

Town of Eckville
Financial Statements
December 31, 2018

Management's Responsibility

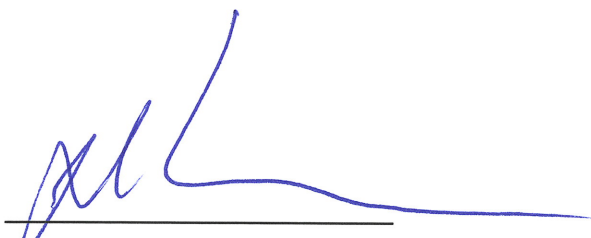
To the Mayor and Councillors of the Town of Eckville:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

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

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.

A handwritten signature in blue ink, consisting of a stylized 'M' followed by a long horizontal line extending to the right.

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 "Municipality"), which comprise the statement of financial position as at December 31, 2018, 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 Municipality as at December 31, 2018, 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 Municipality 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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 23, 2019

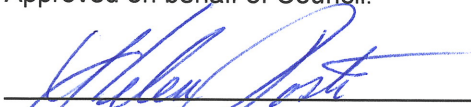
MNP LLP

Chartered Professional Accountants

Town of Eckville
Statement of Financial Position
As at December 31, 2018

	2018	2017
<hr/>		
Financial assets		
Cash and temporary investments (Note 2)	2,247,988	2,198,825
Receivables (Note 3)		
Taxes and grants in place of taxes	87,455	66,767
Trade and other receivables	486,452	419,141
Land for resale inventory	161,183	324,618
	<hr/>	<hr/>
	2,983,078	3,009,351
<hr/>		
Liabilities		
Accounts payable and accrued liabilities	291,654	132,907
Deferred revenue (Note 4)	349,286	206,408
Long-term debt (Note 5)	969,647	1,034,903
	<hr/>	<hr/>
	1,610,587	1,374,218
<hr/>		
Net financial assets	1,372,491	1,635,133
<hr/>		
Non-financial assets		
Tangible capital assets (Schedule II)	10,279,947	10,312,429
Land held for sale	313,729	-
Prepaid expenses	444	4,605
	<hr/>	<hr/>
	10,594,120	10,317,034
<hr/>		
Accumulated surplus (Schedule I, Note 8)	11,966,611	11,952,167
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Contingencies (Note 11)		
Commitments (Note 12)		

Approved on behalf of Council:


 _____ Mayor


 _____ Councillor

The accompanying notes are an integral part of these financial statements

Town of Eckville
Statement of Operations

For the year ended December 31, 2018

	2018 <i>Budget</i> (Note 15)	2018	2017
Revenue			
Net municipal taxes (<i>Schedule III</i>)	1,151,903	1,149,132	1,137,508
Sales, user charges and costs recovered	692,052	579,077	853,970
Government transfers (<i>Schedule IV</i>)	156,308	181,019	145,072
Franchise fees	125,000	127,349	136,969
Rentals	35,718	39,289	35,946
Investment income	33,000	37,775	24,405
Penalties and cost of taxes	14,500	19,305	21,763
Licenses and permits	17,200	9,014	10,699
Fines	13,000	1,937	7,064
Proceeds from insurance	-	15,363	2,808
Gain on disposal of tangible capital assets	-	-	500
Other	273,867	187,817	92,164
	2,512,548	2,347,077	2,468,868
Expenses			
Roads, streets, walks and lighting	537,007	574,469	581,119
Administrative	467,427	499,540	453,650
Parks and recreation	329,987	283,446	283,291
Waste water treatment and disposal	253,414	266,666	258,154
Waste management	229,832	226,270	218,170
Water supply and distribution	223,589	211,171	227,982
Community services	100,178	122,600	125,183
Fire and disaster services	122,566	122,458	80,782
Legislative	104,294	121,576	125,377
Library	60,596	71,011	67,556
Land use, planning and development	81,479	53,944	212,563
By-law enforcement	47,140	49,550	41,746
Family and community supports	43,293	45,402	44,723
Cemetery	5,957	1,317	969
	2,606,759	2,649,420	2,721,265
Deficiency of revenue over expenses before other	(94,211)	(302,343)	(252,397)
Other			
Government transfers for capital (<i>Schedule IV</i>)	1,084,854	245,827	296,980
Contributed assets	-	70,960	-
Excess of revenue over expenses	990,643	14,444	44,583

(Continued on next page)

The accompanying notes are an integral part of these financial statements

Town of Eckville
Statement of Operations
For the year ended December 31, 2018

	2018 <i>Budget</i> (Note 15)	2018	2017
<hr/>			
<i>(Continued from previous page)</i>			
Excess of revenue over expenses	990,643	14,444	44,583
Accumulated surplus, beginning of year	11,952,167	11,952,167	11,907,584
<hr/>			
Accumulated surplus, end of year	12,942,810	11,966,611	11,952,167
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The accompanying notes are an integral part of these financial statements

Town of Eckville
Statement of Change in Net Financial Assets
For the year ended December 31, 2018

	2018 <i>Budget</i> (Note 15)	2018	2017
Excess of revenue over expenses	990,643	14,444	44,583
Acquisition of tangible capital assets	(1,464,431)	(393,960)	(375,683)
Contributed tangible capital assets	-	(70,960)	-
Proceeds on disposal of tangible capital assets	-	-	500
Amortization of tangible capital assets	447,313	497,402	478,057
Gain on sale of tangible capital assets	-	-	(500)
Change in land held for sale	-	(313,729)	-
Change in prepaid assets	-	4,161	9,007
Increase (decrease) in net financial assets	(26,475)	(262,642)	155,964
Net financial assets, beginning of year	1,635,133	1,635,133	1,479,169
Net financial assets, end of year	1,608,558	1,372,491	1,635,133

The accompanying notes are an integral part of these financial statements

Town of Eckville
Statement of Cash Flows
For the year ended December 31, 2018

	2018	2017
<hr/>		
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	14,444	44,583
Non-cash items:		
Amortization of tangible capital assets	497,402	478,057
Gain on disposal of tangible capital assets	-	(500)
Decrease (increase) in land held for resale inventory	(150,294)	147,462
Tangible capital assets received as contributions	(70,960)	-
Net change in operating working capital balances:		
Increase (decrease) in deferred revenue	142,878	(128,213)
Decrease (increase) in prepaid expenses	4,161	9,007
Increase (decrease) in accounts payable and accrued liabilities	158,747	(126,030)
Decrease (increase) in trade and other accounts receivable	(67,311)	96,731
Decrease (increase) in grants and property taxes receivable	(20,688)	4,047
	<hr/> 508,379	<hr/> 525,144
Capital		
Acquisition of tangible capital assets	(393,960)	(375,683)
Proceeds on disposal of tangible capital assets	-	500
	<hr/> (393,960)	<hr/> (375,183)
Investing		
Decrease (increase) in temporary investments	274,262	(4,955)
Financing		
Repayment of long-term debt	(65,256)	(264,123)
Increase (decrease) in cash	<hr/> 323,425	<hr/> (119,117)
Cash, beginning of year	<hr/> 1,924,563	<hr/> 2,043,680
Cash, end of year (Note 2)	<hr/> 2,247,988	<hr/> 1,924,563

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, 2018

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets</i>	2018	<i>2017</i>
Balance, beginning of year	1,316,974	1,269,436	9,365,757	11,952,167	11,907,584
Excess of revenue over expenses	14,444	-	-	14,444	44,583
Transfers to restricted funds	(200,000)	200,000	-	-	-
Restricted funds used for tangible capital assets	-	(206,190)	206,190	-	-
Current year funds used for tangible capital assets	(258,730)	-	258,730	-	-
Disposal of tangible capital assets	-	-	-	-	-
Annual amortization expense	497,402	-	(497,402)	-	-
Long-term debt repaid	(52,392)	-	52,392	-	-
New long-term debt	-	-	-	-	-
Change in accumulated surplus	724	(6,190)	19,910	14,444	44,583
Balance, end of year	1,317,698	1,263,246	9,385,667	11,966,611	11,952,167

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, 2018

	Land	Buildings	<i>Engineered Structures</i>	<i>Machinery & Equipment</i>	Vehicles	2018	2017
Cost:							
Balance, beginning of year	115,248	3,756,786	11,623,716	1,546,178	433,366	17,475,294	17,116,951
Acquisition of tangible capital assets	-	180,468	158,704	95,678	30,070	464,920	375,683
Disposal of tangible capital assets							(17,340)
Balance, end of year	115,248	3,937,254	11,782,420	1,641,856	463,436	17,940,214	17,475,294
Accumulated amortization:							
Balance, beginning of year	-	2,278,535	3,875,895	782,586	225,849	7,162,865	6,702,148
Annual amortization	-	62,320	252,471	133,033	49,578	497,402	478,057
Accumulated amortization on disposals	-	-	-	-	-	-	(17,340)
Balance, end of year	-	2,340,855	4,128,366	915,619	275,427	7,660,267	7,162,865
Net book value	115,248	1,596,399	7,654,054	726,237	188,009	10,279,947	10,312,429
2017 net book value	115,248	1,478,251	7,747,821	763,592	207,517	10,312,429	

During the year, tangible capital assets were acquired at a cost of \$464,920 (2017 - \$375,683), of which there were contributed assets of \$70,960 (2017 - \$0).

Town of Eckville
Schedule III - Schedule of Property Taxes Levied
For the year ended December 31, 2018

	2018 <i>Budget</i> (Note 15)	2018	2017
Taxation			
Real property taxes	1,479,160	1,476,389	1,458,515
Requisitions			
Alberta School Foundation Fund	319,753	319,753	313,653
Seniors Lodge	7,432	7,432	7,354
Designated Industrial Property	72	72	-
	327,257	327,257	321,007
Net municipal taxes	1,151,903	1,149,132	1,137,508

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, 2018

	2018 <i>Budget</i> (Note 15)	2018	2017
Operating			
Provincial Government	91,593	103,634	73,140
Other Local Governments	63,265	76,285	70,482
Federal Government	1,450	1,100	1,450
	156,308	181,019	145,072
Capital			
Provincial Government	967,684	245,827	296,980
Other Local Government	117,170	-	-
Federal Government	-	-	-
	1,084,854	245,827	296,980
Total government transfers	1,241,162	426,846	442,052

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, 2018

	2018 <i>Budget</i> (Note 15)	2018	2017
Expenses by object			
Salaries, wages and benefits	851,565	826,014	798,425
Contracted and general services	718,300	697,784	683,726
Amortization of tangible capital assets	447,313	497,402	478,057
Materials, goods and utilities	274,851	287,970	418,145
Transfers to local boards and agencies	176,413	208,747	206,558
Transfers to other governments	90,970	92,008	87,512
Interest on long-term debt	39,948	36,785	39,720
Provision for allowances	3,900	50	7,947
Bank charges and short-term interest	3,500	2,660	1,175
	2,606,760	2,649,420	2,721,265

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, 2018

	General Government	Transportation, Roads, Streets	Legislative & Administrative	Environmental Services	Parks & Recreation	Protective Services	Library	Community Support	Land Use and Development	Other	Total	2017
Revenue												
Net municipal taxes	1,149,132	-	-	-	-	-	-	-	-	-	1,149,132	1,137,508
User fees and sales of goods	-	120	2,500	485,784	-	27,678	-	2,995	60,000	-	579,077	853,970
Government transfers	-	167,713	44,957	-	132,177	-	11,505	65,494	5,000	-	426,846	442,052
Franchise fees	-	-	-	-	-	-	-	-	127,349	-	127,349	136,969
Licenses and permits	-	-	-	-	-	9,014	-	-	-	-	9,014	10,699
Penalties and costs on taxes	19,305	-	-	-	-	-	-	-	-	-	19,305	21,763
Interest income	-	-	-	-	-	-	-	-	-	37,775	37,775	24,405
Fines, rentals, insurance, other	-	745	7,653	109,411	109,998	56,670	2,838	26,857	-	1,194	15,366	137,982
Gain on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-	-	500
	1,168,437	168,578	55,110	595,195	242,175	93,362	14,343	95,346	65,000	166,318	2,663,864	2,765,848
Expenses												
Salaries, wages, and benefits	-	132,643	353,765	212,320	126,536	750	-	-	-	-	826,014	798,425
Contracted and general services	-	81,061	223,928	172,821	42,690	98,387	10,212	36,689	31,996	-	697,784	683,726
Materials, goods, and utilities	-	102,363	24,520	80,765	5,142	44,199	2,767	22,956	5,258	-	287,970	418,145
Transfers to local boards and agencies	-	-	-	-	71,105	-	54,777	82,865	-	-	208,747	206,558
Interest on long-term debt	-	5,995	-	14,100	-	-	-	-	16,690	-	36,785	39,720
Provision for allowances	-	-	50	-	-	-	-	-	-	-	50	7,947
Bank charges and short-term interest	-	-	2,660	-	-	-	-	-	-	-	2,660	1,175
Transfers to other governments	-	-	-	74,255	-	17,753	-	-	-	-	92,008	87,512
	-	322,062	604,923	554,261	245,473	161,089	67,756	142,510	53,944	-	2,152,018	2,243,208
Net revenue, before amortization	1,168,437	(153,484)	(549,813)	40,934	(3,298)	(67,727)	(53,413)	(47,164)	11,056	166,318	511,846	522,640
Amortization expense	-	252,407	16,192	149,846	37,973	10,919	3,255	26,809	-	-	(497,402)	(478,057)
Net revenue	1,168,437	(405,891)	(566,005)	(108,912)	(41,271)	(78,646)	(56,668)	(73,973)	11,056	166,318	14,444	44,583

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 reserve.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018

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	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 (2017 - \$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, 2018

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
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NOTE 2: CASH AND TEMPORARY INVESTMENTS

	2018	2017
Cash - general	1,520,612	1,924,563
Temporary investments	727,376	274,262
	2,247,988	2,198,825

Temporary investments include \$724,180 (2017 - \$264,536) of 31 day and 91 day notice accounts that earn interest at 2.3% and 2.5% respectively (2017 – 0.80% to 1.5%). The remaining \$3,196 (2017 - \$9,726) are credit union share accounts. The general account earns interest at prime minus 1.9% to prime minus 1.55% (2017 – 1% to 1.75%) and the restricted accounts earn interest at prime minus 1.9% (2017 – .4% to 1.75%).

NOTE 3: RECEIVABLES

	2018	2017
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	62,798	45,940
Arrears taxes	24,657	20,827
	87,455	66,767
Trade and other receivables		
Local improvement levies	213,090	230,847
Trade accounts	264,611	172,505
GST	8,751	15,789
	486,452	419,141
	573,907	485,908

The local improvement levies are receivable over the remaining period of 12 years and collectable through tax levies, in annual amounts of \$17,758.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4: DEFERRED REVENUE

	2018	2017
Government	338,435	186,356
Prepaid licenses and other	10,851	20,052
	349,286	206,408

Government

Funding in the amount of \$216,602 (2017 - \$208,260) was received in the current year for the Municipal Sustainability Initiative and \$242,526 (2017 - \$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. Additionally, interest of \$4,552 was earned. Expenditures in the amount of \$311,600 (2017 - \$336,894) 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 \$338,435 (2017 - \$186,356).

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

	2018	2017
Tax-supported debentures	396,280	448,672
Bank loan for capital expenditures	498,000	498,000
Bank loan for operating expenditures	75,367	88,231
	969,647	1,034,903

The current portion of the long-term debt amounts to \$67,543 (2017 - \$65,358). Principal and interest repayments are as follows:

	Principal	Interest	Total
2019	67,543	36,322	103,865
2020	70,239	33,626	103,865
2021	73,043	30,822	103,865
2022	75,958	27,907	103,865
2023	78,990	24,875	103,865
Remainder	603,874	4,100	607,974
Total	969,647	157,652	1,127,299

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% (2017 – 4%) per annum and matures 2025.

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

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

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

Interest on long-term debt amounted to \$34,476 (2017 - \$39,720). The Town's total cash payments for interest in 2018 were \$36,785 (2017 - \$39,485).

Prime rate at December 31, 2018 was 3.95% (2017 – 3.2%)

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:

	2018	2017
Total debt limit	3,520,616	3,703,302
Total long-term debt	(969,647)	(1,034,903)
Total amount of debt limit available	2,550,969	2,668,399
Service limit of debt	586,769	617,217
Service on debt	(103,865)	(101,381)
Amount of service on debt limit available	482,904	515,836

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
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NOTE 7: EQUITY IN TANGIBLE CAPITAL ASSETS

	2018	2017
Tangible capital assets (Schedule II)	17,940,214	17,475,294
Accumulated amortization (Schedule II)	(7,660,267)	(7,162,865)
Long-term debt (Note 5)	(894,280)	(946,672)
	9,385,667	9,365,757

NOTE 8: ACCUMULATED SURPLUS

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

	2018	2017
Unrestricted surplus	1,317,698	1,316,974
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	94,990
	668,390	553,390
Capital:		
Land Development	57,900	232,831
Fire Fighting	75,196	55,196
Waste Management	91,190	91,190
Water	42,542	42,542
Library	30,000	82,270
Museum	62,270	-
Wastewater	45,375	25,375
Ambulance	21,642	21,642
General Contingency	83,741	100,000
Community Centre	15,000	15,000
Arena	50,000	40,000
Curling Club	20,000	10,000
	594,856	716,046
	1,263,246	1,269,436
Equity in tangible capital assets (Note 7)	9,385,667	9,365,767
	11,966,611	11,952,167

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
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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 2018	Total 2017
	\$	\$	\$	\$
Mayor:				
Helen Posti	12,320	8,815	21,135	17,580
Councillors:				
Stuart Carde	-	-	-	4,882
Ken Chapman	5,200	5,290	10,490	2,378
Colleen Ebden	8,080	6,730	14,810	11,505
Karin Engen	5,560	5,470	11,030	2,438
Sandra Hallgren	-	-	-	8,903
Scott Kinley	-	-	-	4,778
Dwayne Meyers	5,720	5,550	11,270	6,420
Laurie Phillips	5,760	4,108	9,868	3,578
Kevin See	6,200	5,790	11,990	7,860
Chief Administrative Officer	124,383	16,826	141,209	139,969

- (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 259,714 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.

The Town of Eckville is required to make current service contributions to the Plan of 10.39% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% of pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 10: PENSION PLAN (Continued)

Total employer contributions by the Town to the LAPP in 2018 were \$23,197 (2017 - \$19,731). Total contributions by the employees of the Town to the LAPP in 2018 were \$21,037 (2017 - \$18,086).

At December 31, 2017, the date of the most recent actuarial valuation, the Plan disclosed an actuarial surplus of \$4,835 million (2016 - \$637 million deficiency).

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, 2018.

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Town is a member of the Alberta Urban Municipalities Association (AUMA). Under the terms of the membership, the town could become liable for its proportionate share of any claim losses in excess of the funds held by the AUMA. Any liability would be accounted for as a current transaction in the year of settlement.

NOTE 12: COMMITMENTS

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

2019 - \$2,856
2020 - \$2,916

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

2019 - \$26 / PER PARCEL + GST
2020 - \$26 / PER PARCEL + GST

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 three years of this contract is as follows:

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

The Town has a contract with Animal Control Services which expires on October 31, 2020. The estimated commitment over the next two years of this contract is as follows:

2019 - \$12,336
2020 - \$10,680

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 2018 Budget for the Town of Eckville was approved by Council on December 11, 2017.

NOTE 16: COMPARATIVE FIGURES

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