

Town of Eckville
Financial Statements
December 31, 2020

Management's Responsibility

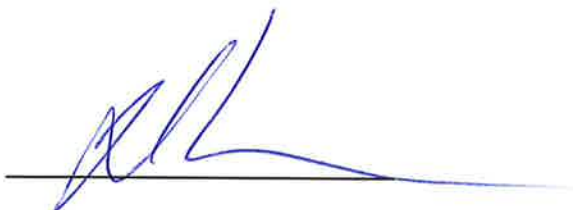
To the Mayor and Councillors of the Town of Eckville:

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, 2020, 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, 2020, and the results of its operations, its changes in 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.

Red Deer, Alberta

April 26, 2021

MNP LLP

Chartered Professional Accountants

Town of Eckville
Statement of Financial Position
As at December 31, 2020

	2020	2019
Financial assets		
Cash and temporary investments <i>(Note 2)</i>	1,872,965	1,918,911
Receivables <i>(Note 3)</i>		
Taxes and grants in place of taxes	117,699	96,310
Trade and other receivables	457,348	618,870
Land for resale inventory	5,631	161,183
	2,453,643	2,795,274
Liabilities		
Accounts payable and accrued liabilities	196,954	260,795
Deferred revenue <i>(Note 4)</i>	294,834	327,347
Long-term debt <i>(Note 5)</i>	917,633	837,103
	1,409,421	1,425,245
Net financial assets	1,044,222	1,370,029
Non-financial assets		
Tangible capital assets <i>(Schedule II)</i>	10,754,108	10,385,117
Land held for sale	451,953	325,710
Prepaid expenses	448	15,215
	11,206,509	10,726,042
Accumulated surplus <i>(Schedule I, Note 8)</i>	12,250,731	12,096,071

Contingencies *(Note 12)*
 Commitments *(Note 13)*

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, 2020

	2020 Budget (Note 16)	2020	2019
Revenue			
Net municipal taxes (Schedule III)	1,181,172	1,154,655	1,161,654
Sales, user charges and costs recovered	719,060	718,634	590,874
Government transfers (Schedule IV)	164,722	203,038	156,609
Franchise fees	137,877	136,637	139,010
Rentals	35,718	39,057	38,567
Investment income	33,000	14,174	41,927
Penalties and cost of taxes	18,000	10,794	22,211
Licenses and permits	17,200	7,924	12,161
Fines	13,000	4,101	3,465
Gain (loss) on disposal of tangible capital assets	-	(827)	14,088
Other	80,404	81,088	118,788
	2,400,153	2,369,275	2,299,354
Expenses			
Roads, streets, walks and lighting	509,242	609,434	577,498
Administrative	486,326	540,389	506,191
Parks and recreation	355,935	342,091	306,613
Waste water treatment and disposal	257,756	319,522	277,863
Water supply and distribution	277,051	244,568	225,974
Waste management	188,923	224,012	239,238
Land use, planning and development	86,479	200,946	47,057
Fire and disaster services	124,512	133,475	133,151
Community services	113,689	122,884	146,613
Legislative	151,948	101,634	152,836
Library	74,740	89,348	73,642
By-law enforcement	48,020	47,028	52,124
Family and community supports	43,293	46,417	47,788
Police	-	15,720	-
Cemetery	5,957	1,027	1,742
	2,723,871	3,038,495	2,788,330
Deficiency of revenue over expenses before other	(323,718)	(669,220)	(488,976)
Other			
Government transfers for capital (Schedule IV)	1,113,749	684,910	485,083
Contributed land held for sale (Note 9)	-	138,970	-
Contributed assets	-	-	133,353
Excess of revenue over expenses	790,031	154,660	129,460
Accumulated surplus beginning of year	12,096,071	12,096,071	11,966,611
Accumulated surplus, end of year	12,886,102	12,250,731	12,096,071

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, 2020

	2020 Budget (Note 16)	2020	2019
Excess of revenue over expenses	790,031	154,660	129,460
Acquisition of tangible capital assets	(1,339,231)	(936,155)	(506,891)
Contributed tangible capital assets	-	-	(133,353)
Proceeds on disposal of tangible capital assets	-	30,925	52,339
Amortization of tangible capital assets	447,313	535,412	496,823
Loss on sale of tangible capital assets	-	827	(14,088)
Change in land held for sale	-	(126,243)	(11,981)
Change in prepaid assets	-	14,767	(14,771)
Decrease in net financial assets	(101,887)	(325,807)	(2,462)
Net financial assets, beginning of year	1,370,029	1,370,029	1,372,491
Net financial assets, end of year	1,268,142	1,044,222	1,370,029

The accompanying notes are an integral part of these financial statements

Town of Eckville
Statement of Cash Flows

For the year ended December 31, 2020

	2020	2019
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	154,660	129,460
Non-cash items:		
Amortization of tangible capital assets	535,412	496,823
Loss (gain) on disposal of tangible capital assets	827	(14,088)
Decrease (increase) in land held for resale inventory	29,309	(11,981)
Tangible capital assets received as contributions	-	(133,353)
Net change in operating working capital balances:		
Decrease (increase) in taxes and grants in place of taxes	(21,389)	(8,855)
Decrease (increase) in trade and other receivables	161,522	(132,418)
Increase (decrease) in accounts payable and accrued liabilities	(63,841)	(16,989)
Increase (decrease) in deferred revenue	(32,513)	(35,809)
Decrease (increase) in prepaid expenses	14,767	(14,771)
	778,754	258,019
Capital		
Acquisition of tangible capital assets	(936,155)	(506,891)
Proceeds on disposal of tangible capital assets	30,925	52,339
	(905,230)	(454,552)
Financing		
Advance of long-term debt	186,895	-
Repayment of long-term debt	(106,365)	(132,544)
	80,530	(132,544)
Decrease in cash	(45,946)	(329,077)
Cash, beginning of year	1,918,911	2,247,988
Cash, end of year (Note 2)	1,872,965	1,918,911

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, 2020

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets</i>	2020	2019
Balance, beginning of year	1,186,638	1,299,084	9,610,349	12,096,071	11,966,611
Excess of revenue over expenses	154,660	-	-	154,660	129,460
Transfers to restricted funds	(65,000)	65,000	-	-	-
Transfers to unrestricted funds	50,000	(50,000)	-	-	-
Restricted funds used for tangible capital assets	-	(26,636)	26,636	-	-
Current year funds used for tangible capital assets	(909,519)	-	909,519	-	-
Disposal of tangible capital assets	31,752	-	(31,752)	-	-
Annual amortization expense	535,412	-	(535,412)	-	-
Long-term debt issued	186,895	-	(186,895)	-	-
Long-term debt repaid	(92,194)	-	92,194	-	-
Change in accumulated surplus	(107,994)	(11,636)	274,290	154,660	129,460
Balance, end of year	1,078,644	1,287,448	9,884,639	12,250,731	12,096,071

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, 2020

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2020	2019
Cost							
Balance, beginning of year	115,248	4,070,607	12,091,453	1,779,212	284,218	18,340,738	17,940,214
Acquisition of tangible capital assets	-	-	485,212	441,601	9,342	936,155	640,244
Disposal of tangible capital assets	-	-	-	(4,350)	(70,560)	(74,910)	(239,720)
Balance, end of year	115,248	4,070,607	12,576,665	2,216,463	223,000	19,201,983	18,340,738
Accumulated amortization:							
Balance, beginning of year	-	2,407,658	4,391,084	1,031,192	125,687	7,955,621	7,660,267
Annual amortization	-	68,708	281,941	153,022	31,741	535,412	496,823
Accumulated amortization on disposals	-	-	-	(4,350)	(38,808)	(43,158)	(201,469)
Balance, end of year	-	2,476,366	4,673,025	1,179,864	118,620	8,447,875	7,955,621
Net book value	115,248	1,594,241	7,903,640	1,036,599	104,380	10,754,108	10,385,117
2019 net book value	115,248	1,662,949	7,700,369	748,020	158,531	10,385,117	

During the year, tangible capital assets were acquired at a cost of \$936,155 (2019 - \$640,244), of which there were contributed assets of \$0 (2019 - \$133,353).

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, 2020

	2020 Budget (Note 16)	2020	2019
Taxation			
Real property taxes	1,507,858	1,472,969	1,485,851
Requisitions			
Alberta School Foundation Fund	319,753	311,444	317,098
Seniors Lodge	6,933	6,870	6,933
Designated Industrial Property	-	-	166
	326,686	318,314	324,197
Net municipal taxes	1,181,172	1,154,655	1,161,654

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, 2020

	2020 Budget (Note 16)	2020	2019
Operating			
Provincial Government	86,593	105,969	79,627
Other Local Governments	76,679	88,669	75,882
Federal Government	1,450	8,400	1,100
	164,722	203,038	156,609
Capital			
Provincial Government	318,250	361,074	485,083
Other Local Government	29,250	22,027	-
Federal Government	766,249	301,809	-
	1,113,749	684,910	485,083
Total government transfers	1,278,471	887,948	641,692

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, 2020

	2020 Budget (Note 16)	2020	2019
Expenses by object			
Salaries, wages and benefits	949,627	877,251	925,710
Contracted and general services	714,352	739,019	718,413
Amortization of tangible capital assets	447,313	535,412	496,823
Materials, goods and utilities	259,421	483,764	278,310
Transfers to local boards and agencies	212,090	274,015	232,328
Transfers to other governments	98,724	99,554	97,821
Interest on long-term debt	34,944	27,158	36,198
Provision for allowances	3,900	-	120
Bank charges and short-term interest	3,500	2,322	2,607
	2,723,871	3,038,495	2,788,330

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, 2020

	General Government	Transportation, Roads, Streets	Legislative Administrative	Environmental Services	Parks & Recreation	Protective Services	Library	Community Support	Land Use & Development	Other	Total	2019
Revenue												
Net municipal taxes	1,154,655	-	-	-	-	-	-	-	-	-	1,154,655	1,161,654
User fees and sales of goods	-	-	2,458	500,082	-	25,740	-	-	188,954	1,400	718,634	590,874
Government transfers	-	433,228	27,400	9,296	232,775	48,336	22,986	112,850	1,077	-	887,948	641,692
Franchise fees	-	-	-	-	-	-	-	-	136,637	-	136,637	139,010
Licenses and permits	-	-	-	-	-	7,924	-	-	-	-	7,924	12,161
Penalties and costs on taxes	10,794	-	-	-	-	-	-	-	-	-	10,794	22,211
Interest income	-	-	-	-	-	-	-	-	-	14,174	14,174	41,927
Fines, rentals, insurance, other	-	350	3,034	14,413	30,169	59,263	2,843	14,174	138,970	-	263,216	294,173
Gain(loss) on disposal of tangible capital assets	-	(827)	-	-	-	-	-	-	-	-	(827)	14,088
	1,165,449	432,751	32,892	523,791	262,944	141,263	25,829	127,024	465,638	15,574	3,193,155	2,917,790
Expenses												
Salaries, wages, and benefits	-	151,933	383,046	208,871	108,347	22,520	-	-	2,534	-	877,251	925,710
Contracted and general services	-	74,026	222,151	240,665	47,532	96,750	12,749	31,096	14,050	-	739,019	718,413
Materials, goods, and utilities	-	114,301	21,679	94,087	7,483	45,440	2,503	29,991	168,280	-	483,764	278,310
Transfers to local boards and agencies	-	-	-	-	118,280	-	70,615	85,120	-	-	274,015	232,328
Interest on long-term debt	-	4,481	-	9,924	1,857	-	-	-	10,896	-	27,158	36,198
Provision for allowances	-	-	-	-	-	-	-	-	-	-	-	120
Bank charges and short-term interest	-	-	2,322	-	-	-	-	-	-	-	2,322	2,607
Transfers to other governments	-	-	-	80,026	-	19,528	-	-	-	-	99,554	97,821
	-	344,741	629,198	633,573	283,499	184,238	85,867	146,207	195,760	-	2,503,083	2,291,507
Net revenue, before amortization	1,165,449	88,010	(596,306)	(109,782)	(20,555)	(42,975)	(60,038)	(19,183)	269,878	15,574	690,072	626,283
Amortization expense	-	264,693	12,825	154,530	58,592	11,985	3,481	29,306	-	-	(535,412)	(496,823)
Net revenue	1,165,449	352,703	(583,481)	44,748	38,037	(30,990)	(56,557)	10,123	269,878	15,574	154,660	129,460

The accompanying notes are an integral part of these financial statements

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020

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, 2020

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 (2019 - \$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, 2020

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, 2020

NOTE 2: CASH AND TEMPORARY INVESTMENTS

	2020	2019
Cash - general	1,122,183	1,177,442
Temporary investments	750,782	741,469
	1,872,965	1,918,911

Temporary investments include \$750,782 (2019 - \$741,469) of 31 day and 90 day notice savings accounts that earn interest at prime minus 1.5% and prime minus 1.45% respectively (2019 – prime minus 1.65% and prime minus 1.45%). The general account earns interest at prime minus 1.9% to prime minus 1.55% (2019 - prime minus 1.9% to prime minus 1.55%) and the restricted accounts earn interest at prime minus 1.9% (2019 - prime minus 1.9%).

NOTE 3: RECEIVABLES

	2020	2019
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	82,665	68,848
Arrears taxes	35,034	27,462
	117,699	96,310
Trade and other receivables		
Local improvement levies	177,574	195,332
Trade accounts	264,689	399,806
GST	15,085	23,732
	457,348	618,870
	575,047	715,180

The local improvement levies are receivable over the remaining period of 10 years and collectable through tax levies, in annual amounts of \$17,758.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4: DEFERRED REVENUE

	2020	2019
Gas Tax Fund	99,960	248,318
MSI Capital	-	701
MSI Operating	39,150	34,960
MOST	119,371	-
Prepaid licenses and other	36,353	43,368
	294,834	327,347

Government

Funding in the amount of \$530,020 (2019 - \$277,763) was received in the current year for the Municipal Sustainability Initiative and \$0 (2019 - \$0) 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. \$188,419 of the Municipal Sustainability Initiative grant was accrued as a receivable in the prior year. Funding in the amount of \$122,764 was received for the Municipal Operating Support Transfer (2019 - \$0) to help offset increased operating costs and lost revenues due to the COVID-19 pandemic. Additionally, interest of \$5,032 (2019 - \$4,633) was earned. Expenditures in the amount of \$494,895 (2019 - \$336,852) 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 \$258,481 (2019 - \$283,979).

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5: LONG-TERM DEBT

	2020	2019
Tax-supported debentures	469,469	341,768
Bank loan for capital expenditures	400,000	433,000
Bank loan for operating expenditures	48,164	62,335
	917,633	837,103

The current portion of the long-term debt amounts to \$83,563 (2019 - \$70,238). Principal and interest repayments are as follows:

	Principal	Interest	Total
2021	83,563	28,373	111,936
2022	86,659	25,277	111,936
2023	89,874	22,062	111,936
2024	81,087	18,839	99,926
2025	45,615	15,799	61,414
Remainder	530,835	82,273	613,108
Total	917,633	192,623	1,110,256

Debenture debt of \$285,003 (2019 – \$341,768) is repayable in semi-annual blended instalments of \$34,922 to the Government of Alberta and bears interest at a rate of 4% (2019 – 4%) per annum and matures 2025.

Debenture debt of \$184,419 (2019 – \$0) is repayable in monthly blended instalments of \$1,291 to Enmax and bears interest at a rate of 3% per annum and matures 2035.

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% (2019 – prime less 0.25%).

Bank loan for capital expenditures bears interest at prime less 0.25% (2019 – prime less 0.25%). Monthly interest-only payments are made based on the outstanding principal amount. Principal repayments are required from proceeds received from land inventory.

Interest on long-term debt amounted to \$25,729 (2019 - \$33,889). The Town's total cash payments for interest in 2019 were \$27,158 (2019 - \$36,198).

Prime rate at December 31, 2020 was 2.45% (2019 – 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:

	2020	2019
Total debt limit	3,555,153	3,449,031
Total long-term debt	(917,633)	(837,103)
Total amount of debt limit available	2,637,520	2,611,928
Service limit of debt	592,526	574,839
Service on debt	(111,936)	(101,465)
Amount of service on debt limit available	480,590	473,374

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, 2020

NOTE 7: EQUITY IN TANGIBLE CAPITAL ASSETS

	2020	2019
Tangible capital assets (Schedule II)	19,201,983	18,340,738
Accumulated amortization (Schedule II)	(8,447,875)	(7,955,621)
Long-term debt (Note 5)	(869,469)	(774,768)
	9,884,639	9,610,349

NOTE 8: ACCUMULATED SURPLUS

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

	2020	2019
Unrestricted surplus	1,078,644	1,186,638
Restricted surplus		
Operating:		
Tax Stabilization Fund	428,199	428,199
Emergency Services	10,201	10,201
Snow Removal	20,000	20,000
General Contingency	159,990	209,990
	618,390	668,390
Capital:		
Land Development	45,546	45,546
Fire Fighting	115,196	95,196
Waste Management	91,190	91,190
Water	38,668	42,542
Library	50,000	40,000
Museum	62,270	62,270
Wastewater	47,410	56,310
Ambulance	21,642	21,642
General Contingency	57,136	70,998
Community Centre	30,000	15,000
Arena	70,000	60,000
Curling Club	40,000	30,000
	669,058	630,694
	1,287,448	1,299,084
Equity in tangible capital assets (Note 7)	9,884,639	9,610,349
	12,250,731	12,096,071

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9: OTHER REVENUE

Included in other revenue is contributed land held for resale inventory of \$138,969 (2019 - \$0). The land was contributed to the Town during the year with a value of \$138,970, for which the Town paid \$1 in consideration.

NOTE 10: 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 2020 \$	Total 2019 \$
Mayor:				
Helen Posti	13,472	4,671	18,143	24,204
Councillors:				
Ken Chapman	6,118	4,732	10,850	12,153
Colleen Ebden	9,672	4,732	14,404	19,445
Karin Engen	7,354	4,732	12,086	13,203
Dwayne Meyers	6,922	4,732	11,654	12,338
Laurie Phillips	7,354	2,166	9,520	13,136
Kevin See	7,173	4,732	11,905	13,821
Chief Administrative Officer	129,168	16,843	146,011	141,104
Designated Officers (Four positions)	19,034	-	19,034	18,772

- (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 11: 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 274,151 people and about 420 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.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11: PENSION PLAN (Continued)

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.

Total employer contributions by the Town to the LAPP in 2020 were \$25,939 (2019 - \$24,183). Total contributions by the employees of the Town to the LAPP in 2020 were \$23,390 (2019 - \$21,826).

At December 31, 2019, the date of the most recent actuarial valuation, the Plan disclosed an actuarial surplus of \$7,913 million (2018 - \$3,469 million).

NOTE 12: 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, 2020.

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 13: 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 four years of this contract is as follows:

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

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 13: 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 year of this contract is as follows:

2021 - \$2,731

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

2021 - \$10,680

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

2021 - \$43,140

2022 - \$21,570

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

2021 – \$2,326

2022 – \$2,326

2023 – \$2,326

2024 – \$2,326

2025 – \$2,326

NOTE 14: 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 15: 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.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 15: FINANCIAL INSTRUMENTS (Continued)

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Town is exposed to interest rate cash flow risk with respect to its cash and temporary investments and certain long-term debt which is subject to floating interest rates. The Town is exposed to interest rate price risk on certain long-term debt that is subject to fixed rates.

NOTE 16: BUDGET

The 2020 Budget for the Town of Eckville was approved by Council on December 19, 2019.

NOTE 17: EMERGING RISK

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.

NOTE 18: COMPARATIVE FIGURES

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

NOTE 19: APPROVAL OF FINANCIAL STATEMENTS

Management and Council have approved these financial statements.