| Culverts, blades, airport fuel and herbicides | 187,035 | 217,235 |
| | <u>1,099,313</u> | <u>961,901</u> |

10. 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 Municipal District of Fairview No. 136 be disclosed as follows:

| | 2024 | 2023 |
|---------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Total debt limit | 11,001,615 | 11,196,324 |
| Total debt | - | - |
| Amount of debt limit unused | <u>11,001,615</u> | <u>11,196,324</u> |
| Debt servicing limit | 1,833,603 | 1,866,054 |
| Debt servicing | - | - |
| Amount of debt servicing limit unused | <u>1,833,603</u> | <u>1,866,054</u> |

The debt limit is calculated at 1.50 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.

11. EQUITY IN TANGIBLE CAPITAL ASSETS

| | 2024 | 2023 |
|---------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Tangible capital assets (Schedule 2) | 63,093,779 | 61,576,922 |
| Accumulated amortization (Schedule 2) | (39,510,832) | (39,165,826) |
| Asset retirement obligation | (40,912) | (39,720) |
| | <u>23,542,035</u> | <u>22,371,376</u> |

MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

12. ACCUMULATED SURPLUS

| | 2024 | 2023 |
|-----------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Unrestricted surplus (deficit) | (387,987) | - |
| Restricted surplus: | | |
| Operating reserves: | | |
| Admin operations | 102,500 | 102,500 |
| Cemetery | 106,876 | 106,876 |
| Gravel | 484,102 | 484,102 |
| Land development | - | - |
| Rate stabilization fund | 1,511,390 | 1,511,390 |
| | 2,204,868 | 2,204,868 |
| Capital reserves: | | |
| Agriculture service board | 271,184 | 271,184 |
| Airport | 34,122 | 34,122 |
| Bridges | 1,082,468 | 1,082,468 |
| Fire department | 388,404 | 388,404 |
| Joint use cultural facilities | 55,000 | 55,000 |
| Office building | 380,402 | 380,402 |
| Public works | 2,653,561 | 2,653,561 |
| Recreation and community services | 287,346 | 287,346 |
| Senior services | 83,100 | 83,100 |
| Waste water | 247,245 | 247,245 |
| Water | 126,057 | 126,057 |
| | 5,608,889 | 5,608,889 |
| | 7,813,757 | 7,813,757 |
| Equity in tangible capital assets | 23,542,035 | 22,371,376 |
| | 30,967,805 | 30,185,133 |

MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

13 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:

| | 2024 | | | 2023 |
|---------------------------------|---------------------|------------------------------------|----------------|----------------|
| | \$ | | | \$ |
| | Salary ¹ | Benefits & allowances ² | Total | Total |
| Reeve & Division 2 Councillors: | 50,600 | 5,000 | 55,600 | 62,036 |
| Division 1 | 35,450 | 5,000 | 40,450 | 51,919 |
| Division 3 | 34,550 | 5,069 | 39,619 | 59,070 |
| Division 4 | 31,130 | 5,000 | 36,130 | 42,568 |
| Division 5 & 6 | 27,200 | 5,000 | 32,200 | 39,940 |
| Chief Administrative Officer | 163,055 | 6,728 | 169,783 | 137,557 |
| Designated Officers 5 | 442,402 | 30,986 | 473,388 | 431,299 |
| | 784,387 | 62,783 | 847,170 | 824,389 |

1 Salary includes regular base pay, overtime, 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, and long and short-term disability plans.

14 CONTINGENCIES

The municipality is a member of the Rural Municipalities of Alberta - RMA Insurance. Under the terms of the membership, the Municipality 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.

15 LOCAL AUTHORITIES PENSION PLAN

Employees of the municipality participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act. Contributions are collected from employees and employers and the money is invested in equities, bonds and other investment vehicles. The investment income and the contributions are used to pay pension benefits to LAPP retirees, now and in the future.

The municipality is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% on pensionable earnings above this amount. Employees of the municipality are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 10.65% on pensionable salary above this amount.

Total current service contributions by the municipality to the LAPP in 2024 were \$134,054 (2023 - \$137,859). Total current service contributions by the employees of the municipality to the LAPP in 2024 were \$119,203 (2023 - \$122,926).

At December 31, 2023, the LAPP disclosed a surplus of \$15.06 billion (2022 - \$12.67 billion surplus).

**MUNICIPAL DISTRICT OF FAIRVIEW NO. 136
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

16. FINANCIAL INSTRUMENTS

The municipality's financial instruments consist of cash and temporary investments, accounts receivables, investments, accounts payable and accrued liabilities. It is management's opinion that the municipality is not exposed to significant currency risk arising from these financial instruments.

Credit Risk

The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other accounts receivables. Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfil their obligation. The large number and diversity of taxpayers and customers minimizes the credit risk.

Interest Rate Risk

The municipality is exposed to risk that the fair value of financial instruments or future cash flows associated with the instrument will fluctuate due to changes in market interest rates.

Unless otherwise noted, the carrying value of the financial instruments approximates fair value.

17. SEGMENTED DISCLOSURE

The Municipal District of Fairview No. 136 provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

For additional information see the Schedule of Segmented Disclosure (Schedule 6).

18. COMPARATIVE FINANCIAL STATEMENTS

Certain comparative figures have been reclassified to conform with the current year's consolidated financial statement presentation.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and management.