

Town of Eckville
Financial Statements
December 31, 2021

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.

e-Signed by Jack Ramsden
2022-04-26 12:49:07 MDT

Chief Administrative Officer

To the Mayor and Council of the Town of Eckville:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Town of Eckville (the "Town"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net financial assets and cash flows and related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2021, and the 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 Opinion

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 Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the 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 opinion.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is responsible for assessing the Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 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 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 Town'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 Town'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 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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Town is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in Note 6.

Supplementary Accounting Principles and Standards Regulation

In accordance with Alberta regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 9.

Red Deer, Alberta

April 26, 2022

MNP LLP

Chartered Professional Accountants

MNP

Town of Eckville
Statement of Financial Position
As at December 31, 2021

	2021	2020
Financial assets		
Cash and temporary investments (Note 2)	1,502,299	1,872,965
Receivables (Note 3)		
Taxes and grants in place of taxes	93,735	117,699
Trade and other receivables	526,743	457,348
Land for resale inventory	5,631	5,631
	2,128,408	2,453,643
Liabilities		
Accounts payable and accrued liabilities	239,931	196,954
Deferred revenue (Note 4)	233,831	294,834
Long-term debt (Note 5)	834,054	917,633
	1,307,816	1,409,421
Net financial assets	820,592	1,044,222
Non-financial assets		
Tangible capital assets (Schedule II)	11,739,716	10,754,108
Land held for sale	446,695	451,953
Prepaid expenses	22,279	448
	12,208,690	11,206,509
Accumulated surplus (Schedule I, Note 8)	13,029,282	12,250,731
Contingencies (Note 11)		
Commitments (Note 12)		

Approved on behalf of Council:

e-Signed by Colleen Ebdon
 2022-04-26 13:00:04 MDT

Mayor

e-Signed by Jack Ramsden
 2022-04-26 12:47:50 MDT

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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, 2021

	2021 Budget (Note 15)	2021	2020
Revenue			
Net municipal taxes (Schedule III)	1,139,682	1,138,749	1,154,655
Sales, user charges and costs recovered	719,060	613,110	718,634
Government transfers (Schedule IV)	290,993	253,588	203,038
Franchise fees	137,877	140,293	136,637
Rentals	35,718	39,289	39,057
Penalties and cost of taxes	18,000	11,683	10,794
Investment income	20,000	11,392	14,174
Fines	6,500	5,092	4,101
Licenses and permits	17,200	4,538	7,924
Proceeds from insurance	-	-	-
Loss on disposal of tangible capital assets	-	-	(827)
Other	80,228	79,891	81,088
	2,465,258	2,297,625	2,369,275
Expenses			
Roads, streets, walks and lighting	630,337	592,841	609,434
Administrative	445,318	495,791	540,389
Parks and recreation	340,720	317,899	342,091
Waste water treatment and disposal	260,362	312,193	319,522
Water supply and distribution	242,592	218,269	244,568
Waste management	201,354	219,984	224,012
Land use, planning and development	72,792	45,612	200,946
Fire and disaster services	176,242	167,118	133,475
Community services	116,186	118,029	122,884
Legislative	151,948	122,793	101,634
Library	74,966	74,130	89,348
By-law enforcement	48,020	40,408	47,028
Family and community supports	43,293	44,366	46,417
Police	28,823	28,748	15,720
Cemetery	17,710	10,144	1,027
	2,850,663	2,808,325	3,038,495
Deficiency of revenue over expenses before other	(385,405)	(510,700)	(669,220)
Other			
Government transfers for capital (Schedule IV)	990,195	769,502	684,910
Contributed assets	-	519,749	138,970
Excess of revenue over expenses	604,790	778,551	154,660
Accumulated surplus beginning of year	12,250,731	12,250,731	12,096,071
Accumulated surplus, end of year	12,855,521	13,029,282	12,250,731

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, 2021

	2021 Budget (Note 15)	2021	2020
Excess of revenue over expenses	604,790	778,551	154,660
Acquisition of tangible capital assets	-	(1,041,214)	(936,155)
Contributed tangible capital assets	-	(519,749)	-
Proceeds on disposal of tangible capital assets	-	-	30,925
Amortization of tangible capital assets	535,417	575,355	535,412
Loss on sale of tangible capital assets	-	-	827
Change in land held for sale	-	5,258	(126,243)
Change in prepaid assets	-	(21,831)	14,767
Increase (decrease) in net financial assets	1,140,207	(223,630)	(325,807)
Net financial assets, beginning of year	1,044,222	1,044,222	1,370,029
Net financial assets, end of year	2,184,429	820,592	1,044,222

The accompanying notes are an integral part of these financial statements

Town of Eckville
Statement of Cash Flows
For the year ended December 31, 2021

	2021	2020
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	778,551	154,660
Non-cash items:		
Amortization of tangible capital assets	575,355	535,412
Loss (gain) on disposal of tangible capital assets	-	827
Decrease (increase) in land held for resale inventory	5,258	29,309
Tangible capital assets received as contributions	(519,749)	-
Net change in operating working capital balances:		
Decrease (increase) in taxes and grants in place of taxes	23,964	(21,389)
Decrease (increase) in trade and other receivables	(69,395)	161,522
Increase (decrease) in accounts payable and accrued liabilities	42,977	(63,841)
Increase (decrease) in deferred revenue	(61,003)	(32,513)
Decrease (increase) in prepaid expenses	(21,831)	14,767
	754,127	778,754
Capital		
Acquisition of tangible capital assets	(1,041,214)	(936,155)
Proceeds on disposal of tangible capital assets	-	30,925
	(1,041,214)	(905,230)
Financing		
Advance of long term debt	-	186,895
Repayment of long-term debt	(83,579)	(106,365)
	(83,579)	80,530
Decrease in cash	(370,666)	(45,946)
Cash, beginning of year	1,872,965	1,918,911
Cash, end of year (Note 2)	1,502,299	1,872,965

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, 2021

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets</i>	2021	2020
Balance, beginning of year	1,078,644	1,287,448	9,884,639	12,250,731	12,096,071
Excess of revenue over expenses	778,551	-	-	778,551	154,660
Transfers to restricted funds	(50,000)	50,000	-	-	-
Restricted funds used for tangible capital assets	-	(271,712)	271,712	-	-
Current year funds used for tangible capital assets	(1,289,251)	-	1,289,251	-	-
Annual amortization expense	575,355	-	(575,355)	-	-
Long-term debt issued	-	-	-	-	-
Long-term debt repaid	(69,105)	-	69,105	-	-
Change in accumulated surplus	(54,450)	(221,712)	1,054,713	778,551	154,660
Balance, end of year	1,024,194	1,065,736	10,939,352	13,029,282	12,250,731

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, 2021

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2021	2020
Cost							
Balance, beginning of year	115,248	4,070,607	12,576,665	2,216,463	223,000	19,201,983	18,340,738
Acquisition of tangible capital assets	-	-	894,220	666,743	-	1,560,963	936,155
Disposal of tangible capital assets	-	-	-	-	-	-	(74,910)
Balance, end of year	115,248	4,070,607	13,470,885	2,883,206	223,000	20,762,946	19,201,983
Accumulated amortization:							
Balance, beginning of year	-	2,476,366	4,673,025	1,179,864	118,620	8,447,875	7,955,621
Annual amortization	-	68,708	306,606	173,756	26,285	575,355	535,412
Accumulated amortization on disposals	-	-	-	-	-	-	(43,158)
Balance, end of year	-	2,545,074	4,979,631	1,353,620	144,905	9,023,230	8,447,875
Net book value	115,248	1,525,533	8,491,254	1,529,586	78,095	11,739,716	10,754,108
2020 net book value	115,248	1,594,241	7,903,640	1,036,599	104,380	10,754,108	

During the year, tangible capital assets were acquired at a cost of \$1,560,963 (2020 - \$936,155), of which there were contributed assets of \$519,749 (2020 - \$0).

The accompanying notes are an integral part of these financial statements

Town of Eckville
Schedule III - Schedule of Property Taxes Levied
For the year ended December 31, 2021

	2021 Budget (Note 15)	2021	2020
Taxation			
Real property taxes	1,457,996	1,456,841	1,472,969
Requisitions			
Alberta School Foundation Fund	311,444	311,222	311,444
Seniors Lodge	6,870	6,870	6,870
Designated Industrial Property	-	-	-
	318,314	318,092	318,314
Net municipal taxes	1,139,682	1,138,749	1,154,655

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, 2021

	2021 Budget (Note 15)	2021	2020
Operating			
Provincial Government	212,864	168,531	105,969
Other Local Governments	76,679	79,040	88,669
Federal Government	1,450	6,017	8,400
	290,993	253,588	203,038
Capital			
Provincial Government	598,662	556,854	361,074
Other Local Government	9,250	-	22,027
Federal Government	382,283	212,648	301,809
	990,195	769,502	684,910
Total government transfers	1,281,188	1,023,090	887,948

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, 2021

	2021 Budget (Note 15)	2021	2020
Expenses by object			
Salaries, wages and benefits	905,692	838,743	877,251
Contracted and general services	752,175	703,542	739,019
Amortization of tangible capital assets	535,417	575,355	535,412
Materials, goods and utilities	304,990	316,912	483,764
Transfers to local boards and agencies	212,090	240,812	274,015
Transfers to other governments	98,724	101,142	99,554
Interest on long-term debt	34,175	28,210	27,158
Bank charges and short-term interest	3,500	2,239	2,322
Provision for allowances	3,900	1,370	-
	2,850,663	2,808,325	3,038,495

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, 2021

	General Government	Transportation, Roads, Streets	Legislative Administrative	Environmental Services	Parks & Recreation	Protective Services	Library	Community Support	Land Use & Development	Other	Total	2020
Revenue												
Net municipal taxes	1,138,749	-	-	-	-	-	-	-	-	-	1,138,749	1,154,655
Government transfers	-	358,208	106,194	382,987	51,070	46,068	12,840	65,723	-	-	1,023,090	887,948
User fees and sales of goods	-	6,913	3,099	514,823	-	26,711	-	-	56,000	5,564	613,110	718,634
Franchise fees	-	-	-	-	-	-	-	-	140,293	-	140,293	136,637
Fines, rentals, insurance, other	-	14,205	8,395	4,270	36,120	42,896	2,975	15,411	-	-	124,272	263,216
Penalties and costs on taxes	11,683	-	-	-	-	-	-	-	-	-	11,683	10,794
Investment income	-	-	-	-	-	-	-	-	-	11,392	11,392	14,174
Licenses and permits	-	-	-	-	-	4,538	-	-	-	-	4,538	7,924
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-	-	(827)
Contributed assets	-	-	-	-	519,749	-	-	-	-	-	519,749	-
	1,150,432	379,326	117,689	902,080	606,939	120,213	15,815	81,134	196,293	16,956	3,586,876	3,193,155
Expenses												
Salaries, wages, and benefits	-	141,821	359,758	199,044	98,158	30,848	-	9,114	-	-	838,743	877,251
Contracted and general services	-	66,703	218,786	211,436	38,308	95,440	11,336	32,113	29,420	-	703,542	739,019
Materials, goods, and utilities	-	109,296	21,867	97,804	25,419	39,728	2,775	14,765	5,258	-	316,912	483,764
Transfers to local boards and agencies	-	-	-	-	71,150	28,607	56,312	84,743	-	-	240,812	274,015
Transfers to other governments	-	-	-	74,695	-	26,447	-	-	-	-	101,142	99,554
Interest on long-term debt	-	3,723	-	8,184	5,369	-	-	-	10,934	-	28,210	27,158
Bank charges and short-term interest	-	-	2,239	-	-	-	-	-	-	-	2,239	2,322
Provision for allowances	-	-	1,370	-	-	-	-	-	-	-	1,370	-
	-	321,543	604,020	591,163	238,404	221,070	70,423	140,735	45,612	-	2,232,970	2,503,083
Net revenue, before amortization	1,150,432	57,783	(486,332)	310,917	368,535	(100,857)	(54,608)	(59,601)	150,681	16,956	1,353,906	690,072
Amortization expense	-	(271,298)	(14,564)	(159,283)	(79,495)	(15,204)	(3,707)	(31,804)	-	-	(575,355)	(535,412)
Net revenue	1,150,432	(213,515)	(500,896)	151,634	289,040	(116,061)	(58,315)	(91,405)	150,681	16,956	778,551	154,660

The accompanying notes are an integral part of these financial statements

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Town as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause increased government regulations which may negatively impact the Town's business and financial condition.

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.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by bylaw, 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 revenue.

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.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The operating line is included when balances fluctuate frequently between positive and negative.

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.

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.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: 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
Buildings	25-50
Engineered structures	5-75
Vehicles	3-10
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 \$0 (2020 - \$0). 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.

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.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021

NOTE 2: CASH AND TEMPORARY INVESTMENTS

	2021	2020
Cash - general	744,498	1,122,183
Temporary investments	757,801	750,782
	1,502,299	1,872,965

Temporary investments include \$757,801 (2020 - \$750,782) of 31 day and 91 day notice savings accounts that earn interest at prime minus 1.55% and minus 1.45% respectively (2020 – prime minus 1.5% and minus 1.45%). The general account earns interest at prime minus 1.9% to minus 1.55% (2020 – prime minus 1.9% to minus 1.55%) and the restricted accounts earn interest at prime minus 1.9% (2020 – prime minus 1.9%).

The Town has available a line of credit to a maximum drawing amount of \$600,000 (2020 – \$0) at an interest rate of prime plus 1%. As at December 31, 2021, no amounts have been drawn on this facility.

Included in cash is a restricted amount of \$199,420 (2020 - \$258,481) received from funders and held exclusively for approved projects (Note 4).

NOTE 3: RECEIVABLES

	2021	2020
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	65,364	82,665
Arrears taxes	28,371	35,034
	93,735	117,699
Trade and other receivables		
Local improvement levies	159,817	177,574
Trade accounts	338,136	264,689
GST	28,790	15,085
	526,743	457,348
	620,478	575,047

The local improvement levies are receivable over the remaining period of 9 years and collectable through tax levies, in annual amounts of \$17,758.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4: DEFERRED REVENUE

	2020	Increases	Decreases	Interest	2021
Gas Tax Fund	99,960	-	7,962	864	92,862
MSI Operating	39,150	77,121	45,647	494	71,118
MSI Capital	-	319,285	305,606	62	13,741
ICIP - Federal	-	41,633	41,633	-	-
ICIP - Provincial	-	200,000	178,301	-	21,699
MOST	119,371	-	119,371	-	-
Municipal Sustainability Program	-	138,245	138,245	-	-
Prepaid licenses and other	36,353	34,411	36,353	-	34,411
	<u>294,834</u>	<u>810,695</u>	<u>873,118</u>	<u>1,420</u>	<u>233,831</u>

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5: LONG-TERM DEBT

	2021	2020
Tax-supported debentures	400,363	469,469
Bank loan for capital expenditures	400,000	400,000
Bank loan for operating expenditures	33,691	48,164
	834,054	917,633

The current portion of the long-term debt amounts to \$86,660 (2020 - \$83,563). Principal and interest repayments are as follows:

	Principal	Interest	Total
2022	86,660	25,276	111,936
2023	89,874	22,062	111,936
2024	81,070	18,851	99,921
2025	45,615	15,799	61,414
2026	11,378	14,767	26,145
Remainder	519,457	67,411	586,868
Total	834,054	164,166	998,220

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% (2020 – 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 plus 0.3% (2020 – prime less 0.25%).

Bank loan for capital expenditures bears interest at prime plus 0.3% (2020 – prime less 0.25%). Principal repayments are required from proceeds received from land inventory.

Interest on long-term debt amounted to \$28,210 (2020 - \$27,158). The Town's total cash payments for interest in 2021 were \$27,083 (2020 - \$25,729).

Prime rate at December 31, 2021 was 2.45% (2020 – 2.45%).

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6: DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that the debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Eckville are disclosed as follows:

	2021	2020
Total debt limit	3,446,436	3,555,153
Total long-term debt	(834,054)	(917,633)
Total amount of debt limit available	2,612,382	2,637,520
Service limit of debt	574,406	592,526
Service on debt	(111,936)	(111,936)
Amount of service on debt limit available	462,470	480,590

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the governments of Alberta and Canada for the purposes of capital property (as defined in Alberta Regulation 255/2000) 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 Town. Rather, the financial statements must be interpreted as a whole.

Total debt includes long-term debt less debt charges recoverable. Debt servicing includes principle and interest payments due on long-term debt in the 12 months subsequent to year-end less amounts that are receivable.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7: EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020
Tangible capital assets (Schedule II)	20,762,946	19,201,983
Accumulated amortization (Schedule II)	(9,023,230)	(8,447,875)
Long-term debt (Note 5)	(800,364)	(869,469)
	10,939,352	9,884,639

NOTE 8: ACCUMULATED SURPLUS

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

	2021	2020
Unrestricted surplus	1,024,194	1,078,644
Restricted surplus		
Operating:		
Tax Stabilization Fund	285,526	428,199
Emergency Services	10,201	10,201
Snow Removal	20,000	20,000
General Contingency	159,990	159,990
	475,717	618,390
Capital:		
Land Development	45,546	45,546
Fire Fighting	156,838	115,196
Waste Management	85,391	91,190
Water	35,327	38,668
Library	60,000	50,000
Museum	62,270	62,270
Wastewater	37,059	47,410
Ambulance	-	21,642
General Contingency	17,588	57,136
Community Centre	40,000	30,000
Arena	-	70,000
Curling Club	50,000	40,000
	590,019	669,058
	1,065,736	1,287,448
Equity in tangible capital assets (Note 7)	10,939,352	9,884,639
	13,029,282	12,250,731

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 2021 \$	Total 2020 \$
Mayor:				
Helen Posti	12,401	3,993	16,394	18,143
Colleen Ebden	10,195	4,853	15,048	14,404
Councillors:				
Ken Chapman	4,079	4,044	8,123	10,850
Karin Engen	9,531	4,853	14,384	12,086
Dwayne Meyers	6,860	4,853	11,713	11,654
Jacqueline Palm-Fraser	2,503	-	2,503	-
Laurie Phillips	7,725	2,224	9,949	9,520
Kevin See	6,860	4,853	11,713	11,905
Delaney Thoreson	2,627	-	2,627	-
Chief Administrative Officer	99,507	14,544	114,051	146,011
Designated Officers (Four positions)	19,043	-	19,043	19,034

- (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).

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10: PENSION PLAN

Local Authorities Pension Plan (LAPP)

Employees of the Town of Eckville participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pensions Plans Act. The plan serves about 275,863 people and about 433 employers. It is financed by employer and employee contributions and investment earning of the LAPP fund.

The Town of Eckville is required to make current service contributions to the plan of 9.39% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 13.84% for the excess. Employees of the Town of Eckville are required to make current service contributions of 8.39% on the first \$61,600 of pensionable earnings and 12.84% thereafter.

Total current and past service contributions by The Town of Eckville to the LAPP in 2021 were \$25,980 (2020 - \$25,939). Total contributions by the employees of The Town of Eckville to the LAPP in 2021 were \$23,405 (2020 - \$23,390).

At December 31, 2020 the plan disclosed an actuarial surplus of \$5 billion (2019 – \$7.9 billion surplus).

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, 2021.

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 Municipalities Association (AM) formerly Alberta 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 AM. Any liability would be accounted for as a current transaction in the year of settlement.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 12: COMMITMENTS

The Town has a contract with Wild Rose Assessments to perform tax assessments that expires on March 31, 2024. The estimated commitment over the next three years of this contract is as follows:

2022 – \$16,276
2023 – \$16,276
2024 – \$ 4,069

The Town has a contract with Wells Fargo to lease a copier which expires on May 31, 2026. The estimated commitment over the next five years of this contract is as follows:

2022 - \$2,755
2023 - \$2,755
2024 - \$2,755
2025 - \$2,755
2026 - \$ 918

The Town has a contract with the City of Red Deer which expires on December 31, 2025. The estimated commitment over the next four years of this contract is as follows:

2022 - \$2,326
2023 - \$2,326
2024 - \$2,326
2025 - \$2,326

The Town has a contract with Arcon IT Services which expires on August 31, 2022. The estimated commitment over the next year of this contract is as follows:

2022 - \$16,852

The Town has a contract with Empringham Disposal which expires on June 30, 2022. The estimated commitment over the next year of this contract is as follows:

2022 - \$21,570

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.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 14: FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, receivables, accounts payable and accrued liabilities and long-term debt. It is Council's opinion that the Town is not exposed to significant interest, currency, credit, liquidity or other price risk arising from these financial instruments, except as otherwise disclosed.

The Town is subject to credit risk with respect to trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

NOTE 15: BUDGET

The 2021 Budget for the Town of Eckville was approved by Council on May 10, 2021.

NOTE 16: COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year presentation.

NOTE 17: APPROVAL OF FINANCIAL STATEMENTS

Management and Council have approved these financial statements.