

Town of Eckville
Financial Statements
December 31, 2016

Management's Responsibility

To the Mayor and Councillors of the Town of Eckville:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. 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 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.

Council is composed entirely of individuals who are neither management nor employees of the Town. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for the appointment of the Town's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the 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 Council and management to discuss their audit findings.

A handwritten signature in blue ink, consisting of a stylized 'M' and 'L' followed by a long horizontal line.

Chief Administrative Officer

Independent Auditors' Report

To the Mayor and Councillors of the Town of Eckville:

We have audited the accompanying financial statements of the Town of Eckville, which comprise the statement of financial position at December 31, 2016, the statements of operations, change in net financial assets, cash flows, and Schedules I through VI for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the 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 controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements present fairly, in all material respects, the financial position of the Town of Eckville as at December 31, 2016, and the results of its operations, change in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Red Deer, Alberta
April 24, 2017


Chartered Professional Accountants

Town of Eckville
Statement of Financial Position
As at December 31, 2016

	2016	2015
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Financial assets		
Cash and temporary investments (Note 2)	2,312,987	2,496,795
Receivables (Note 3)		
Taxes and grants in place of taxes	65,391	67,835
Trade and other receivables	513,955	664,911
Land for resale inventory	472,080	300,074
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	3,364,413	3,529,615
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Liabilities		
Accounts payable and accrued liabilities	258,937	291,644
Deferred revenue (Note 4)	327,281	488,789
Long-term debt (Note 5)	1,299,026	547,423
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	1,885,244	1,327,856
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Net financial assets	1,479,169	2,201,759
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Non-financial assets		
Tangible capital assets (Schedule II)	10,414,803	9,505,937
Prepaid expenses	13,612	-
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	10,428,415	9,505,937
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Accumulated surplus (Schedule I, Note 8)	11,907,584	11,707,696
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Contingencies (Note 11)		
Commitments (Note 12)		

Approved on behalf of Council:


 _____ Mayor


 _____ Councillor

The accompanying notes are an integral part of these financial statements

Town of Eckville
Statement of Operations

For the year ended December 31, 2016

	2016 <i>Budget</i> (Note 15)	2016	2015
Revenue			
Net municipal taxes (<i>Schedule III</i>)	1,153,086	1,151,466	1,113,316
Sales, user charges and costs recovered	621,782	509,665	519,675
Government transfers (<i>Schedule IV</i>)	262,604	314,338	209,137
Franchise fees	130,000	122,593	132,682
Licenses and permits	17,200	7,812	13,610
Penalties and cost of taxes	14,500	14,764	14,025
Investment income	33,000	16,494	27,503
Fines	13,000	12,770	13,158
Rentals	35,718	37,059	32,751
Proceeds from insurance	-	111,115	399,432
Gain on disposal of tangible capital assets	22,032	14,052	16,266
Other	57,300	87,069	56,588
	2,360,222	2,399,197	2,548,143
Expenses			
Land use, planning and development	53,502	41,638	10,832
Roads, streets, walks and lighting	567,131	531,825	542,822
Community services	134,588	169,828	247,287
Administrative	433,846	459,180	523,681
Waste water treatment and disposal	247,632	349,560	193,221
Parks and recreation	281,046	295,980	475,813
Waste management	224,233	212,054	193,370
Water supply and distribution	219,522	201,063	185,931
Fire and disaster services	160,916	174,693	105,819
Legislative	105,591	116,222	97,795
Library	55,622	60,462	60,002
Family and community supports	43,323	43,824	42,842
By-law enforcement	57,328	39,136	53,118
Cemetery	5,957	7,564	4,532
	2,590,237	2,703,029	2,737,065
Deficiency of revenue over expenses before other	(230,015)	(303,832)	(188,922)
Other			
Government transfers for capital (<i>Schedule IV</i>)	556,960	503,720	647,988
Excess of revenue over expenses	326,945	199,888	459,066

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The accompanying notes are an integral part of these financial statements

Town of Eckville
Statement of Operations
For the year ended December 31, 2016

	2016 <i>Budget</i> (Note 15)	2016	2015
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Excess of revenue over expenses	326,945	199,888	459,066
Accumulated surplus, beginning of year	11,707,696	11,707,696	11,248,630
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Accumulated surplus, end of year	12,034,641	11,907,584	11,707,696
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The accompanying notes are an integral part of these financial statements

Town of Eckville
Statement of Change in Net Financial Assets
For the year ended December 31, 2016

	2016 <i>Budget</i> (Note 15)	2016	<i>2015</i>
Excess of revenue over expenses	326,945	199,888	459,066
Acquisition of tangible capital assets	(1,404,863)	(1,357,399)	(1,039,835)
Proceeds on disposal of tangible capital assets	-	27,939	33,349
Amortization of tangible capital assets	447,313	434,646	447,306
Gain on sale of tangible capital assets	(22,032)	(14,052)	(16,266)
Change in prepaid assets	-	(13,612)	9,957
Decrease in net financial assets	(652,637)	(722,590)	(106,423)
Net financial assets, beginning of year	2,201,759	2,201,759	2,308,182
Net financial assets, end of year	1,549,122	1,479,169	2,201,759

The accompanying notes are an integral part of these financial statements

Town of Eckville
Statement of Cash Flows
For the year ended December 31, 2016

	2016	2015
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Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	199,888	459,066
Non-cash items:		
Amortization of tangible capital assets	434,646	447,306
Gain on disposal of tangible capital assets	(14,052)	(16,266)
Increase in land held for resale inventory	(172,006)	(63,185)
Net change in operating working capital balances:		
Decrease in deferred revenue	(161,508)	(215,121)
Decrease (increase) in prepaid expenses	(13,612)	9,957
Increase (decrease) in accounts payable and accrued liabilities	(23,319)	54,552
Decrease (increase) in trade and other accounts receivable	150,956	(81,214)
Decrease (increase) in grants and property taxes receivable	2,444	(11,198)
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	403,437	583,897
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Capital		
Acquisition of tangible capital assets	(1,366,787)	(1,050,667)
Proceeds on disposal of tangible capital assets	27,939	33,349
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	(1,338,848)	(1,017,318)
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Investing		
Increase in temporary investments	(2,049)	(3,131)
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Financing		
Repayment of long-term debt	(48,397)	(46,514)
Advance of long-term debt	800,000	-
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	751,603	(46,514)
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Decrease in cash and temporary investments	(185,857)	(483,066)
Cash and temporary investments, beginning of year	2,229,537	2,712,603
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Cash and temporary investments, end of year (Note 2)	2,043,680	2,229,537
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The accompanying notes are an integral part of these financial statements

Town of Eckville
Schedule I - Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2016

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets</i>	2016	<i>2015</i>
Balance, beginning of year	1,382,541	1,366,641	8,958,514	11,707,696	11,248,630
Excess of revenue over expenses	199,888	-	-	199,888	459,066
Transfers to restricted funds	(176,990)	176,990	-	-	-
Restricted funds used for tangible capital assets	-	(236,577)	236,577	-	-
Current year funds used for tangible capital assets	(1,120,822)	-	1,120,822	-	-
Disposal of tangible capital assets	13,887	-	(13,887)	-	-
Annual amortization expense	434,646	-	(434,646)	-	-
Long-term debt repaid	(48,397)	-	48,397	-	-
New long-term debt	700,000	-	(700,000)	-	-
Change in accumulated surplus	2,212	(59,587)	257,263	199,888	459,066
Balance, end of year	1,384,753	1,307,054	9,215,777	11,907,584	11,707,696

The accompanying notes are an integral part of these financial statements

Town of Eckville
Schedule II - Schedule of Tangible Capital Assets
For the year ended December 31, 2016

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2016	2015
Cost:							
Balance, beginning of year	115,248	3,624,133	10,315,842	1,487,759	397,447	15,940,429	14,989,854
Acquisition of tangible capital assets	-	49,030	1,150,074	90,649	67,646	1,357,399	1,039,836
Disposal of tangible capital assets	-	-	-	(137,799)	(43,078)	(180,877)	(89,260)
Balance, end of year	115,248	3,673,163	11,465,916	1,440,609	422,015	17,116,951	15,940,429
Accumulated amortization:							
Balance, beginning of year	-	2,162,051	3,410,392	664,546	197,503	6,434,492	6,059,363
Annual amortization	-	57,579	219,061	120,921	37,085	434,646	447,306
Accumulated amortization on disposals	-	-	-	(133,074)	(33,916)	(166,990)	(72,177)
Balance, end of year	-	2,219,630	3,629,453	652,393	200,672	6,702,148	6,434,492
Net book value	115,248	1,453,533	7,836,463	788,216	221,343	10,414,803	9,505,937
2015 net book value	115,248	1,462,082	6,905,450	823,213	199,944	9,505,937	

During the year, tangible capital assets including construction-in-progress, were acquired at an aggregate cost of \$1,357,399 (2015 - \$1,039,835), of which \$- (2015 - \$9,388) remain as accounts payable and the remaining \$1,357,399 (2015 - \$1,030,447) was acquired by cash.

Town of Eckville
Schedule III - Schedule of Property Taxes Levied
For the year ended December 31, 2016

	2016 <i>Budget</i> (Note 15)	2016	<i>2015</i>
Taxation			
Real property taxes	1,466,402	1,464,782	1,421,121
Requisitions			
Alberta School Foundation Fund	305,882	305,883	300,247
Seniors Lodge	7,433	7,433	7,558
	313,316	313,316	307,805
Net municipal taxes	1,153,086	1,151,466	1,113,316

The accompanying notes are an integral part of these financial statements

Town of Eckville
Schedule IV - Schedule of Government Transfers
For the year ended December 31, 2016

	2016 <i>Budget</i> (Note 15)	2016	2015
Operating			
Provincial Government	176,089	77,425	73,054
Other Local Governments	84,240	235,463	134,633
Federal Government	2,275	1,450	1,450
	262,604	314,338	209,137
Capital			
Provincial Government	379,159	470,244	537,147
Federal Government	177,801	33,476	110,841
	556,960	503,720	647,988
Total government transfers	819,564	818,058	857,125

The accompanying notes are an integral part of these financial statements

Town of Eckville
Schedule V - Schedule of Expenses by Object
For the year ended December 31, 2016

	2016 <i>Budget</i> (Note 15)	2016	2015
Expenses by object			
Salaries, wages and benefits	814,891	805,253	797,733
Contracted and general services	742,744	872,503	957,790
Amortization of tangible capital assets	447,313	434,646	447,306
Materials, goods and utilities	297,441	275,751	233,583
Transfers to local boards and agencies	161,428	196,668	189,846
Interest on long-term debt	30,701	26,026	24,288
Provision for allowances	3,900	6,748	1,104
Bank charges and short-term interest	850	694	843
Transfers to other governments	90,970	84,740	84,572
	2,590,237	2,703,029	2,737,065

The accompanying notes are an integral part of these financial statements

Town of Eckville
Schedule VI - Schedule of Segmented Disclosure
For the year ended December 31, 2016

	General Government	Transportation, Roads, Streets	Legislative & Administrative	Environmental Services	Parks & Recreation	Protective Services	Library	Community Support	Land Use and Development	Other	Total
Revenue											
Net municipal taxes	1,151,466	-	-	-	-	-	-	-	-	-	1,151,466
User fees and sales of goods	-	1,320	1,580	467,613	-	28,212	-	-	-	10,940	509,665
Government transfers	-	236,440	64,706	-	59,347	-	6,809	450,756	-	-	818,058
Franchise fees	-	-	-	-	-	-	-	-	-	122,593	122,593
Licenses and permits	-	-	-	-	-	7,812	-	-	-	-	7,812
Penalties and costs on taxes	14,764	-	-	-	-	-	-	-	-	-	14,764
Interest income	-	-	-	-	-	-	-	-	-	16,494	16,494
Fines, rentals, insurance, other	-	10,182	14,172	6,624	51,014	124,793	2,260	21,499	4,650	12,819	248,013
Gain on disposal of tangible capital assets	-	14,052	-	-	-	-	-	-	-	-	14,052
	1,166,230	261,994	80,458	474,237	110,361	160,817	9,069	472,255	4,650	162,846	2,902,917
Expenses											
Salaries, wages, and benefits	-	147,407	317,834	191,632	128,788	15,210	-	-	4,382	-	805,253
Contracted and general services	-	85,658	197,595	263,628	51,259	157,828	9,660	67,568	32,617	6,690	872,503
Materials, goods, and utilities	-	95,358	32,216	74,804	4,632	18,372	2,388	47,981	-	-	275,751
Transfers to local boards and agencies	-	-	-	-	79,340	-	45,159	72,169	-	-	196,668
Interest on long-term debt	-	7,379	-	14,009	-	-	-	-	4,638	-	26,026
Provision for allowances	-	-	6,748	-	-	-	-	-	-	-	6,748
Bank charges and short-term interest	-	-	694	-	-	-	-	-	-	-	694
Transfers to other governments	-	-	-	68,960	-	15,780	-	-	-	-	84,740
	-	335,802	555,087	613,033	264,019	207,190	57,207	187,718	41,637	6,690	2,268,383
Net revenue, before amortization	1,166,230	(73,808)	(474,629)	(138,796)	(153,658)	(46,373)	(48,138)	284,537	(36,987)	156,156	634,534
Amortization expense	-	196,021	20,314	149,644	31,961	6,642	3,255	25,952	-	857	434,646
Net revenue	1,166,230	(269,829)	(494,943)	(288,440)	(185,619)	(53,015)	(51,393)	258,585	(36,987)	155,299	199,888

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the Town of Eckville (the “Town”) are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada. Significant aspects of these accounting policies are outlined as follows:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity and all organizations that are accountable for the administration of their financial affairs and resources to the Council and are owned or controlled by the town.

The schedule of taxes levied also includes requisitions for education and other external organizations that are not part of Town of Eckville.

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

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.

Revenue Recognition

Funds from external parties and earnings thereon that are 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. Rental revenue is recognized over the term of the lease. Revenue on investments and penalties and cost of taxes is recognized when earned. Insurance proceeds are recognized when the amount is known and collection is reasonably assured.

Tax Revenue

The Town recognized taxes as assets and revenue when they meet the definition of an asset, are authorized by Council, and the taxable event has occurred. Tax revenue is initially measured at administrations best estimate of the amount resulting from the original taxable event in accordance with legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. Requisitions operate as a flow through and are excluded from municipal reserve.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 expenses 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.

Accounts receivable are stated after evaluation as to their collectability. Amortization is based on the estimated useful lives of tangible capital assets.

For each reported segment, the revenues and expenses represent both amounts that are directly attributable to the segment and the amounts considered allocated on a reasonable basis.

Cash and Temporary Investments

Cash and temporary investments includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

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.

Land Held for Resale

Land held for resale is recorded at the lower of amortized cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and waste water services, roads, sidewalks and lighting are recorded as tangible capital assets under their respective functions.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Local Improvement Charges

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

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 revenue over expenses, provides the 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
Buildings	50
Engineered structures	5-75
Vehicles	10
Machinery & equipment	5-20

One-half of the annual amortization is charged in the year of acquisition and the year of disposal. Included in tangible capital assets is engineered structures under construction of \$3,037 (2015 - \$52,860). 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 are also 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.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)

iv) Inventories

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

v) Prepaid expenses

Prepaid expenses include pre-payments on goods and services which will be utilized in the following fiscal year.

Property Tax Requisition Over-levy and Under-levy

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.

Pensions

The Town participates in a multi-employer pension plan. The plan is accounted for as a defined contribution plan.

Contaminated Site Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post remediation including operation, maintenance and monitoring.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2: CASH AND TEMPORARY INVESTMENTS

	2016	2015
Cash - general	1,337,257	1,218,304
Cash - restricted	706,423	1,011,233
	2,043,680	2,229,537
Temporary investments	269,307	267,258
	2,312,987	2,496,795

Temporary investments include \$259,856 (2015 - \$258,038) of term deposits that earn interest at rates ranging from 0.80% to 1.5% (2015 – 0.65% to 1.5%) and mature in less than one year. The remaining \$9,451 (2015 - \$9,220) are credit union share accounts. The general account earns interest of 1% (2015 – 1%) and the restricted accounts earn interest of 1% to 1.4% (2015 – 1% to 1.4%).

NOTE 3: RECEIVABLES

	2016	2015
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	43,446	52,222
Arrears taxes	21,945	15,613
	65,391	67,835
Trade and other receivables		
Local improvement levies	248,605	266,362
Trade accounts	235,010	348,776
GST	30,340	49,773
	513,955	664,911
	579,346	732,746

The local improvement levies are receivable over the remaining period of 15 years and collectable through tax levies, in annual amounts of \$17,757.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4: DEFERRED REVENUE

	2016	2015
Provincial government	314,990	476,443
Prepaid licenses and other	12,291	12,346
	327,281	488,789

Provincial Government

Funding in the amount of \$0 (2015 - \$61,139) was received in the current year from the Gas Tax Fund to assist with infrastructure development. The use of these funds is restricted to eligible expenditures as approved in the funding agreement. Expenditures in the amount of \$33,476 (2015 - \$110,842) were incurred in the year. Accumulated unexpended funds related to the program are supported by cash and temporary investments of \$0 (2015 - \$33,476).

Funding in the amount of \$382,363 (2015 - \$395,619) was received in the current year for the Municipal Sustainability Initiative to assist with meeting growth challenges and enhancing the long-term sustainability of the municipality. Expenditures in the amount of \$510,340 (2015 - \$561,580) were incurred in the year. The use of these funds is restricted to eligible expenditures as approved in the funding agreement. Accumulated unexpended funds related to the program are supported by cash and temporary investments of \$314,990 (2015 - \$442,967).

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5: LONG-TERM DEBT

	2016	2015
Tax-supported debentures	499,026	547,423
Bank loan for capital expenditures	700,000	-
Bank loan for operating expenditures	100,000	-
	1,299,026	547,423

The current portion of the long-term debt amounts to \$62,305 (2015 - \$48,396). Principal and interest repayments are as follows:

	Principal	Interest	Total
2017	62,305	23,139	85,444
2018	65,988	19,456	85,444
2019	68,444	17,000	85,444
2020	70,991	14,453	85,444
2021	73,644	11,800	85,444
Remainder	957,654	33,480	991,134
	1,299,026	119,328	1,418,354

Debenture debt is repayable in semi-annual blended instalments of \$34,922 to the Alberta Capital Finance Authority and bears interest at a rate of 4% (2015 – 4%) per annum and matures 2025.

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

Bank loan for operating expenditures is repayable in monthly blended instalments of \$1,300 to ATB and bears interest at a rate of prime less 0.25%.

Bank loan for capital expenditures bears interest at prime less 0.25%. Principal repayments are required from proceeds received from land inventory.

Interest on long-term debt amounted to \$26,026 (2015 - \$24,288). The Town's total cash payments for interest in 2016 were \$23,980 (2015 - \$25,131).

Prime rate at December 31, 2016 was 2.7% (2015 – 2.7%)

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6: DEBT LIMITS

Section 276(2) of the Municipal Government Act and related provincial regulations require that the debt and debt limits, as defined by Alberta Regulation 255/00, for the Town, be disclosed as follows:

	2016	2015
Total debt limit	3,598,796	3,825,965
Total long-term debt	(1,299,026)	(547,423)
Total amount of debt limit available	2,299,770	3,278,542
Service limit of debt	599,799	637,661
Service on debt	(85,444)	(69,844)
Amount of service on debt limit available	514,355	567,817

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 required. The calculation taken alone does not represent the financial stability of the Town, rather, the financial statements must be interpreted as a whole.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 7: EQUITY IN TANGIBLE CAPITAL ASSETS

	2016	2015
Tangible capital assets (Schedule II)	17,116,951	15,940,429
Accumulated amortization (Schedule II)	(6,702,148)	(6,434,492)
Long-term debt (Note 5)	(1,199,026)	(547,423)
	9,215,777	8,958,514

NOTE 8: ACCUMULATED SURPLUS

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

	2016	2015
Unrestricted surplus	1,384,753	1,382,541
Restricted surplus		
Operating:		
Tax Stabilization Fund	428,199	428,199
Emergency services	10,201	10,201
Snow removal	20,000	20,000
General contingency	94,990	53,000
Capital:		
Land development	240,902	412,908
Fire fighting	122,709	130,000
Waste management	91,190	91,190
Water	54,576	60,856
Museum/Library	72,270	62,270
Wastewater	5,375	26,375
Ambulance	21,642	21,642
General contingency	100,000	-
Community centre	15,000	30,000
Arena	30,000	20,000
Equity in tangible capital assets (Note 7)	9,215,777	8,958,514
	11,907,584	11,707,696

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 9: SALARY AND BENEFITS DISCLOSURE

Salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000, is disclosed as follows:

	Salary (1)	Benefits & Allowances (2)	Total 2016	Total 2015
	\$	\$	\$	\$
Mayor:				
Helen Posti	12,800	6,400	19,200	17,220
Councillors:				
Stuart Carde	5,240	2,620	7,860	6,840
Colleen Ebden	6,000	3,000	9,000	7,770
Sandra Hallgren	6,680	3,340	10,020	9,420
Scott Kinley	4,000	2,000	6,000	6,300
Dwayne Meyers	4,240	2,120	6,360	7,200
Kevin See	4,560	2,280	6,840	6,510
Chief Administrative Officer	121,560	12,232	133,792	132,226

- (1) Salary includes base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remunerations paid by the Town.
- (2) Benefits and allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees including RRSP's, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans and local authorities pension plan (LAPP).

NOTE 10: PENSION PLAN

Local Authorities Pension Plan (LAPP)

Employees of the Town participate in the Local Authorities Pension Plan ("LAPP" or the "Plan"), which is covered by the *Alberta Public Sector Pension Plans Act*. The Plan serves about 244,621 people and about 426 employers. It is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenses in the year in which they become due.

The Town of Eckville is required to make current service contributions to the Plan of 11.39% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% of 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 14.84% on pensionable salary above this amount.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10: PENSION PLAN (Continued)

Total employer contributions by the Town to the LAPP in 2016 were \$12,150 (2015 - \$21,309). Total contributions by the employees of the Town to the LAPP in 2016 were \$11,169 (2015 - \$19,511).

At December 31, 2015, the date of the most recent actuarial valuation, the Plan disclosed an actuarial deficiency of \$923 million (2014 - \$2.45 billion).

NOTE 11: CONTINGENCIES

No provision has been made on the statement of financial position for various lawsuits and legal claims filed against the Town as the extent of the lawsuits and legal claims are not determinable at December 31, 2016.

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.

The Town is a member of the Alberta Urban Municipalities Association (AUMA). 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 AUMA. Any liability would be accounted for as a current transaction in the year of settlement.

NOTE 12: COMMITMENTS

The Town has a contract with the City of Red Deer to dispatch emergency services that expires on December 31, 2020. The estimated commitment over the next four years of this contract is as follows:

2017 - \$2,576
2018 - \$2,796
2019 - \$2,856
2020 - \$2,916

The Town has a contract with CivicPlus to design and maintain their online website which expires on December 31, 2017. The estimated commitment is \$5,961 for 2017.

The Town has a contract with Wild Rose Assessments to perform tax assessments that expires on March 31, 2020. The estimated commitment over the next four years of this contract is as follows:

2017 - \$15,886 + GST
2018 - \$26 / PER PARCEL + GST
2019 - \$26 / PER PARCEL + GST
2020 - \$26 / PER PARCEL + GST

TOWN OF ECKVILLE
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NOTE 12: COMMITMENTS (Continued)

The Town has a contract with Ricoh Canada to lease a copier which expires on December 31, 2021. The estimated commitment over the next 5 years of this contract is as follows:

2017 - \$2,731
2018 - \$2,731
2019 - \$2,731
2020 - \$2,731
2021 - \$2,731

The Town has a contract with Animal Control Services which expires on October 31, 2018. The estimated commitment is \$11,520 for 2017 and \$9,600 for 2018.

The Town has a contract with Parkland Regional Library which expires on December 31, 2017. The estimated commitment is \$9,045 for 2017.

NOTE 13: SEGMENTED DISCLOSURE

The Town provides a range of services to its ratepayers. For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segments 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.

NOTE 14: BUDGET

The 2016 Interim Budget for Town of Eckville was approved by Council on December 14, 2015, the final budget approval was on May 9, 2016.