

**VILLAGE OF ACME  
FINANCIAL STATEMENTS  
FOR THE YEAR END DECEMBER 31, 2019**

VILLAGE OF ACME  
FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Council:

#### *Opinion*

We have audited the financial statements of the Village of Acme, which comprise of the statement of financial position as at, December 31, 2019 and the results of its operations and changes in its net financial assets and cash flows for the year then ended, and the 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 Village of Acme as at December 31, 2019, the results of its operations, changes in net financial assets and its cash flows for the year 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 Village of Acme 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 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 the 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 Village'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 cease operations, or has no realistic alternative but to do so.

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

#### *Auditor's Responsibility 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 the 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:

CHARTERED PROFESSIONAL  
ACCOUNTANTS

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Jeff M. Faupel, B. Mgmt, CPA, CA \*  
Monica N. Faupel, B. Mgmt, CPA, CA \*

- 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 controls.
- Obtain an understanding of internal controls 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 Village's internal controls.
- 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 Village'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 the auditor's report. However future events or conditions may cause the Village to cease to continue to be 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

*Report on Other Legal and Regulatory Requirements*

- Debt Limit Regulation: In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Village'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 municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 1.

HANNA, ALBERTA  
MARCH 12, 2020

  
CHARTERED PROFESSIONAL ACCOUNTANTS

**VILLAGE OF ACME**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**

	2019	2018 (Restated)
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 1,377,031	\$ 1,214,604
Receivables		
Taxes and grants in place of taxes (Note 3)	64,609	48,856
Trade and other receivables	102,648	106,576
Receivables from other governments	816,947	841,245
Land inventory held for resale	<u>280,952</u>	<u>283,342</u>
	<u>2,642,187</u>	<u>2,494,623</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	67,659	177,960
Deferred revenue (Note 4)	1,250,739	1,021,144
Long-term debt (Note 5)	<u>36,000</u>	<u>64,000</u>
	<u>1,354,398</u>	<u>1,263,104</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,287,789</u>	<u>1,231,519</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	<u>5,632,115</u>	<u>5,699,366</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 6,919,904</u>	<u>\$ 6,930,885</u>
	<b>CONTINGENCIES (SEE NOTE 12)</b>	

**VILLAGE OF ACME**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget (Unaudited)	2019	2018 (Restated)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 840,222	\$ 840,143	\$ 812,887
User fees and sale of goods	421,850	420,371	426,445
Government transfers for operating (Schedule 3)	60,382	103,268	174,671
Franchise and concession contracts	39,000	40,024	37,596
Penalties and costs on taxes	22,000	16,886	30,480
Other	37,500	3,925	250
Investment income	3,500	11,024	11,519
Licenses and permits	2,900	4,550	3,205
Gain on disposal of tangible capital assets		1,889	1,573
<b>Total Revenue</b>	<u>1,427,354</u>	<u>1,442,080</u>	<u>1,498,626</u>
<b>EXPENSES</b>			
Legislative	44,800	39,401	32,193
Administration	474,202	455,063	411,781
Protective services	87,251	81,587	92,704
Transportation	184,288	365,233	375,503
Water supply and distribution	261,459	312,378	296,809
Wastewater treatment and disposal	56,419	62,585	88,898
Waste management	102,437	91,491	92,003
Public health and welfare	21,976	18,303	13,313
Land use planning, zoning and development	7,532	8,282	7,385
Subdivision land and development	3,500	1,997	3,363
Parks and recreation	109,490	113,620	104,873
Culture	11,000	50,201	47,642
<b>Total Expenses</b>	<u>1,364,354</u>	<u>1,600,141</u>	<u>1,566,467</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	63,000	(158,061)	(67,841)
Government transfers for capital (Schedule 3)		147,080	717,468
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	63,000	(10,981)	649,627
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>6,930,885</u>	<u>6,930,885</u>	<u>6,281,258</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 6,993,885</u>	<u>\$ 6,919,904</u>	<u>\$ 6,930,885</u>

**VILLAGE OF ACME**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget (Unaudited)	2019	2018 (Restated)
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	\$ 63,000	\$ (10,981)	\$ 649,627
Acquisition of tangible capital assets		(289,843)	(970,817)
Proceeds on sale of tangible capital assets		53,090	52,301
Amortization of tangible capital assets		305,893	291,222
(Gain) loss on disposal of tangible capital assets		(1,889)	(35)
		<u>67,251</u>	<u>(627,329)</u>
<b>INCREASE IN NET ASSETS</b>	63,000	56,270	22,298
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>1,231,519</u>	<u>1,231,519</u>	<u>1,209,221</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 1,294,519</u>	<u>\$ 1,287,789</u>	<u>\$ 1,231,519</u>

**VILLAGE OF ACME**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**2019**                      **2018**

**NET INFLOW(OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:**

**OPERATING**

Excess (shortfall) of revenues over expenses	\$ (10,981)	\$ 649,627
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization on tangible capital assets	305,893	291,222
(Gain) loss on disposal of tangible capital assets	<u>(1,889)</u>	<u>(36)</u>
	293,023	940,813
Changes in net financial asset(debt) items:		
Decrease(increase) in taxes and grants in place of taxes receivable	(15,753)	54,471
Decrease(increase) in trade and other receivables	3,928	(36,575)
Decrease(increase) in receivables from other governments	24,298	(9,287)
Decrease(increase) in land inventory held for resale	2,390	(9,744)
Increase(decrease) in accounts payable and accrued liabilities	(110,302)	101,916
Increase(decrease) in deferred revenue	<u>229,595</u>	<u>(499,435)</u>
Cash provided by (applied to) operating transactions	<u>427,179</u>	<u>542,159</u>

**CAPITAL**

Acquisition of tangible capital assets	(289,843)	(970,817)
Proceeds on sale of tangible capital assets	<u>53,091</u>	<u>52,301</u>
Cash provided by (applied to) capital transactions	<u>(236,752)</u>	<u>(918,516)</u>

**FINANCING**

Long term debt repaid	<u>(28,000)</u>	<u>(36,969)</u>
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**CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR**

162,427                      (413,326)

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR**

1,214,604                      1,627,930

**CASH AND CASH EQUIVALENTS, END OF YEAR**

\$ 1,377,031                      \$ 1,214,604



**VILLAGE OF ACME**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2019	2018
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 1,053,450	\$ 361,036	\$ 3,181,050	\$ 6,024,177	\$ 473,323	\$ 171,155	\$ 11,264,191	\$ 10,366,722
Acquisition of tangible capital assets			7,730	193,193	76,021	12,900	289,844	970,817
Disposal of tangible capital assets				(52,968)		(12,315)	(65,283)	(73,348)
Write down of tangible capital assets								
BALANCE, END OF YEAR	<u>1,053,450</u>	<u>361,036</u>	<u>3,188,780</u>	<u>6,164,402</u>	<u>549,344</u>	<u>171,740</u>	<u>11,488,752</u>	<u>11,264,191</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR		166,349	1,291,313	3,742,741	249,727	114,695	5,564,825	5,294,685
Annual amortization		19,554	61,625	193,301	21,457	9,955	305,892	291,222
Accumulated amortization on disposals					(1,765)	(12,315)	(14,080)	(21,082)
BALANCE, END OF YEAR		<u>185,903</u>	<u>1,352,938</u>	<u>3,936,042</u>	<u>269,419</u>	<u>112,335</u>	<u>5,856,637</u>	<u>5,564,825</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 1,053,450</u>	<u>\$ 175,133</u>	<u>\$ 1,835,842</u>	<u>\$ 2,228,360</u>	<u>\$ 279,925</u>	<u>\$ 59,405</u>	<u>\$ 5,632,115</u>	<u>\$ 5,699,366</u>
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,053,450</u>	<u>\$ 194,687</u>	<u>\$ 1,889,737</u>	<u>\$ 2,281,436</u>	<u>\$ 223,596</u>	<u>\$ 56,460</u>	<u>\$ 5,699,366</u>	

**VILLAGE OF ACME**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Schedule 2**

	Budget (Unaudited)	2019	2018
<b>TAXATION</b>			
Residential land and improvement taxes	\$ 986,039	\$ 979,437	\$ 951,895
Non-residential linear property taxes	22,784	22,706	24,160
Government grants in place of property taxes	1,487	1,487	1,724
	<u>1,010,310</u>	<u>1,003,630</u>	<u>977,779</u>
<b>REQUISITIONS</b>			
Alberta School Foundation fund	167,859	161,258	163,754
Seniors requisition	2,229	2,229	1,138
	<u>170,088</u>	<u>163,487</u>	<u>164,892</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 840,222</u>	<u>\$ 840,143</u>	<u>\$ 812,887</u>

**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Schedule 3**

	Budget (Unaudited)	2019	2018
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 58,549	\$ 60,199	\$ 129,589
Federal government	1,833	5,569	7,582
Local governments		37,500	37,500
	<u>60,382</u>	<u>103,268</u>	<u>174,671</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government		147,080	717,468
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 60,382</u>	<u>\$ 250,348</u>	<u>\$ 892,139</u>

**VILLAGE OF ACME**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Schedule 4**

	Budget (Unaudited)	2019	2018
<b>EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 574,936	\$ 494,506	\$ 441,579
Contracted and general services	284,909	275,406	296,119
Materials, goods, supplies and utilities	463,626	482,005	493,876
Provision for allowances		108	
Transfers to local boards and agencies	17,183	13,137	12,819
Transfers to individuals and organizations	20,000	24,850	23,350
Bank charges and short term interest	1,500	2,068	1,604
Amortization of tangible capital assets		305,893	291,222
Interest on capital long term debt	2,200	2,168	4,360
Loss on disposal of tangible capital assets			1,538
	<u>\$ 1,364,354</u>	<u>\$ 1,600,141</u>	<u>\$ 1,566,467</u>

**VILLAGE OF ACME**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 1,003,290	\$ 292,229	\$ 5,635,366	\$ 6,930,885	\$ 6,281,258
Excess (deficiency) of revenues over expenses	(10,981)			(10,981)	649,627
Unrestricted funds designated for future use	(3,275)	3,275			
Current year funds used for tangible capital assets	(289,844)		289,844		
Annual amortization expense	305,893		(305,893)		
Disposal of tangible capital assets	51,202		(51,202)		
Long term debt repaid	(28,000)		28,000		
Change in accumulated surplus	24,995	3,275	(39,251)	(10,981)	649,627
<b>BALANCE, END OF YEAR</b>	<u>\$ 1,028,285</u>	<u>\$ 295,504</u>	<u>\$ 5,596,115</u>	<u>\$ 6,919,904</u>	<u>\$ 6,930,885</u>

VILLAGE OF ACME  
 SCHEDULE OF SEGMENTED DISCLOSURE  
 FOR THE YEAR ENDED DECEMBER 31, 2019  
 Schedule 6

	General Government	Protective Services	Transportation Services	Water / Wastewater	Waste Management	Public Health & Welfare	Development & Planning	Recreation & Culture	Total
<b>REVENUE</b>									
Net municipal taxes	\$ 840,143	\$	\$	\$	\$	\$	\$	\$	\$ 840,143
User fees and sales of goods	7,015	41,950		259,585	82,575	7,535		21,711	420,371
Government transfers	50,199		5,569	157,080				37,500	250,348
Investment Income	11,024								11,024
Penalties	16,655			231					16,886
Franchise fees	40,024								40,024
Licenses and permits	445	4,105							4,550
Gain on disposal			1,889						1,889
Other revenues	400					3,525			3,925
	965,905	46,055	7,458	416,896	82,575	11,060		59,211	1,589,160
<b>EXPENSES</b>									
Salaries & wages	290,258		100,783	35,625	48,253	4,689		14,898	494,506
Contract & general services	159,920	35,222	7,027	26,077	30,841		750	15,569	275,406
Goods & supplies	32,059	34,640	82,101	274,897	12,397	6,655	7,832	31,424	482,005
Provision for allowance	108					6,183			108
Transfers to local boards								6,954	13,137
Transfers to organizations								24,850	24,850
Bank charges and interest	2,068								2,068
Long-term debt interest			471				1,697		2,168
	484,413	69,862	190,382	336,599	91,491	17,527	10,279	93,695	1,294,248
<b>NET REVENUE, BEFORE AMORTIZATION</b>	481,492	(23,807)	(182,924)	80,297	(8,916)	(6,467)	(10,279)	(34,484)	294,912
Amortization expense	10,051	11,725	174,851	38,364		776		70,126	305,893
<b>NET REVENUE</b>	\$ 471,441	\$ (35,532)	\$ (357,775)	\$ 41,933	\$ (8,916)	\$ (7,243)	\$ (10,279)	\$ (104,610)	\$ (10,981)

**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Village of Acme are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village are as follows:

**a) 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. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Village and are, therefore, accountable to the Village Council for the administration of their financial affairs and resources.

**b) 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.

Funds from external parties and earnings thereon 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.

**c) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

Significant financial statement areas requiring the use of management estimates include:

- Employee benefits obligation;
- Useful life of tangible capital assets;
- Accrued liabilities
- Fair value of contributed tangible capital assets

**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**1.. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**d) Cash and Cash Equivalents**

Cash and cash equivalents are comprised of cash on deposits with financial institutions and highly liquid investments.

**e) 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.

**f) 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.

**g) Inventories for Resale**

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

**h) Net Municipal Taxes**

Property tax revenue is based on market value assessments determined in accordance with the Municipal Government Act (MGA) and tax rates established by Council. Taxation revenues are recorded at the time the tax billings are issued. Assessments may change due to appeal or as a result of adjustments made by assessors to correct errors or omissions. Gain or losses on assessment changes or appeals are recorded as adjustments to tax revenue and receivables when a written decision is received from the authorized board or a change is generated by the authorized assessor.

**i) 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.

**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**1.. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**j) 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 (Debt) 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:

	<b>YEARS</b>
Land improvements	
Buildings	20-50
Engineering structures	
Road system	20-100
Water system	45-75
Wastewater system	45-75
Machinery, equipment and furnishings	10-40
Vehicles	5-15

One-half of the annual amortization is charged in the year of acquisition and in 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 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.

**iv. Inventories**

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

**v. Cultural and Historical Tangible Capital Assets**

Works of art for display are not recorded as tangible capital assets but are disclosed.

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**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2019</u>	<u>2018</u>
Cash	\$ 1,375,431	\$ 690,612
Temporary investments	<u>1,600</u>	<u>523,992</u>
	<u>\$ 1,377,031</u>	<u>\$ 1,214,604</u>

Temporary investments are comprised of a guaranteed investment certificate that bears interest at 2.25% and matures November 20, 2020.

Included in temporary investments is a restricted amount of \$460,679 (2018 - \$235,332) received from the Alberta Government and other sources for various grant initiatives and held exclusively for certain capital projects and operating costs (Note 4).

The Village is approved for a bank overdraft up to \$200,000 bearing interest at bank prime rate.

**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	<u>2019</u>	<u>2018</u>
Current taxes and grants in place of taxes	\$ 57,271	\$ 40,219
Arrears taxes	<u>7,338</u>	<u>8,637</u>
	<u>\$ 64,609</u>	<u>\$ 48,856</u>

**VILLAGE OF ACME**  
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**4. DEFERRED REVENUE**

	<b>2019</b>	<b>2018</b>
Alberta Municipal Sustainability Initiative - Capital	\$ 1,059,975	\$ 864,483
Federal Gas Tax Fund	124,992	24,019
Kneehill County	52,997	114,557
Municipal Asset Management Program	5,462	15,462
Golf Course Donations	2,950	
Sports Day Activities	2,723	983
Acme Firefighters Association	1,640	1,640
	<b>\$ 1,250,739</b>	<b>\$ 1,021,144</b>

**Alberta Municipal Sustainability Initiative (MSI Capital)**

The MSI is the Province of Alberta's commitment to assist municipalities in meeting growth-related challenges and enhancing long term sustainability. It includes incentives to encourage collaboration and cooperation between municipalities. The balance at December 31, 2019 represents the unspent portion of the funding received or receivable to date plus interest earned.

**Federal Gas Tax Fund**

The Federal Gas Tax Fund provides long term funding to municipalities to help build and revitalize local public infrastructure. The balance at December 31, 2019 represents the unspent portion of the funding receivable at year end.

**Golf Course Donations**

The Village has received a donation for the purpose of a future construction golf course project. The funds will be released upon receipt of required documentation on the expenses incurred.

**Municipal Asset Management Program**

The municipal asset management program funding received for the year was for the purpose of assisting with the costs associated with approved infrastructure condition assessments and project management.

**Kneehill County**

The County has approved funding to the Village for the purpose of an approved capital project.

**Sports Day Activities**

The balance represents the unspent portion of the funding received to be carried forward to be utilized in future years for sports day activities

**Acme Firefighters Association**

The Association provided funding to the Village for the purpose of acquiring playground equipment. The balance represents the unspent portion of the funding received.

**VILLAGE OF ACME**  
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**5. LONG TERM DEBT**

	<b>2019</b>	<b>2018</b>
Tax supported debentures	\$ <u>36,000</u>	\$ <u>64,000</u>

The current portion of the long-term debt amounts to \$12,000 (2018 - \$30,369)

Principal and interest repayments are as follows:

	Principal	Interest	Total
2020	\$ 12,000	\$ 1,422	\$ 13,422
2021	12,000	948	12,948
2022	12,000	474	12,474
	<u>\$ 36,000</u>	<u>\$ 2,844</u>	<u>\$ 38,844</u>

Bank loans are repayable annually on August 31 and September 30. Annual principal payments are \$12,000. Interest rate is at bank prime and is paid monthly.

Interest on long term debt amounts to \$2,168 (2018 - \$4,360).

The Village's total cash payments for interest in 2019 were \$4,236 (2018 - \$5,963)

**6. DEBT LIMITS**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Acme be disclosed as follows:

	<b>2019</b>	<b>2018</b>
Total debt limit	\$ 2,163,120	\$ 2,247,939
Total debt	36,000	64,000
Amount of debit limit unused	<u>\$ 2,127,120</u>	<u>\$ 2,183,939</u>
Debt servicing limit	\$ 360,520	\$ 374,657
Debt servicing	13,422	30,369
Amount of debt servicing limit unused	<u>\$ 347,098</u>	<u>\$ 344,288</u>

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 acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
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**7. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2019</b>	<b>2018</b>
Tangible capital assets	\$ 11,488,752	\$ 11,264,191
Accumulated amortization	(5,856,637)	(5,564,825)
Long-term debt - capital (Note 5)	(36,000)	(64,000)
	<b>\$ 5,596,115</b>	<b>\$ 5,635,366</b>

**8. ACCUMULATED SURPLUS**

	<b>2019</b>	<b>2018</b>
		<b>(Restated)</b>
Unrestricted surplus	\$ 1,028,285	\$ 1,003,290
Restricted surplus:		
Fire	92,802	92,802
Administration	1,047	1,047
Cemetery	3,275	
General contingency	198,380	198,380
Equity in tangible capital assets	5,596,115	5,635,366
	<b>\$ 6,919,904</b>	<b>\$ 6,930,885</b>

**9. SEGMENTED DISCLOSURE**

The Village of Acme provides a range of services to its ratepayers. For each reported segment, revenues and expenses represents both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with the followed in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure (Schedule 6)

**VILLAGE OF ACME**  
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**10. SALARY AND BENEFITS**

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2019			2018
	Salary	Benefits & allowances	Total	Total
Councillors:				
Mayor McLeod	\$ 6,600	\$	\$ 6,600	\$ 6,000
Councillor Daubert	5,742		5,742	5,220
Councillor Kuiken	5,940		5,940	5,400
Councillor Bates	5,742		5,742	5,220
Councillor Jackson	5,742		5,742	5,220
Chief Administrative Officers (3)	101,688	5,883	107,571	73,957
Designated Officer (1 Position)	10,842		10,842	10,738

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

3. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

**11. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP 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 Village is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount.

Total current service contributions by the Village to the LAPP in 2019 were \$26,921 (2018 - \$20,313). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2019 were \$24,218 (2018 - \$18,428).

At December 31, 2018, the LAPP disclosed an actuarial surplus of \$3.47 billion. The amount is not specifically allocated to the participating government organizations. The 2019 actuarial balance was not available at the date these financial statements were released.

**VILLAGE OF ACME**  
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**12. CONTINGENCIES**

During the year it was determined that throughout the Village there are disused underground storage tanks contained on Village owned land. The Village plans on removing these tanks and ensuring remediation of the site areas. The cost of this remediation and removal is not known at this time.

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**13. FINANCIAL INSTRUMENTS**

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

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village 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.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

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**14. PRIOR PERIOD ADJUSTMENTS**

The Village has restated the prior year financial statements to record a change in deferred revenue as a result of the 2016 receipt of the MSI operating grant that was carrying forward to the 2019 year. As a result, the deferred revenue has decreased by \$43,889 and accumulated has decreased by \$43,889.

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**15. BUDGET AMOUNTS**

The 2019 budget for the Village was approved by council and has been reported in the financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

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**16. APPROVAL OF FINANCIAL STATEMENTS**

Council and management have approved these financial statements.

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