

Town of Eckville
Financial Statements
December 31, 2022

Management's Responsibility

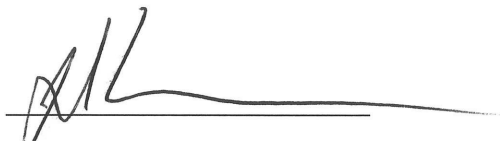
To the Mayor and Councillors of the Town of Eckville:

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

To the Mayor and Council of the Town of Eckville:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Town of Eckville (the "Town"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and accumulated surplus, changes in net financial assets, cash flows and the 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, 2022, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Debt Limit Regulation

In accordance with Alberta regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in Note 6.

Supplementary Accounting Principles and Standards Regulation

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

Red Deer, Alberta

April 24, 2023

MNP LLP

Chartered Professional Accountants

Town of Eckville
Statement of Financial Position
As at December 31, 2022

	2022	2021
Financial assets		
Cash and temporary investments (Note 2)	1,388,601	1,502,299
Receivables (Note 3)		
Taxes and grants in place of taxes	129,744	93,735
Trade and other receivables	443,827	526,743
Land for resale inventory	5,631	5,631
	1,967,803	2,128,408
Liabilities		
Accounts payable and accrued liabilities	200,854	239,931
Deferred revenue (Note 4)	197,050	233,831
Long-term debt (Note 5)	970,167	834,054
	1,368,071	1,307,816
Net financial assets	599,732	820,592
Non-financial assets		
Tangible capital assets (Schedule II)	11,550,217	11,739,716
Land held for sale	446,322	446,695
Prepaid expenses	466	22,279
	11,997,005	12,208,690
Accumulated surplus (Schedule I, Note 8)	12,596,737	13,029,282
Contingencies (Note 11)		
Commitments (Note 12)		

Approved on behalf of Council:

Mayor

CAO

The accompanying notes are an integral part of these financial statements

Town of Eckville
Statement of Operations
For the year ended December 31, 2022

	2022 Budget (Note 15)	2022	2021
Revenue			
Net municipal taxes (Schedule III)	1,156,669	1,158,554	1,138,749
Sales, user charges and costs recovered	726,393	596,855	613,110
Government transfers (Schedule IV)	192,716	210,046	253,588
Franchise fees	140,000	161,576	140,293
Rentals	36,150	41,455	39,289
Penalties and cost of taxes	15,000	19,047	11,683
Investment income	15,000	33,457	11,392
Fines	6,500	6,737	5,092
Licenses and permits	17,200	7,536	4,538
Proceeds from insurance	-	30,459	-
Gain on disposal of tangible capital assets	-	1,500	-
Other	77,424	44,606	79,891
	2,383,052	2,311,828	2,297,625
Expenses			
Roads, streets, walks and lighting	640,617	617,305	592,841
Administrative	451,802	585,420	495,791
Parks and recreation	341,466	331,380	317,899
Waste water treatment and disposal	258,416	306,668	312,193
Water supply and distribution	252,746	252,081	218,269
Waste management	202,977	210,918	219,984
Fire and disaster services	133,392	151,656	167,118
Legislative	153,986	143,018	122,793
Community services	118,683	110,831	118,029
Library	75,191	81,950	74,130
Land use, planning and development	72,792	63,364	45,612
By-law enforcement	48,020	42,679	40,408
Family and community supports	43,293	44,060	44,366
Police	39,154	38,905	28,748
Cemetery	18,389	18,198	10,144
Public Health	16,750	-	-
	2,867,674	2,998,433	2,808,325
Deficiency of revenue over expenses before other	(484,622)	(686,605)	(510,700)
Other			
Government transfers for capital (Schedule IV)	245,000	238,616	769,502
Contributed assets	-	15,444	519,749
Excess (deficiency) of revenue over expenses	(239,622)	(432,545)	778,551
Accumulated surplus, beginning of year	13,029,282	13,029,282	12,250,731
Accumulated surplus, end of year	12,789,660	12,596,737	13,029,282

Town of Eckville
Statement of Change in Net Financial Assets
For the year ended December 31, 2022

	2022 Budget (Note 15)	2022	2021
Excess (deficiency) of revenue over expenses	(239,622)	(432,545)	778,551
Acquisition of tangible capital assets	-	(376,460)	(1,041,214)
Contributed tangible capital assets	-	(15,444)	(519,749)
Gain on disposal of tangible capital assets	-	1,500	-
Amortization of tangible capital assets	575,356	581,403	575,355
Gain on sale of tangible capital assets	-	(1,500)	-
Change in land held for sale	-	373	5,258
Change in prepaid assets	-	21,813	(21,831)
Increase (decrease) in net financial assets	335,734	(220,860)	(223,630)
Net financial assets, beginning of year	820,592	820,592	1,044,222
Net financial assets, end of year	1,156,326	599,732	820,592

The accompanying notes are an integral part of these financial statements

Town of Eckville
Statement of Cash Flows
For the year ended December 31, 2022

	2022	2021
Cash provided by (used for) the following activities:		
Operating		
Excess (deficiency) of revenue over expenses	(432,545)	778,551
Non-cash items:		
Amortization of tangible capital assets	581,403	575,355
Gain on disposal of tangible capital assets	(1,500)	-
Decrease in land held for resale inventory	373	5,258
Tangible capital assets received as contributions	(15,444)	(519,749)
Net change in operating working capital balances:		
Decrease (increase) in taxes and grants in place of taxes	(36,009)	23,964
Decrease (increase) in trade and other receivables	82,916	(69,395)
Increase (decrease) in accounts payable and accrued liabilities	(39,077)	42,977
Decrease in deferred revenue	(36,781)	(61,003)
Decrease (increase) in prepaid expenses	21,813	(21,831)
	125,149	754,127
Capital		
Acquisition of tangible capital assets	(376,460)	(1,041,214)
Proceeds on disposal of tangible capital assets	1,500	
	(374,960)	(1,041,214)
Financing		
Advance of long-term debt	275,000	-
Repayment of long-term debt	(138,887)	(83,579)
	136,113	(83,579)
Decrease in cash	(113,698)	(370,666)
Cash, beginning of year	1,502,299	1,872,965
Cash, end of year (Note 2)	1,388,601	1,502,299

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, 2022

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets</i>	2022	2021
Balance, beginning of year	1,024,194	1,065,736	10,939,352	13,029,282	12,250,731
Excess (deficiency) of revenue over expenses	(432,545)	-	-	(432,545)	778,551
Transfers to restricted funds	(10,000)	10,000	-	-	-
Restricted funds used for tangible capital assets	-	(25,620)	25,620	-	-
Current year funds used for tangible capital assets	(366,284)	-	366,284	-	-
Annual amortization expense	581,403	-	(581,403)	-	-
Long-term debt issued	275,000	-	(275,000)	-	-
Long-term debt repaid	(105,197)	-	105,197	-	-
Change in accumulated surplus	(57,623)	(15,620)	(359,302)	(432,545)	778,551
Balance, end of year	966,571	1,050,116	10,580,050	12,596,737	13,029,282

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, 2022

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2022	2021
Cost							
Balance, beginning of year	115,248	4,070,607	13,470,885	2,883,206	223,000	20,762,946	19,201,983
Acquisition of tangible capital assets	-	-	373,589	18,315	-	391,904	1,560,963
Disposal of tangible capital assets	-	-	-	(18,949)	-	(18,949)	-
Balance, end of year	115,248	4,070,607	13,844,474	2,882,572	223,000	21,135,901	20,762,946
Accumulated amortization:							
Balance, beginning of year	-	2,545,074	4,979,631	1,353,620	144,905	9,023,230	8,447,875
Annual amortization	-	68,708	325,435	166,899	20,361	581,403	575,355
Accumulated amortization on disposals	-	-	-	(18,949)	-	(18,949)	-
Balance, end of year	-	2,613,782	5,305,066	1,501,570	165,266	9,585,684	9,023,230
Net book value	115,248	1,456,825	8,539,408	1,381,002	57,734	11,550,217	11,739,716
2021 net book value	115,248	1,525,533	8,491,254	1,529,586	78,095	11,739,716	

During the year, tangible capital assets were acquired at a cost of \$391,904 (2021 - \$1,560,963), of which there were contributed assets of \$15,544 (2021 - \$519,749).

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, 2022

	2022 Budget (Note 15)	2022	2021
Taxation			
Real property taxes	1,483,916	1,485,801	1,456,841
Requisitions			
Alberta School Foundation Fund	320,377	320,377	311,222
Seniors Lodge	6,870	6,870	6,870
Designated Industrial Property	-	-	-
	327,247	327,247	318,092
Net municipal taxes	1,156,669	1,158,554	1,138,749

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, 2022

	2022 Budget (Note 15)	2022	2021
Operating			
Provincial Government	99,243	116,092	168,531
Other Local Governments	87,523	88,084	79,040
Federal Government	5,950	5,870	6,017
	192,716	210,046	253,588
Capital			
Provincial Government	195,000	163,907	556,854
Other Local Government	-	-	-
Federal Government	50,000	74,709	212,648
	245,000	238,616	769,502
Total government transfers	437,716	448,662	1,023,090

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, 2022

	2022 Budget (Note 15)	2022	2021
Expenses by object			
Salaries, wages and benefits	912,302	927,515	838,743
Contracted and general services	776,212	828,798	703,542
Amortization of tangible capital assets	575,356	581,403	575,355
Materials, goods and utilities	258,921	346,659	316,912
Transfers to local boards and agencies	209,590	172,500	240,812
Transfers to other governments	98,724	95,537	101,142
Interest on long-term debt	29,169	38,644	28,210
Bank charges and short-term interest	3,500	3,307	2,239
Provision for allowances	3,900	4,070	1,370
	2,867,674	2,998,433	2,808,325

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, 2022

	General Government	Transportation, Roads, Streets	Legislative Administrative	Environmental Services	Parks & Recreation	Protective Services	Library	Community Support	Land Use & Development	Other	Total	2021
Revenue												
Net municipal taxes	1,158,554										1,158,554	1,138,749
Government transfers	-	41,900	61,099	161,961	97,756		18,728	67,218			448,662	1,023,090
User fees and sales of goods	-	8,311	3,403	500,597	-	19,664	-	5,476	59,404		596,855	613,110
Franchise fees	-								161,576		161,576	140,293
Fines, rentals, insurance, other	-		40,058	10,440	2,500	48,417	2,870	18,972			123,257	124,272
Penalties and costs on taxes	19,047	-	-	-	-	-	-	-	-	-	19,047	11,683
Investment income	-	-	-	-	-	-	-	-	-	33,457	33,457	11,392
Licenses and permits	-	-	-	-	-	7,536	-	-	-	-	7,536	4,538
Gain on disposal of tangible capital assets	-	1,500	-	-	-	-	-	-	-	-	1,500	-
Contributed assets	-	-	-	-	15,444	-	-	-	-	-	15,444	519,749
	1,177,601	51,711	104,560	672,998	115,700	75,617	21,598	91,666	220,980	33,457	2,565,888	3,586,876
Expenses												
Salaries, wages, and benefits	-	172,283	377,065	198,507	138,483	28,604		9,585	2,988	-	927,515	838,743
Contracted and general services	-	62,652	296,277	220,541	42,659	117,033	11,722	35,359	42,555	-	828,798	703,542
Materials, goods, and utilities	-	112,649	31,416	97,549	31,782	50,193	2,799	19,898	373	-	346,659	316,912
Transfers to local boards and agencies	-				32,335		63,722	76,443		-	172,500	240,812
Transfers to other governments	-			74,695		20,842				-	95,537	101,142
Interest on long-term debt	-	2,879		13,257	5,060				17,448	-	38,644	28,210
Bank charges and short-term interest	-		3,307							-	3,307	2,239
Provision for allowances	-		4,070							-	4,070	1,370
	-	350,463	712,135	604,549	250,319	216,672	78,243	141,285	63,364	-	2,417,030	2,232,970
Net revenue, before amortization	1,177,601	(298,752)	(607,575)	68,449	(134,619)	(141,055)	(56,645)	(49,619)	157,616	33,457	148,858	1,353,906
Amortization expense	-	(266,842)	(16,304)	(165,117)	(81,061)	(16,568)	(3,707)	(31,804)	-	-	(581,403)	(575,355)
Net revenue	1,177,601	(565,594)	(623,879)	(96,668)	(215,680)	(157,623)	(60,352)	(81,423)	157,616	33,457	(432,545)	778,551

The accompanying notes are an integral part of these financial statements

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, fines 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, 2022

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

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Land Held for Resale

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

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 (2020 - \$0). Assets under construction are not amortized until the asset is available for productive use.

ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

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, 2022

NOTE 2: CASH AND TEMPORARY INVESTMENTS

	2022	2021
Cash - general	610,728	744,498
Temporary investments	777,873	757,801
	1,388,601	1,502,299

Temporary investments include \$777,873 (2021 - \$757,801) of 31 day and 91 day notice savings accounts that earn interest at prime minus 1.55% and minus 1.45% respectively (2021 – prime minus 1.55% and minus 1.45%). The general account earns interest at prime minus 1.9% to minus 1.55% (2021 – prime minus 1.9% to minus 1.55%) and the restricted accounts earn interest at prime minus 1.9% (2021 – prime minus 1.9%).

The Town had available a line of credit to a maximum drawing amount of \$600,000 (2021 – \$600,000) at an interest rate of prime plus 1%. During 2022, \$142,673 was drawn against it. In November of 2022, this credit facility was paid off and closed out.

Included in cash is a restricted amount of \$168,563 (2021 - \$199,420) received from funders and held exclusively for approved projects (Note 4).

NOTE 3: RECEIVABLES

	2022	2021
Taxes and grants in place of taxes	93,305	65,364
Current taxes and grants in place of taxes	36,439	28,371
Arrears taxes	129,744	93,735
Trade and other receivables	142,060	159,817
Local improvement levies	288,962	338,136
Trade accounts	12,805	28,790
GST	443,827	526,743
	573,571	620,478

The local improvement levies are receivable over the remaining period of 8 years and collectable through tax levies, in annual amounts of \$17,758.

NOTE 4: DEFERRED REVENUE

	2021	Increases	Decreases	Interest	2022
CCBF	92,862	-	-	2,368	95,230
MSI Operating	71,118	77,121	86,599	1,693	63,333
MSI Capital	13,741	-	13,916	175	-
ICIP - Federal	-	74,709	74,709	-	-
ICIP - Provincial	21,699	40,553	62,252	-	-
Other deferred grants	-	10,000	-	-	10,000
Prepaid licenses and other	34,411	28,487	34,411	-	28,487
	233,831	230,870	271,887	4,236	197,050

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5: LONG-TERM DEBT

	2022	2021
Tax-supported debentures	328,563	400,363
Bank loan for capital expenditures	641,604	400,000
Bank loan for operating expenditures	-	33,961
	970,167	834,054

The current portion of the long-term debt amounts to \$80,504 (2021 - \$86,660). Principal and interest repayments are as follows:

	Principal	Interest	Total
2023	80,504	55,377	135,881
2024	84,404	51,477	135,881
2025	53,014	47,945	100,959
2026	19,667	46,370	66,037
2027	20,607	45,430	66,037
Remainder	711,971	163,911	875,882
Total	970,167	410,510	1,380,677

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% (2021 – 4%) per annum and matures 2025.

Debenture debt is repayable in monthly instalments of \$1,291 to Enmax Solar 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 was paid out in 2022.

Bank loan for capital expenditures bears interest at prime plus 0.3% (2021 – prime plus 0.3%). Principal repayments are required from proceeds received from land inventory.

Bank loan for capital expenditures bears interest at a rate of 7.11% (2021 – 0%). Principal repayments are required from proceeds received from utility rates.

Interest on long-term debt amounted to \$38,644 (2021 - \$28,210). The Town's total cash payments for interest in 2022 were \$37,668 (2021 - \$27,083).

Prime rate at December 31, 2022 was 6.45% (2021 – 2.45%).

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6: DEBT LIMITS

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

	2022	2021
Total debt limit	3,490,908	3,446,436
Total long-term debt	(970,167)	(834,054)
Total amount of debt limit available	2,520,741	2,612,382
Service limit of debt	581,818	574,406
Service on debt	(135,881)	(111,936)
Amount of service on debt limit available	445,937	462,470

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the governments of Alberta and Canada for the purposes of capital property (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Town. Rather, the financial statements must be interpreted as a whole.

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

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7: EQUITY IN TANGIBLE CAPITAL ASSETS

	2022	2021
Tangible capital assets (Schedule II)	21,135,901	20,762,946
Accumulated amortization (Schedule II)	(9,585,684)	(9,023,230)
Long-term debt (Note 5)	(970,167)	(800,364)
	10,580,050	10,939,352

NOTE 8: ACCUMULATED SURPLUS

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

	2022	2021
Unrestricted surplus	966,571	1,024,194
Restricted surplus		
Operating:		
Tax Stabilization Fund	285,526	285,526
Emergency Services	10,201	10,201
Snow Removal	20,000	20,000
General Contingency	159,990	159,990
	475,717	475,717
Capital:		
Land Development	45,546	45,546
Fire Fighting	166,838	156,838
Waste Management	85,391	85,391
Water	35,327	35,327
Library	60,000	60,000
Museum	62,270	62,270
Wastewater	14,310	37,059
General Contingency	14,717	17,588
Community Centre	40,000	40,000
Curling Club	50,000	50,000
	574,399	590,019
	1,050,116	1,065,736
Equity in tangible capital assets (Note 7)	10,580,050	10,939,352
	12,596,737	13,029,282

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 2022	Total 2021
	\$	\$	\$	\$
Mayor:				
Colleen Ebdon	16,829	5,212	22,041	15,048
Helen Posti	-	-	-	16,394
Councillors:				
Karin Engen	11,621	5,212	16,833	14,384
Dwayne Meyers	7,494	5,212	12,706	11,713
Jacqueline Palm-Fraser	10,796	5,212	16,008	2,503
Laurie Phillips	6,656	1,599	8,255	9,949
Kevin See	8,192	5,212	13,404	11,713
Delaney Thoreson	9,970	5,212	15,182	2,267
Ken Chapman	-	-	-	8,123
Chief Administrative Officer	115,976	17,318	133,294	114,051
Designated Officers (Four positions)	19,121	-	19,121	19,034

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

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 10: PENSION PLAN

Local Authorities Pension Plan (LAPP)

Employees of the Town of Eckville participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pensions Plans Act. The plan serves about 281,764 people and about 435 employers. It is financed by employer and employee contributions and investment earning of the LAPP fund.

The Town of Eckville is required to make current service contributions to the plan of 8.45% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 12.80% for the excess. Employees of the Town of Eckville are required to make current service contributions of 7.45% on the first \$64,900 of pensionable earnings and 11.80% thereafter.

Total current and past service contributions by The Town of Eckville to the LAPP in 2022 were \$21,404 (2021 - \$25,980). Total contributions by the employees of The Town of Eckville to the LAPP in 2022 were \$19,063 (2021 - \$23,405).

At December 31, 2021 the plan disclosed an actuarial surplus of \$11.9 billion (2020 – \$5 billion surplus).

NOTE 11: CONTINGENCIES

No provision has been made on the statement of financial position for various lawsuits and legal claims filed against the Town as the extent of the lawsuits and legal claims are not determinable at December 31, 2022.

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

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

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 12: COMMITMENTS

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

2023 – \$16,276
2024 – \$ 4,069

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

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

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

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

The Town has a contract with Arcon IT Services. The initial contract expired on August 31, 2022. At the expiration of this initial term the agreement automatically renews for successive one year terms unless notification of cancellation is given or received. The estimated commitment over the next year of this contract is as follows:

2023 - \$25,278

The Town has a contract with Empringham Disposal which expires on June 30, 2024. The estimated commitment over the next two years of this contract is as follows:

2023 - \$43,140
2024 - \$21,570

The Town has a contract with Clear Blue Technologies Inc. which expires on May 31, 2030. The estimated commitment over the next eight years of this contract is as follows:

2023 - \$4,608
2024 - \$7,900
2025 - \$7,900
2026 - \$8,038
2027 - \$8,279
2028 - \$8,527
2029 - \$8,783
2030 - \$3,705

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 2022 Budget for the Town of Eckville was approved by Council on May 9, 2022.

NOTE 16: COMPARATIVE FIGURES

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

NOTE 17: APPROVAL OF FINANCIAL STATEMENTS

Management and Council have approved these financial statements.