

**VILLAGE OF ACME
FINANCIAL STATEMENTS
FOR THE YEAR END DECEMBER 31, 2017**

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FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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**CHARTERED PROFESSIONAL
ACCOUNTANTS**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Village of Acme, which comprise the statement of financial position as at December 31, 2017 and the statement of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Village of Acme as at December 31, 2017, 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.

**HANNA, ALBERTA
MARCH 21, 2018**


CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE OF ACME
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	2017	2016 (Restated)
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 1,627,930	\$ 1,352,358
Receivables		
Taxes and grants in place of taxes (Note 3)	103,327	135,983
Trade and other receivables	70,001	57,648
Receivables from other governments	875,847	655,675
Land inventory held for resale	<u>273,598</u>	<u>268,601</u>
	<u>2,950,703</u>	<u>2,470,265</u>
LIABILITIES		
Accounts payable and accrued liabilities	76,045	81,719
Deferred revenue (Note 4)	1,520,579	1,295,573
Long-term debt (Note 5)	<u>100,969</u>	<u>145,974</u>
	<u>1,697,593</u>	<u>1,523,266</u>
NET FINANCIAL ASSETS	<u>1,253,110</u>	<u>946,999</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	<u>5,072,037</u>	<u>5,161,021</u>
ACCUMULATED SURPLUS	<u>\$ 6,325,147</u>	<u>\$ 6,108,020</u>

VILLAGE OF ACME
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016 (Restated)
REVENUE			
Net municipal taxes (Schedule 2)	\$ 801,512	\$ 800,780	\$ 798,805
User fees and sale of goods	480,775	430,365	425,380
Government transfers for operating (Schedule 3)	44,802	121,693	215,093
Franchise and concession contracts	44,000	36,472	46,147
Penalties and costs on taxes	30,000	32,779	37,104
Other		7,638	5,992
Investment income	340	2,822	988
Licenses and permits	3,200	4,610	4,083
Gain on disposal of tangible capital assets			6,450
Total Revenue	<u>1,404,629</u>	<u>1,437,159</u>	<u>1,540,042</u>
EXPENSES			
Legislative	34,660	34,855	28,617
Administration	392,250	345,738	367,112
Protective services	112,900	102,949	136,369
Transportation	199,067	329,144	350,769
Water supply and distribution	352,050	270,520	317,644
Wastewater treatment and disposal	25,250	42,387	26,804
Waste management	92,185	92,390	84,491
Public health and welfare	16,100	20,628	17,398
Land use planning, zoning and development	7,500	7,240	7,098
Subdivision land and development	6,500	4,582	7,071
Parks and recreation	74,900	107,180	99,274
Culture	6,817	47,564	47,501
Total Expenses	<u>1,320,179</u>	<u>1,405,177</u>	<u>1,490,148</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	84,450	31,982	49,894
Government transfers for capital (Schedule 3)		185,145	245,756
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	84,450	217,127	295,650
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>6,108,020</u>	<u>6,108,020</u>	<u>5,812,370</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 6,192,470</u>	<u>\$ 6,325,147</u>	<u>\$ 6,108,020</u>

VILLAGE OF ACME
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016 (Restated)
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ <u>84,450</u>	\$ <u>217,127</u>	\$ <u>295,650</u>
Acquisition of tangible capital assets		(249,001)	(258,757)
Proceeds on sale of tangible capital assets		50,222	46,900
Amortization of tangible capital assets		286,630	293,413
(Gain) loss on disposal of tangible capital assets		<u>1,133</u>	<u>(6,450)</u>
		<u>88,984</u>	<u>75,106</u>
INCREASE IN NET ASSETS	84,450	306,111	370,756
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>946,999</u>	<u>946,999</u>	<u>576,243</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 1,031,449</u>	<u>\$ 1,253,110</u>	<u>\$ 946,999</u>

VILLAGE OF ACME
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016 (Restated)
NET INFLOW(OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ 217,127	\$ 295,650
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization on tangible capital assets	286,630	293,413
(Gain) loss on disposal of tangible capital assets	<u>1,133</u>	<u>(6,450)</u>
	504,890	582,613
Changes in net financial asset(debt) items:		
Decrease(increase) in taxes and grants in place of taxes receivable	32,656	(37,339)
Decrease(increase) in trade and other receivables	(12,353)	11,006
Decrease(increase) in receivables from other governments	(220,172)	(142,088)
Decrease(increase) in land inventory held for resale	(4,997)	(111,817)
Increase(decrease) in accounts payable and accrued liabilities	(5,674)	16,959
Increase(decrease) in deferred revenue	<u>225,006</u>	<u>50,878</u>
Cash provided by (applied to) operating transactions	<u>519,356</u>	<u>370,212</u>
CAPITAL		
Acquisition of tangible capital assets	(249,001)	(258,757)
Proceeds on sale of tangible capital assets	<u>50,222</u>	<u>46,900</u>
Cash provided by (applied to) capital transactions	<u>(198,779)</u>	<u>(211,857)</u>
FINANCING		
Long term debt repaid	<u>(45,005)</u>	<u>(44,473)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	275,572	113,882
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,352,358</u>	<u>1,238,476</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,627,930</u>	<u>\$ 1,352,358</u>

VILLAGE OF ACME
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule 1

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2017	2016
COST:								
BALANCE, BEGINNING OF YEAR	\$ 1,053,450	\$ 331,036	\$ 3,174,635	\$ 5,035,579	\$ 410,485	\$ 166,655	\$ 10,171,840	\$ 9,954,927
Acquisition of tangible capital assets				166,707	82,294		249,001	258,757
Disposal of tangible capital assets					(54,119)		(54,119)	(41,844)
BALANCE, END OF YEAR	<u>1,053,450</u>	<u>331,036</u>	<u>3,174,635</u>	<u>5,202,286</u>	<u>438,660</u>	<u>166,655</u>	<u>10,366,722</u>	<u>10,171,840</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR		128,141	1,167,860	3,386,571	227,564	100,683	5,010,819	4,718,801
Annual amortization		18,954	61,969	175,395	19,205	11,107	286,630	293,413
Accumulated amortization on disposals					(2,764)		(2,764)	(1,395)
BALANCE, END OF YEAR		<u>147,095</u>	<u>1,229,829</u>	<u>3,561,966</u>	<u>244,005</u>	<u>111,790</u>	<u>5,294,685</u>	<u>5,010,819</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,053,450</u>	<u>\$ 183,941</u>	<u>\$ 1,944,806</u>	<u>\$ 1,640,320</u>	<u>\$ 194,655</u>	<u>\$ 54,865</u>	<u>\$ 5,072,037</u>	<u>\$ 5,161,021</u>
2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,053,450</u>	<u>\$ 202,895</u>	<u>\$ 2,006,775</u>	<u>\$ 1,649,008</u>	<u>\$ 182,921</u>	<u>\$ 65,972</u>	<u>\$ 5,161,021</u>	

VILLAGE OF ACME
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2017
Schedule 2

	Budget (Unaudited)	2017	2016
TAXATION			
Residential land and improvement taxes	\$ 954,472	\$ 937,216	\$ 925,312
Non-residential linear property taxes		23,351	24,816
Government grants in place of property taxes		1,693	1,586
	<u>954,472</u>	<u>962,260</u>	<u>951,714</u>
REQUISITIONS			
Alberta School Foundation fund	151,960	160,415	151,960
Seniors requisition	1,000	1,065	949
	<u>152,960</u>	<u>161,480</u>	<u>152,909</u>
NET MUNICIPAL TAXES	<u>\$ 801,512</u>	<u>\$ 800,780</u>	<u>\$ 798,805</u>

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2017
Schedule 3

	Budget (Unaudited)	2017	2016 (Restated)
TRANSFERS FOR OPERATING			
Provincial government	\$ 44,802	\$ 121,693	\$ 215,093
TRANSFERS FOR CAPITAL			
Provincial government		185,145	245,756
TOTAL GOVERNMENT TRANSFERS	<u>\$ 44,802</u>	<u>\$ 306,838</u>	<u>\$ 460,849</u>

VILLAGE OF ACME
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule 4

	Budget (Unaudited)	2017	2016
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 471,260	\$ 422,985	\$ 399,710
Contracted and general services	271,055	241,131	303,739
Materials, goods, supplies and utilities	533,097	408,262	454,499
Transfers to local boards and agencies	13,317	12,740	12,677
Transfers to individuals and organizations	15,000	24,000	15,000
Bank charges and short term interest	2,450	875	950
Amortization of tangible capital assets		286,630	293,413
Interest on capital long term debt	9,500	3,671	4,796
Loss on disposal of tangible capital assets		1,133	
Other expenses	4,500	3,750	5,364
	<u>\$ 1,320,179</u>	<u>\$ 1,405,177</u>	<u>\$ 1,490,148</u>

VILLAGE OF ACME
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017	2016 (Restated)
BALANCE, BEGINNING OF YEAR	\$ 776,719	\$ 297,280	\$ 5,034,021	\$ 6,108,020	\$ 5,812,370
Excess (deficiency) of revenues over expenses	217,127			217,127	295,650
Unrestricted funds designated for future use	(1,600)	1,600			
Current year funds used for tangible capital assets	(249,001)		249,001		
Annual amortization expense	286,630		(286,630)		
Disposal of tangible capital assets	51,355		(51,355)		
Long term debt repaid	(35,000)		35,000		
Change in accumulated surplus	269,511	1,600	(53,984)	217,127	295,650
BALANCE, END OF YEAR	\$ 1,046,230	\$ 298,880	\$ 4,980,037	\$ 6,325,147	\$ 6,108,020

VILLAGE OF ACME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated 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 consolidated 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, 2017

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, 2017

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 consolidated 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:

	<u>YEARS</u>
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.

VILLAGE OF ACME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. CASH AND TEMPORARY INVESTMENTS

	<u>2017</u>	<u>2016</u>
Cash	\$ 1,109,992	\$ 444,531
Temporary investments	<u>517,938</u>	<u>907,827</u>
	<u>\$ 1,627,930</u>	<u>\$ 1,352,358</u>

Temporary investments are comprised of term deposits and guaranteed investment certificates that bear interest at rates between 0.90% and 1.50% and mature between July 20, 2018 and November 20, 2020.

Included in temporary investments is a restricted amount of \$722,295 (2016 - \$721,539) received from the Alberta Government and other sources for various grant initiatives and held exclusively for certain capital projects and operating costs (Note 5).

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>2017</u>	<u>2016</u>
Current taxes and grants in place of taxes	\$ 77,508	\$ 100,789
Arrears taxes	<u>25,819</u>	<u>35,194</u>
	<u>\$ 103,327</u>	<u>\$ 135,983</u>

VILLAGE OF ACME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

4. DEFERRED REVENUE

	2017	2016
Alberta Municipal Sustainability Initiative - Capital	\$ 1,330,949	\$ 1,203,789
Kneehill County	114,557	38,541
Alberta Municipal Sustainability Initiative - Operating	42,802	
Federal Gas Tax Fund	28,467	50,000
Sports Day Activities	2,164	1,603
Acme Firefighters Association	1,640	1,640
	\$ 1,520,579	\$ 1,295,573

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, 2017 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, 2017 represents the unspent portion of the funding receivable at year end.

Alberta Municipal Sustainability Initiative (MSI Operating)

The MSI is the Province of Alberta's ten year funding 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, 2017 represents the unspent portion of the funding receivable at year end.

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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

5. LONG TERM DEBT

	2017	2016
Tax supported debentures	\$ 92,000	\$ 127,000
Self supported loans - operating	8,969	18,974
	\$ 100,969	\$ 145,974

The current portion of the long-term debt amounts to \$39,969 (2016 - \$44,473)

Principal and interest repayments are as follows:

	Principal		Interest		Total
2018	\$ 36,969	\$	2,988	\$	39,957
2019	28,000		1,728		29,728
2020	12,000		972		12,972
2021	12,000		648		12,648
2022	12,000		324		12,324
	\$ 100,969	\$	6,660	\$	107,629

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at a rate of 5.625% per annum, before provincial subsidy, and matures August 4, 2018. The average annual interest rate is 4.10% for 2017 (4.10% for 2016). Debenture debt is issued on the credit and security of the Village of Acme at large.

Bank loans are repayable annually on August 31 and September 30. Annual principal payments are \$28,000. Interest rate is at bank prime and is paid monthly.

Interest on long term debt amounts to \$3,671 (2016 - \$4,796).

The Village's total cash payments for interest in 2017 were \$4,846 (2016 - \$5,746)

VILLAGE OF ACME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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:

	<u>2017</u>	<u>2016</u>
Total debt limit	\$ 2,155,739	\$ 2,310,063
Total debt	<u>100,969</u>	<u>145,974</u>
Amount of debit limit unused	<u>\$ 2,054,770</u>	<u>\$ 2,164,089</u>
Debt servicing limit	\$ 359,290	\$ 385,011
Debt servicing	<u>39,957</u>	<u>50,258</u>
Amount of debt servicing limit unused	<u>\$ 319,333</u>	<u>\$ 334,753</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.

7. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
Tangible capital assets	\$ 10,366,722	\$ 10,171,840
Accumulated amortization	(5,294,685)	(5,010,819)
Long-term debt - capital (Note 5)	<u>(92,000)</u>	<u>(127,000)</u>
	<u>\$ 4,980,037</u>	<u>\$ 5,034,021</u>

8. ACCUMULATED SURPLUS

	<u>2017</u>	<u>2016</u>
Unrestricted surplus	\$ 1,046,230	\$ 776,719
Restricted surplus:		
Fire	92,802	92,802
Administration	1,047	1,047
Cemetery	6,651	5,051
General contingency	198,380	198,380
Equity in tangible capital assets	<u>4,980,037</u>	<u>5,034,021</u>
	<u>\$ 6,325,147</u>	<u>\$ 6,108,020</u>

VILLAGE OF ACME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

9. 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:

	2017			2016
	<u>Salary</u>	<u>Benefits & allowances</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Mayor McLeod	\$ 5,400	\$	\$ 5,400	\$ 5,400
Councillor Daubert	4,620		4,620	4,620
Councillor Gilmore	1,639		1,639	4,620
Councillor Kuiken	4,800		4,800	4,800
Councillor Bates	4,620		4,620	4,620
Councillor Jackson	963		963	
Chief Administrative Officer	79,409	6,627	86,036	35,909

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.

10. 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.

VILLAGE OF ACME
NOTES TO FINANCIAL STATEMENTS
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11. PRIOR PERIOD ADJUSTMENTS

The Village has restated the prior year financial statements to record a change in the Alberta Municipal Sustainability Initiative (MSI) - Capital balance carrying forward. As a result of this change, MSI capital deferred revenue has increased by \$9,107 and overall accumulated surplus has decreased by \$9,107.

12. BUDGET AMOUNTS

The 2017 budget for the Village was approved by council and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

13. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.
