

Town of Eckville
Financial Statements
December 31, 2017

Management's Responsibility

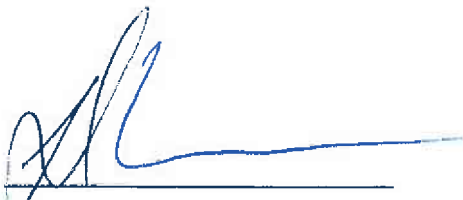
To the Mayor and Councillors of the Town of Eckville:

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 'A' followed by a long horizontal line.

Chief Administrative Officer

Independent Auditors' Report

To the Mayor and Councilors of the Town of Eckville:

We have audited the accompanying financial statements of the Town of Eckville, which comprise the statement of financial position at December 31, 2017, the statements of operations, change in net financial assets, cash flows, and Schedules I through VI for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Town of Eckville as at December 31, 2017, and the results of its operations, change in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Red Deer, Alberta
April 23, 2018


Chartered Professional Accountants

Town of Eckville
Statement of Financial Position
As at December 31, 2017

	2017	2016
Financial assets		
Cash and temporary investments (Note 2)	2,198,825	2,312,987
Receivables (Note 3)		
Taxes and grants in place of taxes	66,767	65,391
Trade and other receivables	419,141	513,955
Land for resale inventory	324,618	472,080
	3,009,351	3,364,413
Liabilities		
Accounts payable and accrued liabilities	132,907	258,937
Deferred revenue (Note 4)	206,408	327,281
Long-term debt (Note 5)	1,034,903	1,299,026
	1,374,218	1,885,244
Net financial assets	1,635,133	1,479,169
Non-financial assets		
Tangible capital assets (Schedule II)	10,312,429	10,414,803
Prepaid expenses	4,605	13,612
	10,317,034	10,428,415
Accumulated surplus (Schedule I, Note 8)	11,952,167	11,907,584

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, 2017

	2017 <i>Budget</i> (Note 14)	2017	2016
Revenue			
Net municipal taxes (<i>Schedule III</i>)	1,138,737	1,137,508	1,151,466
Sales, user charges and costs recovered	673,802	853,970	509,665
Government transfers (<i>Schedule IV</i>)	230,102	145,072	314,338
Franchise fees	120,000	136,969	122,593
Rentals	35,718	35,946	37,059
Investment income	33,000	24,405	16,494
Penalties and cost of taxes	14,500	21,763	14,764
Licenses and permits	17,200	10,699	7,812
Fines	13,000	7,064	12,770
Proceeds from insurance	-	2,808	111,115
Gain on disposal of tangible capital assets	-	500	14,052
Other	69,743	92,164	87,069
	2,345,802	2,468,868	2,399,197
Expenses			
Roads, streets, walks and lighting	539,858	581,119	531,825
Administrative	457,942	453,650	459,180
Parks and recreation	316,282	283,291	295,980
Waste water treatment and disposal	252,875	258,154	349,560
Water supply and distribution	217,502	227,982	201,063
Waste management	224,798	218,170	212,054
Land use, planning and development	74,702	212,563	41,638
Legislative	114,794	125,377	116,222
Community services	100,178	125,183	169,828
Fire and disaster services	122,566	80,782	174,693
Library	60,596	67,556	60,462
Family and community supports	43,293	44,723	43,824
By-law enforcement	47,140	41,746	39,136
Cemetery	5,957	969	7,564
	2,578,483	2,721,265	2,703,029
Deficiency of revenue over expenses before other	(232,681)	(252,397)	(303,832)
Other			
Government transfers for capital (<i>Schedule IV</i>)	607,219	296,980	503,720
Excess of revenue over expenses	374,538	44,583	199,888

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The accompanying notes are an integral part of these financial statements

Town of Eckville
Statement of Operations
For the year ended December 31, 2017

	2017 <i>Budget</i> (Note 14)	2017	2016
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Excess of revenue over expenses	374,538	44,583	199,888
Accumulated surplus, beginning of year	11,907,584	11,907,584	11,707,696
<hr/>			
Accumulated surplus, end of year	12,282,122	11,952,167	11,907,584
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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, 2017

	2017 <i>Budget</i> (Note 14)	2017	2016
Excess of revenue over expenses	374,538	44,583	199,888
Acquisition of tangible capital assets	(802,575)	(375,683)	(1,357,399)
Proceeds on disposal of tangible capital assets	-	500	27,939
Amortization of tangible capital assets	447,313	478,057	434,646
Gain on sale of tangible capital assets	-	(500)	(14,052)
Change in prepaid assets	-	9,007	(13,612)
Increase (decrease) in net financial assets	19,276	155,964	(722,590)
Net financial assets, beginning of year	1,479,169	1,479,169	2,201,759
Net financial assets, end of year	1,498,445	1,635,133	1,479,169

The accompanying notes are an integral part of these financial statements

Town of Eckville
Statement of Cash Flows
For the year ended December 31, 2017

	2017	2016
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	44,583	199,888
Non-cash items:		
Amortization of tangible capital assets	478,057	434,646
Gain on disposal of tangible capital assets	(500)	(14,052)
Decrease in land held for resale inventory	147,462	(172,006)
Net change in operating working capital balances:		
Decrease in deferred revenue	(128,213)	(161,508)
Decrease (increase) in prepaid expenses	9,007	(13,612)
Increase (decrease) in accounts payable and accrued liabilities	(126,030)	(23,319)
Decrease (increase) in trade and other accounts receivable	96,731	150,956
Decrease (increase) in grants and property taxes receivable	4,047	2,444
	525,144	403,437
Capital		
Acquisition of tangible capital assets	(375,683)	(1,366,787)
Proceeds on disposal of tangible capital assets	500	27,939
	(375,183)	(1,338,848)
Investing		
Increase in temporary investments	(4,955)	(2,049)
Financing		
Repayment of long-term debt	(264,123)	(48,397)
Advance of long-term debt	-	800,000
	(264,123)	751,603
Decrease in cash	(119,117)	(185,857)
Cash, beginning of year	2,043,680	2,229,537
Cash, end of year (Note 2)	1,924,563	2,043,680

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, 2017

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets</i>	2017	2016
Balance, beginning of year	1,384,753	1,307,054	9,215,777	11,907,584	11,707,696
Excess of revenue over expenses	44,583	-	-	44,583	199,888
Transfers to restricted funds	(65,000)	65,000	-	-	-
Restricted funds used for tangible capital assets	-	(102,618)	102,618	-	-
Current year funds used for tangible capital assets	(273,065)	-	273,065	-	-
Disposal of tangible capital assets	-	-	-	-	-
Annual amortization expense	478,057	-	(478,057)	-	-
Long-term debt repaid	(252,354)	-	252,354	-	-
New long-term debt	-	-	-	-	-
Change in accumulated surplus	(67,779)	(37,618)	149,980	44,583	199,888
Balance, end of year	1,316,974	1,269,436	9,365,757	11,952,167	11,907,584

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, 2017

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2017	2016
Cost:							
Balance, beginning of year	115,248	3,673,163	11,465,916	1,440,609	422,015	17,116,951	15,940,429
Acquisition of tangible capital assets	-	83,623	157,800	105,569	28,691	375,683	1,357,399
Disposal of tangible capital assets	-	-	-	-	(17,340)	(17,340)	(180,877)
Balance, end of year	115,248	3,756,786	11,623,716	1,546,178	433,366	17,475,294	17,116,951
Accumulated amortization:							
Balance, beginning of year	-	2,219,630	3,629,453	652,393	200,672	6,702,148	6,434,492
Annual amortization	-	58,905	246,442	130,193	42,517	478,057	434,646
Accumulated amortization on disposals	-	-	-	-	(17,340)	(17,340)	(166,900)
Balance, end of year	-	2,278,535	3,875,895	782,586	225,849	7,162,865	6,702,148
Net book value	115,248	1,478,251	7,747,821	763,592	207,517	10,312,429	10,414,803
2016 net book value	115,248	1,453,533	7,836,463	788,216	221,343	10,414,803	

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, 2017

	2017 <i>Budget</i> (Note 14)	2017	2016
Taxation			
Real property taxes	1,459,744	1,458,515	1,464,782
Requisitions			
Alberta School Foundation Fund	313,653	313,653	305,883
Seniors Lodge	7,354	7,354	7,433
	321,007	321,007	313,316
Net municipal taxes	1,138,737	1,137,508	1,151,466

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, 2017

	2017 <i>Budget</i> (Note 14)	2017	2016
Operating			
Provincial Government	92,093	73,140	77,425
Other Local Governments	136,559	70,482	235,463
Federal Government	1,450	1,450	1,450
	230,102	145,072	314,338
Capital			
Provincial Government	607,219	296,980	470,244
Federal Government	-	-	33,476
	607,219	296,980	503,720
Total government transfers	837,321	442,052	818,058

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, 2017

	2017 <i>Budget</i> (Note 14)	2017	2016
Expenses by object			
Salaries, wages and benefits	814,155	798,425	805,253
Contracted and general services	739,180	683,726	872,503
Amortization of tangible capital assets	447,313	478,057	434,646
Materials, goods and utilities	274,851	418,145	275,751
Transfers to local boards and agencies	176,413	206,558	196,668
Transfers to other governments	90,970	87,512	84,740
Interest on long-term debt	30,701	39,720	26,026
Provision for allowances	3,900	7,947	6,748
Bank charges and short-term interest	1,000	1,175	694
	2,578,483	2,721,265	2,703,029

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, 2017

	General Government	Transportation, Roads, Streets	Legislative & Administrative	Environmental Services	Parks & Recreation	Protective Services	Library	Community Support	Land Use and Development	Other	Total	2016
Revenue												
Net municipal taxes	1,137,508	-	-	-	-	-	-	-	-	-	1,137,508	1,151,466
User fees and sales of goods	-	240	1,779	473,459	-	25,342	-	3,650	349,500	-	853,970	509,665
Government transfers	-	286,170	28,079	-	-	-	8,515	112,910	6,378	-	442,052	818,058
Franchise fees	-	-	-	-	-	-	-	-	-	136,969	136,969	122,593
Licenses and permits	-	-	-	-	-	10,699	-	-	-	-	10,699	7,812
Penalties and costs on taxes	21,763	-	-	-	-	-	-	-	-	-	21,763	14,764
Interest income	-	-	-	-	-	-	-	-	-	24,405	24,405	16,494
Fines, rentals, insurance, other	-	-	10,313	9,080	38,183	43,288	2,534	19,997	11,779	2,808	137,982	248,013
Gain on disposal of tangible capital assets	-	500	-	-	-	-	-	-	-	-	500	14,052
	1,159,271	286,910	40,171	482,539	38,183	79,329	11,049	136,557	367,657	164,182	2,765,848	2,902,917
Expenses												
Salaries, wages, and benefits	-	155,248	322,895	198,471	120,916	595	-	-	300	-	798,425	805,253
Contracted and general services	-	96,180	200,203	189,819	45,159	73,850	9,955	34,989	33,571	-	683,726	872,503
Materials, goods, and utilities	-	92,336	25,779	74,255	4,969	25,433	2,556	31,938	160,889	-	418,145	275,751
Transfers to local boards and agencies	-	-	-	-	77,627	-	51,790	77,141	-	-	206,558	196,668
Interest on long-term debt	-	6,702	-	15,215	-	-	-	-	17,803	-	39,720	26,026
Provision for allowances	-	-	7,947	-	-	-	-	-	-	-	7,947	6,748
Bank charges and short-term interest	-	-	1,175	-	-	-	-	-	-	-	1,175	694
Transfers to other governments	-	-	-	73,674	-	13,838	-	-	-	-	87,512	84,740
	-	350,466	557,999	551,434	248,661	113,716	64,301	144,068	212,563	-	2,243,208	2,268,383
Net revenue, before amortization	1,159,271	(63,556)	(517,828)	(68,895)	(210,478)	(34,387)	(53,252)	(7,511)	155,094	164,182	522,640	634,534
Amortization expense	-	230,653	21,028	152,872	34,630	8,812	3,255	26,807	-	-	(478,057)	(434,646)
Net revenue	1,159,271	(294,209)	(538,856)	(221,767)	(245,108)	(43,199)	(56,507)	(34,318)	155,094	164,182	44,583	199,888

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017

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, 2017

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	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 (2016 - \$3,037). 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, 2017

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, 2017

NOTE 2: CASH AND TEMPORARY INVESTMENTS

	2017	2016
Cash - general	1,220,627	1,337,257
Cash - restricted	703,936	706,423
	1,924,563	2,043,680
Temporary investments	274,262	269,307
	2,198,825	2,312,987

Temporary investments include \$264,536 (2016 - \$259,856) of term deposits that earn interest at rates ranging from 0.80% to 1.5% (2016 – 0.65% to 1.5%) and mature in less than one year. The remaining \$9,726 (2016 - \$9,451) are credit union share accounts. The general account earns interest of 1% to 1.75% (2016 – 1%) and the restricted accounts earn interest of 0.4 to 1.75% (2016 – 1% to 1.4%).

NOTE 3: RECEIVABLES

	2017	2016
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	45,940	43,446
Arrears taxes	20,827	21,945
	66,767	65,391
Trade and other receivables		
Local improvement levies	230,847	248,605
Trade accounts	172,505	235,010
GST	15,789	30,340
	419,141	513,955
	485,908	579,346

The local improvement levies are receivable over the remaining period of 14 years and collectable through tax levies, in annual amounts of \$17,758.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4: DEFERRED REVENUE

	<u>2017</u>	<u>2016</u>
Provincial government	186,356	314,990
Prepaid licenses and other	20,052	12,291
	206,408	327,281

Provincial Government

Funding in the amount of \$208,260 (2016 - \$382,363) was received in the current year for the Municipal Sustainability Initiative to assist with meeting growth challenges and enhancing the long-term sustainability of the municipality. Expenditures in the amount of \$336,894 (2016 - \$510,340) 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 \$186,356 (2016 - \$314,990).

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5: LONG-TERM DEBT

	2017	2016
Tax-supported debentures	448,672	499,026
Bank loan for capital expenditures	498,000	700,000
Bank loan for operating expenditures	88,231	100,000
	1,034,903	1,299,026

The current portion of the long-term debt amounts to \$65,358 (2016 - \$62,305). Principal and interest repayments are as follows:

	Principal	Interest	Total
2018	65,358	36,023	101,381
2019	67,899	33,482	101,381
2020	70,539	30,842	101,381
2021	73,283	28,098	101,381
2022	76,134	25,247	101,381
Remainder	681,690	10,429	692,119
Total	1,034,903	164,121	1,199,024

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% (2016 – 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 \$39,720 (2016 - \$26,026). The Town's total cash payments for interest in 2017 were \$39,485 (2016 - \$23,980).

Prime rate at December 31, 2017 was 3.2% (2016 – 2.7%)

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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:

	2017	2016
Total debt limit	3,703,302	3,598,796
Total long-term debt	(1,034,903)	(1,299,026)
Total amount of debt limit available	2,668,399	2,299,770
Service limit of debt	617,217	599,799
Service on debt	(101,381)	(85,444)
Amount of service on debt limit available	515,836	514,355

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, 2017

NOTE 7: EQUITY IN TANGIBLE CAPITAL ASSETS

	2017	2016
Tangible capital assets (Schedule II)	17,475,294	17,116,951
Accumulated amortization (Schedule II)	(7,162,865)	(6,702,148)
Long-term debt (Note 5)	(946,672)	(1,199,026)
	9,365,757	9,215,777

NOTE 8: ACCUMULATED SURPLUS

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

	2017	2016
Unrestricted surplus	1,316,974	1,384,753
Restricted surplus		
Operating:		
Tax Stabilization Fund	428,199	428,199
Emergency Services	10,201	10,201
Snow Removal	20,000	20,000
General Contingency	94,990	94,990
	553,390	553,390
Capital:		
Land Development	232,831	240,902
Fire Fighting	55,196	122,709
Waste Management	91,190	91,190
Water	42,542	54,576
Museum/Library	82,270	72,270
Wastewater	25,375	5,375
Ambulance	21,642	21,642
General Contingency	100,000	100,000
Community Centre	15,000	15,000
Arena	40,000	30,000
Curling Club	10,000	-
	716,046	753,664
	1,269,436	1,307,054
Equity in tangible capital assets (Note 7)	9,365,757	9,215,777
	11,952,167	11,907,584

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 2017 \$	Total 2016 \$
Mayor:				
Helen Posti	11,720	5,860	17,580	19,200
Councillors:				
Stuart Carde	3,255	1,627	4,882	7,860
Ken Chapman	1,585	793	2,378	-
Colleen Ebden	7,670	3,835	11,505	9,000
Karin Engen	1,625	813	2,438	-
Sandra Hallgren	5,935	2,968	8,903	10,020
Scott Kinley	3,185	1,593	4,778	6,000
Dwayne Meyers	4,280	2,140	6,420	6,360
Laurie Phillips	2,385	1,193	3,578	-
Kevin See	5,240	2,620	7,860	6,840
Chief Administrative Officer	127,737	12,232	139,969	133,792

- (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 244,621 people and about 426 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 11.39% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% of pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 10: PENSION PLAN (Continued)

Total employer contributions by the Town to the LAPP in 2017 were \$19,731 (2016 - \$12,150). Total contributions by the employees of the Town to the LAPP in 2017 were \$18,086 (2016 - \$11,169).

At December 31, 2016, the date of the most recent actuarial valuation, the Plan disclosed an actuarial deficiency of \$637 million (2015 - \$923 million).

NOTE 11: CONTINGENCIES

No provision has been made on the statement of financial position for various lawsuits and legal claims filed against the Town as the extent of the lawsuits and legal claims are not determinable at December 31, 2017.

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 three years of this contract is as follows:

2018 - \$2,796
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 three years of this contract is as follows:

2018 - \$26 / PER PARCEL + GST
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 4 years of this contract is as follows:

2018 - \$2,731
2019 - \$2,731
2020 - \$2,731
2021 - \$2,731

The Town has a contract with Animal Control Services which expires on October 31, 2018. The estimated commitment is \$9,600 for 2018.

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: BUDGET

The 2017 Budget for the Town of Eckville was approved by Council on December 12, 2016,