

Town of Eckville
Financial Statements
December 31, 2023

Management's Responsibility

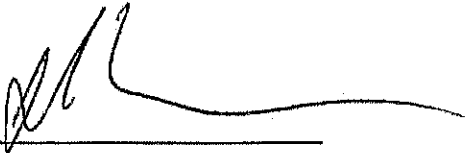
To the Mayor and Councillors of the Town of Eckville:

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 Office

To the Mayor and Councillors 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, 2023, and the statements of operations, change 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, 2023, 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 22, 2024


MNP LLP

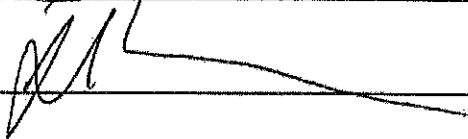
Chartered Professional Accountants

Town of Eckville
Statement of Financial Position
As at December 31, 2023

	2023	2022
Financial assets		
Cash and temporary investments (Note 2)	1,255,644	1,388,601
Receivables (Note 3)		
Taxes and grants in place of taxes	129,143	129,744
Trade and other receivables	327,678	443,827
Land for resale inventory	5,631	5,631
	1,718,096	1,967,803
Liabilities		
Accounts payable and accrued liabilities	215,036	200,854
Deferred revenue (Note 4)	173,656	197,050
Long-term debt (Note 5)	888,577	970,167
	1,277,269	1,368,071
Net financial assets	440,827	599,732
Non-financial assets		
Tangible capital assets (Schedule II)	11,288,712	11,550,217
Land held for sale	446,322	446,322
Prepaid expenses	23,071	466
	11,758,105	11,997,005
Accumulated surplus (Schedule I, Note 8)	12,198,932	12,596,737
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, 2023

	2023 Budget (Note 15)	2023	2022
Revenue			
Net municipal taxes (Schedule III)	1,213,055	1,212,333	1,158,554
Sales, user charges and costs recovered	680,795	550,305	596,855
Government transfers (Schedule IV)	230,505	305,745	210,046
Franchise fees	150,000	154,052	161,576
Rentals	42,605	43,655	41,455
Penalties and cost of taxes	15,000	22,812	19,047
Investment income	25,000	57,801	33,457
Fines	6,500	4,396	6,737
Licenses and permits	12,750	6,909	7,536
Proceeds from insurance	-	-	30,459
Gain on disposal of tangible capital assets	30,000	36,121	1,500
Other	86,371	93,786	44,606
	2,492,581	2,487,915	2,311,828
Expenses			
Roads, streets, walks and lighting	671,043	732,716	617,305
Administrative	467,630	563,890	585,420
Parks and recreation	354,554	332,678	331,380
Waste water treatment and disposal	297,439	311,540	306,668
Water supply and distribution	284,472	269,649	252,081
Waste management	202,914	208,758	210,918
Fire and disaster services	134,206	164,382	151,656
Legislative	160,805	158,520	143,018
Community services	123,813	112,426	110,831
Library	63,114	64,376	81,950
Land use, planning and development	72,792	65,573	63,364
By-law enforcement	46,828	48,960	42,679
Family and community supports	43,293	45,092	44,060
Police	49,154	56,137	38,905
Cemetery	19,573	21,742	18,198
Public Health	8,375	-	-
	3,000,005	3,156,439	2,998,433
Deficiency of revenue over expenses before other	(507,424)	(668,524)	(686,605)
Other			
Government transfers for capital (Schedule IV)	369,749	270,719	238,616
Contributed assets	-	-	15,444
Deficiency of revenue over expenses	(137,675)	(397,805)	(432,545)
Accumulated surplus, beginning of year	12,596,737	12,596,737	13,029,282
Accumulated surplus, end of year	12,459,062	12,198,932	12,596,737

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, 2023

	2023 Budget (Note 15)	2023	2022
Excess of revenue over expenses	(137,675)	(397,805)	(432,545)
Acquisition of tangible capital assets	-	(331,790)	(376,460)
Contributed tangible capital assets	-	-	(15,444)
Proceeds on disposal of tangible capital assets	-	50,000	1,500
Amortization of tangible capital assets	580,890	579,416	581,403
Gain on sale of tangible capital assets	-	(36,121)	(1,500)
Change in land held for sale	-	-	373
Change in prepaid assets	-	(22,605)	21,813
Increase (decrease) in net financial assets	443,215	(158,905)	(220,860)
Net financial assets, beginning of year	599,732	599,732	820,592
Net financial assets, end of year	1,042,947	440,827	599,732

The accompanying notes are an integral part of these financial statements

Town of Eckville
Statement of Cash Flows
For the year ended December 31, 2023

	2023	2022
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	(397,805)	(432,545)
Non-cash items:		
Amortization of tangible capital assets	579,416	581,403
Loss (gain) on disposal of tangible capital assets	(36,121)	(1,500)
Decrease (increase) in land held for resale inventory	-	373
Tangible capital assets received as contributions	-	(15,444)
Net change in operating working capital balances:		
Decrease (increase) in taxes and grants in place of taxes	601	(36,009)
Decrease (increase) in trade and other receivables	116,149	82,916
Increase (decrease) in accounts payable and accrued liabilities	14,182	(39,077)
Increase (decrease) in deferred revenue	(23,394)	(36,781)
Decrease (increase) in prepaid expenses	(22,605)	21,813
	230,423	125,149
Capital		
Acquisition of tangible capital assets	(281,790)	(376,460)
Proceeds on disposal of tangible capital assets	-	1,500
	(281,790)	(374,960)
Financing		
Advance of long-term debt	-	275,000
Repayment of long-term debt	(81,590)	(138,887)
	(81,590)	136,113
Decrease in cash	(132,957)	(113,698)
Cash, beginning of year	1,388,601	1,502,299
Cash, end of year (Note 2)	1,255,644	1,388,601

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, 2023

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022
Balance, beginning of year	966,571	1,050,116	10,580,050	12,596,737	13,029,282
Excess of revenue over expenses	(397,805)	-	-	(397,805)	(432,545)
Transfers from restricted funds	28,532	(28,532)	-	-	-
Restricted funds used for tangible capital assets	-	(11,071)	11,071	-	-
Current year funds used for tangible capital assets	(320,719)	-	320,719	-	-
Disposal of capital assets	13,879	-	(13,879)	-	-
Annual amortization expense	579,416	-	(579,416)	-	-
Long-term debt repaid	(81,590)	-	81,590	-	-
Change in accumulated surplus	(178,287)	(39,603)	(179,915)	(397,805)	(432,545)
Balance, end of year	788,284	1,010,513	10,400,135	12,198,932	12,596,737

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, 2023

	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2023	2022
Cost:							
Balance, beginning of year	115,248	4,070,607	13,844,474	2,882,572	223,000	21,135,901	20,762,946
Acquisition of tangible capital assets	-	-	117,158	214,632	-	331,790	391,904
Disposal of tangible capital assets	-	-	-	(55,516)	-	(55,516)	(18,949)
Balance, end of year	115,248	4,070,607	13,961,632	3,041,688	223,000	21,412,175	21,135,901
Accumulated amortization:							
Balance, beginning of year	-	2,613,782	5,305,066	1,501,570	165,266	9,585,684	9,023,230
Annual amortization	-	68,708	334,213	157,645	18,850	579,416	581,403
Accumulated amortization on disposals	-	-	-	(41,637)	-	(41,637)	(18,949)
Balance, end of year	-	2,682,490	5,639,279	1,617,578	184,116	10,123,463	9,585,684
Net book value	115,248	1,388,117	8,322,353	1,424,110	38,884	11,288,712	11,550,217
2022 net book value	115,248	1,456,825	8,539,408	1,381,002	57,734	11,550,217	

During the year, tangible capital assets were acquired at a cost of \$331,790 (2022 - \$391,904), of which there were contributed assets of \$0 (2022 - \$15,444). During the year, an asset with a net book value of \$13,879 was traded in for a value of \$50,000 which was applied to the purchase of a new asset.

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, 2023

	2023 Budget (Note 15)	2023	2022
Taxation			
Real property taxes	1,530,175	1,529,281	1,485,801
Requisitions			
Alberta School Foundation Fund	308,655	308,655	320,377
Seniors Lodge	8,293	8,293	6,870
Designated Industrial Property	172	-	-
	317,120	316,948	327,247
Net municipal taxes	1,213,055	1,212,333	1,158,554

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, 2023

	2023 Budget (Note 15)	2023	2022
Operating			
Provincial Government	151,105	229,190	116,092
Other Local Governments	75,450	73,495	88,084
Federal Government	3,950	3,060	5,870
	230,505	305,745	210,046
Capital			
Provincial Government	369,749	270,719	163,907
Federal Government	-	-	74,709
	369,749	270,719	238,616
Total government transfers	600,254	576,464	448,662

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, 2023

	2023 Budget (Note 15)	2023	2022
Expenses by object			
Salaries, wages and benefits	983,229	1,000,365	927,515
Contracted and general services	813,527	918,618	828,798
Amortization of tangible capital assets	580,890	579,416	581,403
Materials, goods and utilities	277,081	346,951	346,659
Transfers to local boards and agencies	197,517	145,235	172,500
Transfers to other governments	98,724	97,033	95,537
Interest on long-term debt	41,637	57,076	38,644
Bank charges and short-term interest	3,500	4,429	3,307
Provision for allowances	3,900	7,316	4,070
	3,000,005	3,156,439	2,998,433

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, 2023

	General Government	Transportation, Roads, Streets	Legislative Administrative	Environmental Services	Parks & Recreation	Protective Services	Library	Community Support	Land Use & Development	Other	Total	2022
Revenue												
Net municipal taxes	1,212,333	-	-	-	-	-	-	-	-	-	1,212,333	1,158,554
Government transfers	-	231,972	91,609	79,524	67,285	25,605	2,810	68,801	8,858	-	576,484	448,862
User fees and sales of goods	-	-	2,999	503,811	-	27,112	-	2,383	14,000	-	550,305	596,855
Franchise fees	-	-	-	-	-	-	-	-	154,052	-	154,052	161,576
Fines, rentals, insurance, other	-	16,844	3,550	13,259	34,541	48,051	2,735	22,857	-	-	141,837	123,257
Penalties and costs on taxes	22,812	-	-	-	-	-	-	-	-	-	22,812	19,047
Investment income	-	-	-	-	-	-	-	-	-	57,801	57,801	33,457
Licenses and permits	-	-	-	-	-	6,909	-	-	-	-	6,909	7,536
Gain on disposal of tangible capital assets	-	36,121	-	-	-	-	-	-	-	-	36,121	1,500
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	15,444
	1,235,145	284,937	98,158	598,594	101,826	107,677	5,545	94,041	176,910	57,801	2,758,634	2,565,888
Expenses												
Salaries, wages, and benefits	-	235,598	369,652	187,845	158,422	33,836	-	13,141	1,871	-	1,000,365	927,515
Contracted and general services	-	89,983	283,075	241,071	48,911	159,098	11,738	47,584	37,158	-	918,618	828,798
Materials, goods, and utilities	-	135,437	42,825	92,250	11,227	37,781	2,849	24,582	-	-	346,951	346,659
Transfers to local boards and agencies	-	-	-	-	37,187	-	46,082	61,966	-	-	145,235	172,500
Transfers to other governments	-	-	-	75,205	-	21,828	-	-	-	-	97,033	95,537
Interest on long-term debt	-	2,019	-	23,769	4,744	-	-	-	26,544	-	57,076	38,644
Bank charges and short-term interest	-	-	4,429	-	-	-	-	-	-	-	4,429	3,907
Provision for allowances	-	-	7,316	-	-	-	-	-	-	-	7,316	4,070
	-	463,037	707,297	620,140	260,491	252,543	60,669	147,273	65,573	-	2,577,023	2,417,030
Net revenue, before amortization	1,235,145	(176,100)	(609,139)	(23,546)	(158,665)	(144,866)	(55,124)	(53,232)	111,337	57,801	181,611	148,858
Amortization expense	-	(269,679)	(15,111)	(169,807)	(72,187)	(16,938)	(3,707)	(31,987)	-	-	(579,416)	(581,403)
Net revenue	1,235,145	(447,779)	(624,250)	(193,353)	(230,852)	(161,804)	(58,831)	(85,219)	111,337	57,801	(397,805)	(432,545)

The accompanying notes are an integral part of these financial statements

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the Town of Eckville (the "Town") are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada. Significant aspects of these accounting policies are outlined as follows:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity and all organizations that are accountable for the administration of their financial affairs and resources to the Council and are owned or controlled by the Town.

The schedule of taxes levied also includes requisitions for education and other external organizations that are not part of Town of Eckville.

The financial statements exclude trust assets that are administered for the benefit for external parties. Interdepartmental and organizational transactions and balances are eliminated.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Revenue Recognition

Funds from external parties and earnings thereon that are restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired. Rental revenue is recognized over the term of the lease. Revenue on investments and penalties and cost of taxes is recognized when earned. Insurance proceeds are recognized when the amount is known and collection is reasonably assured.

Tax Revenue

The Town recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by bylaw, and the taxable event has occurred. Tax revenue is initially measured at administrations best estimate of the amount resulting from the original taxable event in accordance with legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. Requisitions operate as a flow through and are excluded from municipal revenue.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023

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. 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.

iv) Inventories

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

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Asset Retirement Obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Asset Retirement Obligations (Continued)

At each financial reporting date, the Town reviews the carrying amount of the liability. The Town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

NOTE 2: CASH AND TEMPORARY INVESTMENTS

	2023	2022
Cash - general	695,136	610,728
Temporary investments	560,508	777,873
	1,255,644	1,388,601

Temporary investments include \$560,508 (2022 - \$777,873) of 31 day and 91 day notice savings accounts that earn interest at prime minus 1.55% and minus 1.45% respectively (2022 – prime minus 1.55% and minus 1.45%). The general account earns interest at prime minus 1.9% to minus 1.55% (2022 – prime minus 1.9% to minus 1.55%) and the restricted accounts earn interest at prime minus 1.9% (2022 – prime minus 1.9%).

Included in cash is a restricted amount of \$143,636 (2022 - \$168,563) received from funders and held exclusively for approved projects (Note 4).

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3: RECEIVABLES

	<u>2023</u>	<u>2022</u>
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	79,798	93,305
Arrears taxes	49,345	36,439
	<u>129,143</u>	<u>129,744</u>
Trade and other receivables		
Local improvement levies	124,302	142,060
Trade accounts	182,060	288,962
GST	21,316	12,805
	<u>327,678</u>	<u>443,827</u>
	<u>438,106</u>	<u>573,571</u>

The local improvement levies are receivable over the remaining period of 7 years and collectable through tax levies, in annual amounts of \$17,758.

NOTE 4: DEFERRED REVENUE

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Interest</u>	<u>2023</u>
Canada Community Building Fund	95,230	-	-	4,690	99,920
MSI Operating	63,333	154,242	198,701	2,024	20,898
MSI Capital	-	370,968	358,460	309	12,817
ICIP - Federal	-	-	-	-	-
ICIP - Provincial	-	-	-	-	-
Municipal Sustainability Program	-	-	-	-	-
Other deferred grants	10,000	-	-	-	10,000
Prepaid licenses and other	28,487	11,305	9,771	-	30,021
	<u>197,050</u>	<u>536,515</u>	<u>566,932</u>	<u>7,023</u>	<u>173,656</u>

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5: LONG-TERM DEBT

	2023	2022
Tax-supported debentures	253,962	328,563
Bank loan for capital expenditures	634,615	641,604
	888,577	970,167

The current portion of the long-term debt amounts to \$84,486 (2022 - \$80,504). Principal and interest repayments are as follows:

	Principal	Interest	Total
2024	84,486	54,145	138,631
2025	53,102	50,607	103,709
2026	19,761	49,025	68,786
2027	20,708	48,078	68,786
2028	21,709	47,077	68,786
Remainder	688,811	141,478	830,289
Total	888,577	390,410	1,278,987

Debenture debt in the amount of \$100,754 is repayable in semi-annual blended instalments of \$34,922 to the Alberta Capital Finance Authority and bears interest at a rate of 4% (2022 – 4%) per annum and matures 2025.

Debenture debt in the amount of \$153,208 is repayable in monthly instalments of \$1,291 to Enmax Solar and bears interest at a rate of 3% pre annum and matures in 2035.

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

Bank loan for capital expenditures bears interest at prime plus 0.3% (2022 – 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% (2022 – 7.11%). Principal repayments are required from proceeds received from utility rates.

Interest on long-term debt amounted to \$57,076 (2022 - \$38,644). The Town's total cash payments for interest in 2023 were \$56,517 (2022 - \$37,668).

Prime rate at December 31, 2023 was 7.2% (2022 – 6.45%).

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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:

	2023	2022
Total debt limit	3,731,873	3,490,908
Total long-term debt	888,577	(970,167)
Total amount of debt limit available	2,843,296	2,520,741
Service limit of debt	621,979	581,818
Service on debt	(138,631)	(135,881)
Amount of service on debt limit available	483,348	445,937

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, 2023

NOTE 7: EQUITY IN TANGIBLE CAPITAL ASSETS

	2023	2022
Tangible capital assets (Schedule II)	21,412,175	21,135,901
Accumulated amortization (Schedule II)	(10,123,463)	(9,585,684)
Long-term debt (Note 5)	(888,577)	(970,167)
	10,400,135	10,580,050

NOTE 8: ACCUMULATED SURPLUS

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

	2023	2022
Unrestricted surplus	788,284	966,571
Restricted surplus		
Operating:		
Tax Stabilization Fund	246,994	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	169,438	166,838
Waste Management	85,391	85,391
Water	35,327	35,327
Library	60,000	60,000
Museum	62,270	62,270
Wastewater	14,310	14,310
General Contingency	11,046	14,717
Community Centre	40,000	40,000
Curling Club	50,000	50,000
	573,328	574,399
	1,010,513	1,050,116
Equity in tangible capital assets (Note 7)	10,400,135	10,580,050
	12,198,932	12,596,737

TOWN OF ECKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 2023 \$	Total 2022 \$
Mayor:				
Colleen Ebden	14,726	6,294	21,020	22,041
Councillors:				
Karin Engen	9,350	6,294	15,644	16,833
Dwayne Meyers	7,805	6,294	14,099	12,706
Collin Pacholek	4,454	3,670	8,124	-
Jacqueline Palm-Fraser	10,719	6,294	17,013	16,008
Kevin See	7,319	6,294	13,613	13,404
Delaney Thoreson	6,392	6,294	12,686	15,182
Laurie Phillips	-	-	-	8,255
Chief Administrative Officer	110,922	18,402	129,324	133,294
Designated Officers (Four positions)	19,121	-	19,121	19,121

- (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, 2023

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 291,259 people and about 437 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 12.23% for the excess. Employees of the Town of Eckville are required to make current service contributions of 7.45% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 11.23% thereafter.

Total current and past service contributions by The Town of Eckville to the LAPP in 2023 were \$28,642 (2022 - \$21,404). Total contributions by the employees of The Town of Eckville to the LAPP in 2023 were \$25,459 (2022 - \$19,063).

At December 31, 2022 the plan disclosed an actuarial surplus of \$12.7 billion (2021 – \$11.9 billion surplus).

NOTE 11: CONTINGENCIES

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, 2023

NOTE 12: COMMITMENTS

The Town has a contract with Wild Rose Assessments to perform tax assessments that expires on March 31, 2025. The estimated commitment over the next two years of this contract is as follows:

2024 - \$ 16,279
2025 - \$ 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 three years of this contract is as follows:

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

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

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:

2024 - \$25,278

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

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 seven years of this contract is as follows:

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, 2023

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.

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

NOTE 15: BUDGET

The 2023 Budget for the Town of Eckville was approved by Council on May 8, 2023.

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.