

Town of Eckville
Financial Statements
December 31, 2019

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.



Chief Administrative Officer



Independent Auditor's Report

To the Mayor and Councilors of 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, 2019, 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, 2019, and the results of its operations 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.

Red Deer, Alberta

April 27, 2020

MNP LLP

Chartered Professional Accountants

Town of Eckville
Statement of Financial Position
As at December 31, 2019

	2019	2018
Financial assets		
Cash and temporary investments (Note 2)	1,918,911	2,247,988
Receivables (Note 3)		
Taxes and grants in place of taxes	96,310	87,455
Trade and other receivables	618,870	486,452
Land for resale inventory	161,183	161,183
	2,795,274	2,983,078
Liabilities		
Accounts payable and accrued liabilities	260,795	277,784
Deferred revenue (Note 4)	327,347	363,156
Long-term debt (Note 5)	837,103	969,647
	1,425,245	1,610,587
Net financial assets	1,370,029	1,372,491
Non-financial assets		
Tangible capital assets (Schedule II)	10,385,117	10,279,947
Land held for sale	325,710	313,729
Prepaid expenses	15,215	444
	10,726,042	10,594,120
Accumulated surplus (Schedule I, Note 8)	12,096,071	11,966,611

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, 2019

	2019 Budget (Note 15)	2019	2018
Revenue			
Net municipal taxes (Schedule III)	1,159,941	1,161,654	1,149,132
Sales, user charges and costs recovered	692,052	590,874	579,077
Government transfers (Schedule IV)	151,043	156,609	181,019
Franchise fees	125,000	139,010	127,349
Rentals	35,718	38,567	39,289
Investment income	33,000	41,927	37,775
Penalties and cost of taxes	18,000	22,211	19,305
Licenses and permits	17,200	12,161	9,014
Fines	13,000	3,465	1,937
Proceeds from insurance	-	-	15,363
Gain on disposal of tangible capital assets	-	14,088	-
Other	295,734	118,788	187,817
	2,540,688	2,299,354	2,347,077
Expenses			
Roads, streets, walks and lighting	526,987	577,498	574,469
Administrative	471,993	506,191	499,540
Parks and recreation	330,910	306,613	283,446
Waste water treatment and disposal	254,295	277,863	266,666
Waste management	244,898	239,238	226,270
Water supply and distribution	231,797	225,974	211,171
Community services	100,178	133,151	122,600
Fire and disaster services	125,066	146,613	122,458
Legislative	151,948	152,836	121,576
Library	70,172	73,642	71,011
Land use, planning and development	81,479	47,057	53,944
By-law enforcement	48,020	52,124	49,550
Family and community supports	43,293	47,788	45,402
Cemetery	5,956	1,742	1,317
	2,686,992	2,788,330	2,649,420
Deficiency of revenue over expenses before other	(146,304)	(488,976)	(302,343)
Other			
Government transfers for capital (Schedule IV)	1,339,234	485,083	245,827
Contributed assets	-	133,353	70,960
Excess of revenue over expenses	1,192,930	129,460	14,444
Accumulated surplus beginning of year	11,966,611	11,966,611	11,952,167
Accumulated surplus, end of year	13,159,541	12,096,071	11,966,611

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, 2019

	2019 Budget (Note 15)	2019	2018
Excess of revenue over expenses	1,192,930	129,460	14,444
Acquisition of tangible capital assets	(1,557,231)	(506,891)	(393,960)
Contributed tangible capital assets	-	(133,353)	(70,960)
Proceeds on disposal of tangible capital assets	-	52,339	-
Amortization of tangible capital assets	447,313	496,823	497,402
Gain on sale of tangible capital assets	-	(14,088)	-
Change in land held for sale	-	(11,981)	(313,729)
Change in prepaid assets	-	(14,771)	4,161
Increase (decrease) in net financial assets	83,012	(2,462)	(262,642)
Net financial assets, beginning of year	1,372,491	1,372,491	1,635,133
Net financial assets, end of year	1,455,503	1,370,029	1,372,491

The accompanying notes are an integral part of these financial statements

Town of Eckville
Statement of Cash Flows
For the year ended December 31, 2019

	2019	2018
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	129,460	14,444
Non-cash items:		
Amortization of tangible capital assets	496,823	497,402
Gain on disposal of tangible capital assets	(14,088)	-
Decrease (increase) in land held for resale inventory	(11,981)	(150,294)
Tangible capital assets received as contributions	(133,353)	(70,960)
Net change in operating working capital balances:		
Increase (decrease) in deferred revenue	(35,809)	142,878
Decrease (increase) in prepaid expenses	(14,771)	4,161
Increase (decrease) in accounts payable and accrued liabilities	(16,989)	158,747
Decrease (increase) in trade and other accounts receivable	(132,418)	(67,311)
Decrease (increase) in grants and property taxes receivable	(8,855)	(20,688)
	258,019	508,379
Capital		
Acquisition of tangible capital assets	(506,891)	(393,960)
Proceeds on disposal of tangible capital assets	52,339	-
	(454,552)	(393,960)
Investing		
Decrease (increase) in investments	-	274,262
Financing		
Repayment of long-term debt	(132,544)	(65,256)
Increase (decrease) in cash	(329,077)	323,425
Cash, beginning of year	2,247,988	1,924,563
Cash, end of year (Note 2)	1,918,911	2,247,988

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, 2019

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets</i>	2019	2018
Balance, beginning of year	1,317,698	1,263,246	9,385,667	11,966,611	11,952,167
Excess of revenue over expenses	129,460	-	-	129,460	14,444
Transfers to restricted funds	(85,000)	85,000	-	-	-
Restricted funds used for tangible capital assets	-	(49,162)	49,162	-	-
Current year funds used for tangible capital assets	(591,082)	-	591,082	-	-
Disposal of tangible capital assets	38,251	-	(38,251)	-	-
Annual amortization expense	496,823	-	(496,823)	-	-
Long-term debt repaid	(119,512)	-	119,512	-	-
Change in accumulated surplus	(131,060)	35,838	224,682	129,460	14,444
Balance, end of year	1,186,638	1,299,084	9,610,349	12,096,071	11,966,611

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, 2019

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2019	2018
Cost							
Balance, beginning of year	115,248	3,937,254	11,782,420	1,641,856	463,436	17,940,214	17,475,294
Acquisition of tangible capital assets	-	133,353	309,033	159,076	38,782	640,244	464,920
Disposal of tangible capital assets	-	-	-	(21,720)	(218,000)	(239,720)	-
Balance, end of year	115,248	4,070,607	12,091,453	1,779,212	284,218	18,340,738	17,940,214
Accumulated amortization:							
Balance, beginning of year	-	2,340,855	4,128,366	915,619	275,427	7,660,267	7,162,865
Annual amortization	-	66,803	262,718	131,742	35,560	496,823	497,402
Accumulated amortization on disposals	-	-	-	(16,169)	(185,300)	(201,469)	-
Balance, end of year	-	2,407,658	4,391,084	1,031,192	125,687	7,955,621	7,660,267
Net book value	115,248	1,662,949	7,700,369	748,020	158,531	10,385,117	10,279,947
2018 net book value	115,248	1,596,399	7,654,054	726,237	188,009	10,279,947	

During the year, tangible capital assets were acquired at a cost of \$640,244 (2018 - \$464,920), of which there were contributed assets of \$133,353 (2018 - \$70,960).

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, 2019

	2019 Budget (Note 15)	2019	2018
Taxation			
Real property taxes	1,486,793	1,485,851	1,476,389
Requisitions			
Alberta School Foundation Fund	319,753	317,098	319,753
Seniors Lodge	6,933	6,933	7,432
Designated Industrial Property	166	166	72
	326,852	324,197	327,257
Net municipal taxes	1,159,941	1,161,654	1,149,132

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, 2019

	2019 Budget (Note 15)	2019	2018
Operating			
Provincial Government	84,093	79,627	103,634
Other Local Governments	65,500	75,882	76,285
Federal Government	1,450	1,100	1,100
	151,043	156,609	181,019
Capital			
Provincial Government	1,144,409	485,083	245,827
Other Local Government	194,825	-	-
Federal Government	-	-	-
	1,339,234	485,083	245,827
Total government transfers	1,490,277	641,692	426,846

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, 2019

	2019 Budget (Note 15)	2019	2018
Expenses by object			
Salaries, wages and benefits	925,765	925,710	826,014
Contracted and general services	710,539	718,413	697,784
Amortization of tangible capital assets	447,313	496,823	497,402
Materials, goods and utilities	274,351	278,310	287,970
Transfers to local boards and agencies	185,410	232,328	208,747
Transfers to other governments	98,724	97,821	92,008
Interest on long-term debt	37,490	36,198	36,785
Provision for allowances	3,900	120	50
Bank charges and short-term interest	3,500	2,607	2,660
	2,686,992	2,788,330	2,649,420

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, 2019

	General Government	Transportation, Roads, Streets	Legislative Administrative	Environmental Services	Parks & Recreation	Protective Services	Library	Community Support	Land Use & Development	Other	Total	2018
Revenue												
Net municipal taxes	1,161,654	-	-	-	-	-	-	-	-	-	1,161,654	1,149,132
User fees and sales of goods	-	-	1,907	491,842	-	29,600	-	2,525	65,000	-	590,874	579,077
Government transfers	-	217,831	56,944	84,134	203,179	-	12,074	63,842	3,688	-	641,692	426,846
Franchise fees	-	-	-	-	-	-	-	-	139,010	-	139,010	127,349
Licenses and permits	-	-	-	-	-	12,161	-	-	-	-	12,161	9,014
Penalties and costs on taxes	22,211	-	-	-	-	-	-	-	-	-	22,211	19,305
Interest income	-	-	-	-	-	-	-	-	-	41,927	41,927	37,775
Fines, rentals, insurance, other	-	50	4,611	30,750	187,303	43,153	3,782	24,274	-	250	294,173	315,366
Gain on disposal of tangible capital assets	-	14,088	-	-	-	-	-	-	-	-	14,088	-
	1,183,865	231,969	63,462	606,726	390,482	84,914	15,856	90,641	207,698	42,177	2,917,790	2,663,864
Expenses												
Salaries, wages, and benefits	-	146,646	391,250	209,954	151,555	24,276	-	-	2,029	-	925,710	826,014
Contracted and general services	-	75,420	220,059	203,166	31,643	116,020	11,373	52,834	7,898	-	718,413	697,784
Materials, goods, and utilities	-	100,092	33,009	88,289	6,267	29,029	2,818	18,433	373	-	278,310	287,970
Transfers to local boards and agencies	-	-	-	-	73,170	-	56,196	102,962	-	-	232,328	208,747
Interest on long-term debt	-	5,260	-	12,538	-	-	-	-	18,400	-	36,198	36,785
Provision for allowances	-	-	120	-	-	-	-	-	-	-	120	50
Bank charges and short-term interest	-	-	2,607	-	-	-	-	-	-	-	2,607	2,660
Transfers to other governments	-	-	-	78,537	-	19,284	-	-	-	-	97,821	92,008
	-	327,418	647,045	592,484	262,635	188,609	70,387	174,229	28,700	-	2,291,507	2,152,018
Net revenue, before amortization	1,183,865	(95,449)	(583,583)	14,242	127,847	(103,695)	(54,531)	(83,588)	178,998	42,177	626,283	511,846
Amortization expense	-	250,080	11,981	150,590	43,978	10,130	3,255	26,809	-	-	(496,823)	(497,402)
Net revenue	1,183,865	154,631	(571,602)	164,832	171,825	(93,565)	(51,276)	(56,779)	178,998	42,177	129,460	14,444

The accompanying notes are an integral part of these financial statements

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 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.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019

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	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 (2018 - \$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.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019

NOTE 2: CASH AND TEMPORARY INVESTMENTS

	2019	2018
Cash - general	1,177,442	1,520,612
Temporary investments	741,469	727,376
	1,918,911	2,247,988

Temporary investments include \$741,469 (2018 - \$724,180) of 31 day and 91 day notice savings accounts that earn interest at 2.3% and 2.5% respectively (2018 - 2.3% and 2.5%). The general account earns interest at prime minus 1.9% to prime minus 1.55% (2018 - prime minus 1.9% to prime minus 1.55%) and the restricted accounts earn interest at prime minus 1.9% (2018 - prime minus 1.9%).

NOTE 3: RECEIVABLES

	2019	2018
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	68,848	62,798
Arrears taxes	27,462	24,657
	96,310	87,455
Trade and other receivables		
Local improvement levies	195,332	213,090
Trade accounts	399,806	264,611
GST	23,732	8,751
	618,870	486,452
	715,180	573,907

The local improvement levies are receivable over the remaining period of 11 years and collectable through tax levies, in annual amounts of \$17,758.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4: DEFERRED REVENUE

	2019	2018
Gas Tax Fund	248,318	244,648
MSI Capital	701	93,522
MSI Operating	34,960	265
Prepaid licenses and other	43,368	24,721
	327,347	363,156

Government

Funding in the amount of \$277,763 (2018 - \$216,602) was received in the current year for the Municipal Sustainability Initiative and \$0 (2018 - \$242,526) was received in the current year for the Federal Gas Tax Fund to assist with meeting growth challenges and enhancing the long-term sustainability of the municipality. Additionally, interest of \$4,633 (2018 - \$4,552) was earned. Expenditures in the amount of \$336,852 (2018 - \$311,600) 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 \$283,979 (2018 - \$338,435).

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5: LONG-TERM DEBT

	2019	2018
Tax-supported debentures	341,768	396,280
Bank loan for capital expenditures	433,000	498,000
Bank loan for operating expenditures	62,335	75,367
	837,103	969,647

The current portion of the long-term debt amounts to \$70,238 (2018 - \$67,543). Principal and interest repayments are as follows:

	Principal	Interest	Total
2020	70,238	31,227	101,465
2021	73,042	28,423	101,465
2022	75,958	25,507	101,465
2023	78,990	22,475	101,465
2024	71,589	19,436	91,025
Remainder	467,286	685	467,971
Total	837,103	127,753	964,856

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% (2018 – 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% (2018 – prime less 0.25%).

Bank loan for capital expenditures bears interest at prime less 0.25% (2018 – prime less 0.25%). Principal repayments are required from proceeds received from land inventory.

Interest on long-term debt amounted to \$33,889 (2018 - \$34,476). The Town's total cash payments for interest in 2019 were \$36,198 (2018 - \$36,785).

Prime rate at December 31, 2019 was 3.95% (2018 – 3.95%)

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
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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:

	2019	2018
Total debt limit	3,449,031	3,520,616
Total long-term debt	(837,103)	(969,647)
Total amount of debt limit available	2,611,928	2,550,969
Service limit of debt	574,839	586,769
Service on debt	(101,465)	(103,865)
Amount of service on debt limit available	473,374	482,904

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, 2019

NOTE 7: EQUITY IN TANGIBLE CAPITAL ASSETS

	2019	2018
Tangible capital assets (Schedule II)	18,340,738	17,940,214
Accumulated amortization (Schedule II)	(7,955,621)	(7,660,267)
Long-term debt (Note 5)	(774,768)	(894,280)
	9,610,349	9,385,667

NOTE 8: ACCUMULATED SURPLUS

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

	2019	2018
Unrestricted surplus	1,186,638	1,317,698
Restricted surplus		
Operating:		
Tax Stabilization Fund	428,199	428,199
Emergency Services	10,201	10,201
Snow Removal	20,000	20,000
General Contingency	209,990	209,990
	668,390	668,390
Capital:		
Land Development	45,546	57,900
Fire Fighting	95,196	75,196
Waste Management	91,190	91,190
Water	42,542	42,542
Library	40,000	30,000
Museum	62,270	62,270
Wastewater	56,310	45,375
Ambulance	21,642	21,642
General Contingency	70,998	83,741
Community Centre	15,000	15,000
Arena	60,000	50,000
Curling Club	30,000	20,000
	630,694	594,856
	1,299,084	1,263,246
Equity in tangible capital assets (Note 7)	9,610,349	9,385,667
	12,096,071	11,966,611

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 2019 \$	Total 2018 \$
Mayor:				
Helen Posti	19,652	4,552	24,204	21,135
Councillors:				
Ken Chapman	7,540	4,613	12,153	10,490
Colleen Ebden	14,832	4,613	19,445	14,810
Karin Engen	8,590	4,613	13,203	11,030
Dwayne Meyers	7,725	4,613	12,338	11,270
Laurie Phillips	11,030	2,106	13,136	9,868
Kevin See	9,208	4,613	13,821	11,990
Chief Administrative Officer	124,383	16,720	141,104	141,209
Designated Officers (Four positions)	18,772	-	18,772	18,276

- (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 265,813 people and about 421 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 9.39% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% of pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 10: PENSION PLAN (Continued)

Total employer contributions by the Town to the LAPP in 2019 were \$24,183 (2018 - \$23,197). Total contributions by the employees of the Town to the LAPP in 2019 were \$21,826 (2017 - \$21,037).

At December 31, 2018, the date of the most recent actuarial valuation, the Plan disclosed an actuarial surplus of \$3,469 million (2016 - \$4,835 million).

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, 2019.

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 Wild Rose Assessments to perform tax assessments that expires on March 31, 2025. The estimated commitment over the next five years of this contract is as follows:

2020 – \$16,276
2021 – \$16,276
2022 – \$16,276
2023 – \$16,276
2024 – \$ 4,069

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
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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 two years of this contract is as follows:

2020 - \$2,731
2021 - \$2,731

The Town has a contract with Animal Control Services which expires on October 31, 2021. The estimated commitment over the next two years of this contract is as follows:

2020 - \$12,816
2021 - \$10,680

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

2020 - \$3,595
2021 - \$3,595
2022 - \$1,797

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: 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 2019 Budget for the Town of Eckville was approved by Council on December 10, 2018.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 16: SUBSEQUENT EVENT

Subsequent to year end, the COVID-19 pandemic is causing significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. The Town continues to monitor and assess the impact COVID-19 will have on its activities. The extent of the effect of the COVID-19 pandemic on the Town is uncertain.

Subsequent to year end, the Town purchased land with a value of \$138,970 for \$10.

NOTE 17: COMPARATIVE FIGURES

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

NOTE 18: APPROVAL OF FINANCIAL STATEMENTS

Management and Council have approved these financial statements.