

**Town of Eckville**  
**Financial Statements**  
**December 31, 2015**

## **Management's Responsibility**

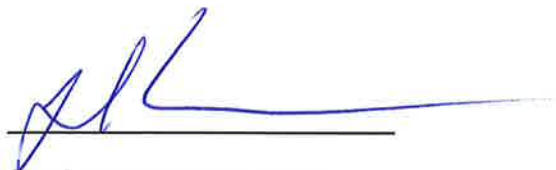
To the Mayor and Councillors of the Town of Eckville:

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

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

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

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



Chief Administrative Officer

## Independent Auditors' Report

To the Mayor and Councillors 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, 2015, 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, 2015, 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 25, 2016

*MNP* LLP  
Chartered Professional Accountants

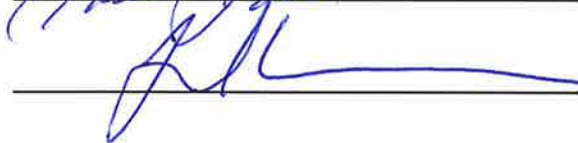
**Town of Eckville**  
**Statement of Financial Position**  
*As at December 31, 2015*

	2015	2014
<b>Financial assets</b>		
Cash and temporary investments (Note 2)	2,496,795	2,976,730
Receivables (Note 3)		
Taxes and grants in place of taxes	67,835	56,637
Trade and other receivables	664,911	583,697
Land for resale inventory	300,074	236,889
	3,529,615	3,853,953
<b>Liabilities</b>		
Accounts payable and accrued liabilities	291,644	247,924
Deferred revenue (Note 4)	488,789	703,910
Long-term debt (Note 5)	547,423	593,937
	1,327,856	1,545,771
<b>Net financial assets</b>	<b>2,201,759</b>	<b>2,308,182</b>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule II)	9,505,937	8,930,491
Prepaid expenses	-	9,957
	9,505,937	8,940,448
<b>Accumulated surplus</b> (Schedule I, Note 8)	<b>11,707,696</b>	<b>11,248,630</b>

Contingencies (Note 11)  
 Commitments (Note 12)

Approved on behalf of Council:

 \_\_\_\_\_ Mayor

 \_\_\_\_\_ Chief Administrative Officer

*The accompanying notes are an integral part of these financial statements*

**Town of Eckville**  
**Statement of Operations**

*For the year ended December 31, 2015*

	2015 <i>Budget</i> (Note 15)	2015	2014
<b>Revenue</b>			
Net municipal taxes ( <i>Schedule III</i> )	1,094,407	1,113,316	1,024,490
Sales, user charges and costs recovered	677,868	600,271	685,089
Government transfers ( <i>Schedule IV</i> )	273,530	209,137	174,808
Franchise fees	115,000	132,682	117,799
Licenses and permits	17,200	13,610	21,042
Penalties and cost of taxes	18,000	14,025	13,685
Investment income	40,000	27,503	28,842
Fines	17,500	13,158	17,597
Rentals	1,150	1,150	250
Proceeds from insurance	-	399,432	-
Gain on disposal of tangible capital assets	19,000	16,266	-
Other	28,303	10,093	33,239
	2,301,958	2,550,643	2,116,841
<b>Expenses</b>			
Roads, streets, walks and lighting	467,520	542,822	520,638
Parks and recreation	287,097	475,813	285,674
Water supply and distribution	192,010	185,931	159,470
Waste water treatment and disposal	196,178	193,221	245,633
Administrative	467,356	523,681	459,675
Fire and disaster services	135,745	105,819	117,431
Waste management	232,108	193,369	202,503
Land use, planning and development	55,194	10,832	42,852
Library	65,031	60,002	57,448
By-law enforcement	56,555	53,118	57,334
Family and community supports	41,100	42,842	40,966
Legislative	99,946	97,795	71,835
Community services	107,527	249,787	64,170
Other	7,003	4,533	3,795
	2,410,370	2,739,565	2,329,424
<b>Deficiency of revenue over expenses before other</b>	(108,412)	(188,922)	(212,583)
<b>Other</b>			
Contributed assets	-	-	310,000
Government transfers for capital ( <i>Schedule IV</i> )	1,005,272	647,988	745,855
<b>Excess of revenue over expenses</b>	896,860	459,066	843,272

*(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, 2015*

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	2015	2015	2014
	<i>Budget</i>		
	<i>(Note 15)</i>		
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<b>Excess of revenue over expenses</b>	896,860	<b>459,066</b>	843,272
<b>Accumulated surplus, beginning of year</b>	11,248,630	<b>11,248,630</b>	10,405,358
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<b>Accumulated surplus, end of year</b>	12,145,490	<b>11,707,696</b>	11,248,630

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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, 2015*

	2015 <i>Budget</i> (Note 15)	2015	2014
<b>Excess of revenue over expenses</b>	896,860	<b>459,066</b>	843,272
Acquisition of tangible capital assets	(1,404,863)	<b>(1,039,835)</b>	(770,814)
Contributed tangible capital assets	-	-	(310,000)
Proceeds on disposal of tangible capital assets	-	<b>33,349</b>	-
Amortization of tangible capital assets	331,128	<b>447,306</b>	356,111
Gain on sale of tangible capital assets	(19,000)	<b>(16,266)</b>	-
Change in prepaid assets	-	<b>9,957</b>	(469)
<b>Increase (decrease) in net financial assets</b>	(195,875)	<b>(106,423)</b>	118,100
<b>Net financial assets, beginning of year</b>	2,308,182	<b>2,308,182</b>	2,190,082
<b>Net financial assets, end of year</b>	2,112,307	<b>2,201,759</b>	2,308,182

*The accompanying notes are an integral part of these financial statements*

**Town of Eckville**  
**Statement of Cash Flows**  
For the year ended December 31, 2015

	2015	2014
<b>Cash provided by (used for) the following activities:</b>		
<b>Operating</b>		
Excess of revenue over expenses	459,066	843,272
Non-cash items:		
Amortization of tangible capital assets	447,306	356,111
Gain on disposal of tangible capital assets	(16,266)	-
Decrease (increase) in land held for resale inventory	(63,185)	5,258
Tangible capital assets received as contributions	-	(310,000)
Net change in operating working capital balances:		
Decrease in deferred revenue	(215,121)	(414,785)
Decrease (increase) in prepaid expenses	9,957	(469)
Increase in accounts payable and accrued liabilities	54,552	46,470
Increase in trade and other accounts receivable	(81,214)	(60,896)
Increase in grants and property taxes receivable	(11,198)	(11,591)
	583,897	453,370
<b>Capital</b>		
Acquisition of tangible capital assets	(1,050,667)	(750,594)
Sale of tangible capital assets	33,349	-
	(1,017,318)	(750,594)
<b>Investing</b>		
Increase in temporary investments	(3,131)	(4,567)
<b>Financing</b>		
Repayment of long-term debt	(46,514)	(44,706)
<b>Decrease in cash and equivalents</b>	<b>(483,066)</b>	<b>(346,497)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,712,603</b>	<b>3,059,100</b>
<b>Cash and cash equivalents, end of year (Note 2)</b>	<b>2,229,537</b>	<b>2,712,603</b>

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, 2015*

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus</i>	<i>Equity in Tangible Capital Assets</i>	2015	2014
<b>Balance, beginning of year</b>	<b>1,381,492</b>	<b>1,530,584</b>	<b>8,336,554</b>	<b>11,248,630</b>	<b>10,405,358</b>
Excess of revenue over expenses	459,066	-	-	459,066	843,272
Transfers to restricted funds	(141,000)	141,000	-	-	-
Restricted funds used for tangible capital assets	-	(304,943)	304,943	-	-
Current year funds used for tangible capital assets	(734,892)	-	734,892	-	-
Disposal of tangible capital assets	17,083	-	(17,083)	-	-
Annual amortization expense	447,306	-	(447,306)	-	-
Long-term debt repaid	(46,514)	-	46,514	-	-
<b>Change in accumulated surplus</b>	<b>1,049</b>	<b>(163,943)</b>	<b>621,960</b>	<b>459,066</b>	<b>843,272</b>
<b>Balance, end of year</b>	<b>1,382,541</b>	<b>1,366,641</b>	<b>8,958,514</b>	<b>11,707,696</b>	<b>11,248,630</b>

*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, 2015*

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2015	2014
<b>Cost:</b>							
Balance, beginning of year	115,248	3,464,325	9,686,933	1,309,451	413,897	14,989,854	13,909,040
Acquisition of tangible capital assets	-	159,808	593,075	251,118	-	1,004,001	1,467,715
Construction-in-progress	-	-	35,834	-	-	35,834	(386,901)
Disposal of tangible capital assets	-	-	-	(72,810)	(16,450)	(89,260)	-
<b>Balance, end of year</b>	<b>115,248</b>	<b>3,624,133</b>	<b>10,315,842</b>	<b>1,487,759</b>	<b>397,447</b>	<b>15,940,429</b>	<b>14,989,854</b>
<b>Accumulated amortization:</b>							
Balance, beginning of year	-	2,082,734	3,159,983	641,543	175,103	6,059,363	5,703,252
Annual amortization	-	79,317	250,409	78,730	38,850	447,306	356,111
Accumulated amortization on disposals	-	-	-	(55,727)	(16,450)	(72,177)	-
<b>Balance, end of year</b>	<b>-</b>	<b>2,162,051</b>	<b>3,410,392</b>	<b>664,546</b>	<b>197,503</b>	<b>6,434,492</b>	<b>6,059,363</b>
<b>Net book value</b>	<b>115,248</b>	<b>1,462,082</b>	<b>6,905,450</b>	<b>823,213</b>	<b>199,944</b>	<b>9,505,937</b>	<b>8,930,491</b>
2014 net book value	115,248	1,381,591	6,526,950	667,908	238,794	8,930,491	

During the year, tangible capital assets including construction-in-progress, were acquired at an aggregate cost of \$1,039,835 (2014 - \$1,080,814), of which there were no contributed assets (2014 - \$310,000), \$9,388 (2014 - \$20,220) remain as accounts payable and the remaining \$1,030,447 (2014 - \$750,594) was acquired by cash.

*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, 2015*

	2015 <i>Budget</i> (Note 15)	2015	2014
<b>Taxation</b>			
Real property taxes	1,406,046	1,421,121	1,329,579
<b>Requisitions</b>			
Alberta School Foundation Fund	304,081	300,247	297,469
Seniors Lodge	7,558	7,558	7,620
	311,639	307,805	305,089
<b>Net municipal taxes</b>	1,094,407	1,113,316	1,024,490

*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, 2015*

	2015 <i>Budget</i> (Note 15)	2015	2014
<b>Operating</b>			
Provincial Government	68,524	<b>73,054</b>	108,904
Other Local Governments	202,731	<b>134,633</b>	65,904
Federal Government	2,275	<b>1,450</b>	-
	<b>273,530</b>	<b>209,137</b>	174,808
<b>Capital</b>			
Provincial Government	1,005,272	<b>537,147</b>	745,855
Federal Government	-	<b>110,841</b>	-
	<b>1,005,272</b>	<b>647,988</b>	745,855
<b>Total government transfers</b>	<b>1,278,802</b>	<b>857,125</b>	920,663

*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, 2015*

	2015 <i>Budget</i> (Note 15)	2015	2014
<b>Expenses by object</b>			
Salaries, wages and benefits	748,209	<b>793,479</b>	653,746
Contracted and general services	754,767	<b>970,022</b>	773,124
Amortization of tangible capital assets	331,128	<b>447,306</b>	356,111
Materials, goods and utilities	265,795	<b>228,105</b>	269,330
Transfers to local boards and agencies	193,761	<b>189,846</b>	167,386
Interest on long-term debt	23,330	<b>24,288</b>	25,139
Provision for allowances	3,900	<b>1,104</b>	1,341
Bank charges and short-term interest	800	<b>843</b>	1,137
Transfers to other governments	88,470	<b>84,572</b>	82,110
	<b>2,410,370</b>	<b>2,739,565</b>	2,329,424

*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, 2015*

	General Government	Transportation, Roads, Streets	Legislative & Administrative	Environmental Services	Parks & Recreation	Protective Services	Library	Community Support	Land Use and Development	Other	Total
<b>Revenue</b>											
Net municipal taxes	1,113,316	-	-	-	-	-	-	-	-	-	1,113,316
User fees and sales of goods	-	1,225	1,884	489,782	35,461	66,843	2,676	-	-	2,400	600,271
Government transfers	-	403,622	75,000	92,582	52,581	-	-	227,910	-	5,430	857,125
Franchise fees	-	-	-	-	-	-	-	-	-	132,682	132,682
Licenses and permits	-	-	-	-	-	13,610	-	-	-	-	13,610
Penalties and costs on taxes	14,025	-	-	-	-	-	-	-	-	-	14,025
Interest income	-	-	-	-	-	-	-	-	-	27,503	27,503
Fines, rentals, insurance, other	-	26,184	25,208	-	206,756	1,150	-	161,788	-	2,747	423,833
Gain on sale of tangible capital assets	-	16,266	-	-	-	-	-	-	-	-	16,266
	<b>1,127,341</b>	<b>447,297</b>	<b>102,092</b>	<b>582,364</b>	<b>294,798</b>	<b>81,603</b>	<b>2,676</b>	<b>389,698</b>	<b>-</b>	<b>170,762</b>	<b>3,198,631</b>
<b>Expenses</b>											
Salaries, wages, and benefits	-	162,225	376,516	91,686	141,060	21,992	-	-	-	-	793,479
Contracted and general services	-	113,536	205,042	186,501	172,154	88,194	17,441	172,645	10,832	3,677	970,022
Materials, goods, and utilities	-	93,624	18,995	63,755	4,911	27,148	2,461	17,211	-	-	228,105
Transfers to local boards and agencies	-	-	-	-	76,180	-	36,845	76,821	-	-	189,846
Interest on long-term debt	-	8,388	-	15,900	-	-	-	-	-	-	24,288
Provision for allowances	-	-	1,104	-	-	-	-	-	-	-	1,104
Bank charges and short-term interest	-	-	843	-	-	-	-	-	-	-	843
Transfers to other governments	-	-	-	68,792	-	15,780	-	-	-	-	84,572
	<b>-</b>	<b>377,773</b>	<b>602,500</b>	<b>426,634</b>	<b>394,305</b>	<b>153,114</b>	<b>56,747</b>	<b>266,677</b>	<b>10,832</b>	<b>3,677</b>	<b>2,292,259</b>
<b>Net revenue, before amortization</b>	<b>1,127,341</b>	<b>69,524</b>	<b>(500,408)</b>	<b>155,730</b>	<b>(99,507)</b>	<b>(71,511)</b>	<b>(54,071)</b>	<b>123,021</b>	<b>(10,832)</b>	<b>167,085</b>	<b>906,372</b>
Amortization expense	-	165,049	18,975	145,887	81,508	5,823	3,255	25,952	-	857	447,306
<b>Net revenue</b>	<b>1,127,341</b>	<b>(95,525)</b>	<b>(519,383)</b>	<b>9,843</b>	<b>(181,015)</b>	<b>(77,334)</b>	<b>(57,326)</b>	<b>97,069</b>	<b>(10,832)</b>	<b>166,228</b>	<b>459,066</b>

**TOWN OF ECKVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**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, health, social 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 recognized taxes as assets and revenue when they meet the definition of an asset, are authorized by Council, 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, 2015**

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**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 expenditure 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 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 Cash Equivalents**

Cash and temporary investments includes balances with banks and short-term investments, which are marketable securities with a maturity of less than twelve months. 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, 2015**

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**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 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 revenues 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:

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	<b>YEARS</b>
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 \$52,860 (2014 - \$17,026). 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 also are 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, 2015**

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**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**iv) Inventories**

Inventories held for consumption are recorded at the lower of cost and replacement cost.

**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.

**Recent Accounting Pronouncements**

**i) Financial Instruments**

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections.

PS 3450 is effective for fiscal years beginning on or after April 1, 2016. Earlier adoption is permitted. The Town does not expect the adoption of the new section to have a material impact on its financial statements.

**ii) Financial Statement Presentation**

In June 2011, as a result of the issuance of PS 3450 Financial Instruments, the Public Sector Accounting Board (PSAB) issued new PS 1201 Financial Statement Presentation, which revises and replaces PS 1200 Financial Statement Presentation.

**TOWN OF ECKVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)**

This Section is effective in the same period PS 3450 is adopted. PS 1201 and PS 3450 are to be adopted together and are effective for fiscal years beginning on or after April 1, 2016. Early adoption is permitted. The Town does not expect the adoption of the new section to have a material impact on its financial statements.

**iii) Portfolio Investments**

In March 2012, as a result of the issuance of PS 3450 Financial Instruments, the Public Sector Accounting Board (PSAB) issued new PS 3041 Portfolio Investments, which revises and replaces PS 3030 Temporary Investments and PS 3040 Portfolio Investments.

This Section is effective in the same period PS 1201 Financial Statement Presentation and PS 3450 are adopted. Early adoption is permitted. The Town does not expect the adoption of the new section to have a material impact on its financial statements.

**TOWN OF ECKVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 2: CASH AND TEMPORARY INVESTMENTS**

	<b>2015</b>	<b>2014</b>
Cash - general	1,218,304	1,694,955
Cash - restricted	1,011,233	1,017,648
	2,229,537	2,712,603
Temporary investments	267,258	264,127
	2,496,795	2,976,730

Temporary investments are term deposits that earn interest at rates ranging from 0.65% to 1.5% (2014 – 1.5% to 1.85%) and mature in less than one year.

**NOTE 3: ACCOUNTS RECEIVABLE**

	<b>2015</b>	<b>2014</b>
Property taxes		
Current taxes and grants in place of taxes	52,222	39,989
Arrears taxes	15,613	16,648
	67,835	56,637
Other		
Local improvement levies	266,362	284,120
Grant receivable	-	46,293
Trade accounts	348,776	215,763
GST	49,773	37,521
	664,911	583,697
	732,746	640,334

The local improvement levies are receivable over the remaining period of 15 years and collectable through tax levies, in annual amounts of \$17,757.

**TOWN OF ECKVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 4: DEFERRED REVENUE**

	<b>2015</b>	<b>2014</b>
Provincial government	476,443	696,721
Prepaid licenses and other	12,346	7,189
	488,789	703,910

**Provincial Government**

Funding in the amount of \$1,456 (2014 - \$0) was received in the current year from the Basic Municipal Transportation Grant to assist with construction of transportation related projects. The use of these funds is restricted to eligible expenditures as approved in the funding agreement. Expenditures in the amount of \$6,070 (2014 - \$376,299) were incurred in the year. Accumulated unexpended funds related to the program are supported by cash and temporary investments of \$0 (2014 - \$4,614).

Funding in the amount of \$61,139 (2014 - \$0) was received in the current year from the Gas Tax Fund to assist with infrastructure development. The use of these funds is restricted to eligible expenditures as approved in the funding agreement. Expenditures in the amount of \$110,842 (2014 - \$68,662) were incurred in the year. Accumulated unexpended funds related to the program are supported by cash and temporary investments of \$33,476 (2014 - \$83,179).

Funding in the amount of \$395,619 (2014 - \$402,636) 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 \$561,580 (2014 - \$379,288) 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 of \$442,967 (2014 - \$608,928).

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

	<b>2015</b>	<b>2014</b>
Tax-supported debentures	547,423	593,937

The current portion of the long-term debt amounts to \$48,396 (2014 - \$46,514). Principal and interest repayments are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	48,396	21,448	69,844
2017	50,355	19,489	69,844
2018	52,392	17,452	69,844
2019	54,512	15,332	69,844
2020	56,717	13,127	69,844
Remainder	285,051	29,431	314,482
<b>Total</b>	<b>547,423</b>	<b>116,279</b>	<b>663,702</b>

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% (2014 – 4%) per annum and matures 2025.

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

Interest on long-term debt amounted to \$24,288 (2014 - \$25,139). The Town's total cash payments for interest in 2015 were \$25,131 (2014 - \$26,276).

**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:

	<b>2015</b>	<b>2014</b>
Total debt limit	3,825,965	3,175,262
Total long term debt	(547,423)	(593,937)
<b>Total amount of debt limit available</b>	<b>3,278,542</b>	<b>2,581,325</b>
Service limit of debt	637,661	529,210
Service on debt	(69,844)	(69,844)
<b>Amount of service on debt limit available</b>	<b>567,817</b>	<b>459,366</b>

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 .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, 2015**

**NOTE 7: EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2015</b>	<b>2014</b>
Tangible capital assets (Schedule II)	15,940,429	14,989,854
Accumulated amortization (Schedule II)	(6,434,492)	(6,059,363)
Long-term debt (Note 5)	(547,423)	(593,937)
	<b>8,958,514</b>	<b>8,336,554</b>

**NOTE 8: ACCUMULATED SURPLUS**

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

	<b>2015</b>	<b>2014</b>
<b>Unrestricted surplus</b>	1,382,541	1,381,492
<b>Restricted surplus</b>		
<b>Operating:</b>		
Tax Stabilization Fund	428,199	550,952
Emergency services	10,201	10,201
Snow removal	20,000	20,000
General contingency	53,000	-
<b>Capital:</b>		
Land development	412,908	528,954
Fire fighting	130,000	130,000
Waste management	91,190	91,190
Water	60,856	74,000
Museum	62,270	52,270
Wastewater	26,375	26,375
Ambulance	21,642	21,642
Community centre	30,000	15,000
Arena	20,000	10,000
<b>Equity in tangible capital assets (Note 7)</b>	<b>8,958,514</b>	<b>8,336,554</b>
	<b>11,707,696</b>	<b>11,248,630</b>

**TOWN OF ECKVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 9: SALARY AND BENEFIT 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:

	<b>Salary (1)</b>	<b>Benefits &amp; Allowances (2)</b>	<b>Total 2015</b>	<b>Total 2014</b>
	\$	\$	\$	\$
Mayor:				
Helen Posti	11,480	5,740	17,220	13,175
Councillors:				
Stuart Carde	4,560	2,280	6,840	5,785
Colleen Ebden	5,210	2,560	7,770	5,725
Sandra Hallgren	6,280	3,140	9,420	7,185
Scott Kinley	4,200	2,100	6,300	5,490
Dwayne Meyers	4,800	2,400	7,200	5,640
Kevin See	4,340	2,170	6,510	3,140
Chief Administrative Officer	120,000	12,226	132,226	115,287

- (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 Public Sector Pension Plans Act. It is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The Town of Eckville is required to make current service contributions to the Plan of 10.43% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% of pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.



**TOWN OF ECKVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 10: PENSION PLAN (Continued)**

Total employer contributions by the Town to the LAPP in 2015 were \$21,309 (2014 - \$21,352). Total contributions by the employees of the Town to the LAPP in 2015 were \$19,511 (2014 - \$19,640).

At December 31, 2014, the date of the most recent actuarial valuation, the Plan disclosed an actuarial deficiency of \$2.45 billion (2013 - \$4.86 billion).

**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, 2015.

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 five years of this contract is as follows:

2016 - \$2,689  
2017 - \$2,737  
2018 - \$2,796  
2019 - \$2,856  
2020 - \$2,916

The Town has a contract with CivicPlus to design and maintain their online website which expires on December 31, 2017. The estimated commitment is \$6,187 for 2016 and \$5,961 for 2017.

The Town has a contract with Parkland Community Planning Services to aid with land use and subdivision planning which expires on March 31, 2017. The estimated commitment is \$12,116 for 2016 and \$4,039 for 2017.

**TOWN OF ECKVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 12: COMMITMENTS (Continued)**

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 five years of this contract is as follows:

2016 - \$15,886 + GST  
2017 - \$15,886 + GST  
2018 - \$26 / PER PARCEL + GST  
2019 - \$26 / PER PARCEL + GST  
2020 - \$26 / PER PARCEL + GST

In March 2016, the Town entered into an agreement with Carbon Earthworks Ltd. and CANA Utilities for the development of the new Westview subdivision in 2016. The estimated commitment for land development is \$540,990.

**NOTE 13: FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and temporary investments, receivable, accounts payable and accrued liabilities and long-term debt. It is managements' opinion that the Town is not exposed to significant currency or market risks arising from these financial instruments.

The Town is exposed to interest rate price risk as the temporary investments and long-term debt bear interest at fixed interest rates.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and accounts receivable. 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 in addition to certain rights granted to the Town under the Municipal Government Act minimizes the credit risk.

The Town is exposed to liquidity risk as they enter into transactions to purchase goods and services on credit, borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates. Liquidity risk stems from the possibility that the Town will encounter difficulty in meeting obligations associated with financial liabilities.

Unless otherwise noted, the carrying value of the financial instruments approximate fair value.

**NOTE 14: SEGMENTED DISCLOSURE**

The Town provides a range of services to its ratepayers. For each reported segment, revenues 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.

**TOWN OF ECKVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**NOTE 15: BUDGET**

The 2015 Interim Budget for Town of Eckville was approved by Council on January 12, 2015, the final budget approval was on March 9, 2015.

**NOTE 16: APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.