

**VILLAGE OF ACME  
FINANCIAL STATEMENTS  
FOR THE YEAR END DECEMBER 31, 2018**

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FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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CHARTERED PROFESSIONAL  
ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Council:

#### *Opinion*

We have audited the consolidated financial statements of the Village of Acme, which comprise of the statement of financial position as at, December 31, 2018 and the results of its operations and changes in 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 consolidated financial statements present fairly, in all material respects, the financial position of the Village of Acme as at December 31, 2018, 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 Consolidated 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 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 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 Consolidated 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:





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- 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 13, 2019

  
CHARTERED PROFESSIONAL ACCOUNTANTS

**VILLAGE OF ACME**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 1,214,604	\$ 1,627,930
Receivables		
Taxes and grants in place of taxes (Note 3)	48,856	103,327
Trade and other receivables	106,576	70,001
Receivables from other governments	885,134	875,847
Land inventory held for resale	<u>283,342</u>	<u>273,598</u>
	<u>2,538,512</u>	<u>2,950,703</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	177,960	76,045
Deferred revenue (Note 4)	1,021,144	1,520,579
Long-term debt (Note 5)	<u>64,000</u>	<u>100,969</u>
	<u>1,263,104</u>	<u>1,697,593</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,275,408</u>	<u>1,253,110</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	<u>5,699,366</u>	<u>5,072,037</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 6,974,774</u>	<u>\$ 6,325,147</u>

**VILLAGE OF ACME**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget (Unaudited)	2018	2017
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 816,746	\$ 812,887	\$ 800,780
User fees and sale of goods	414,011	426,445	430,365
Government transfers for operating (Schedule 3)	54,249	174,671	121,693
Franchise and concession contracts	40,000	37,596	36,472
Penalties and costs on taxes	32,000	30,480	32,779
Other	35,000	250	7,638
Investment income	3,640	11,519	2,822
Licenses and permits	4,210	3,205	4,610
Gain on disposal of tangible capital assets		1,573	
<b>Total Revenue</b>	<u>1,399,856</u>	<u>1,498,626</u>	<u>1,437,159</u>
<b>EXPENSES</b>			
Legislative	40,025	32,193	34,855
Administration	353,944	411,781	345,738
Protective services	104,275	92,704	102,949
Transportation	242,700	375,503	329,144
Water supply and distribution	290,791	296,809	270,520
Wastewater treatment and disposal	41,013	88,898	42,387
Waste management	111,491	92,003	92,390
Public health and welfare	21,673	13,313	20,628
Land use planning, zoning and development	7,385	7,385	7,240
Subdivision land and development	3,020	3,363	4,582
Parks and recreation	86,273	104,873	107,180
Culture	6,817	47,642	47,564
<b>Total Expenses</b>	<u>1,309,407</u>	<u>1,566,467</u>	<u>1,405,177</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	90,449	(67,841)	31,982
Government transfers for capital (Schedule 3)		<u>717,468</u>	<u>185,145</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	90,449	649,627	217,127
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>6,325,147</u>	<u>6,325,147</u>	<u>6,108,020</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 6,415,596</u>	<u>\$ 6,974,774</u>	<u>\$ 6,325,147</u>

**VILLAGE OF ACME**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget (Unaudited)	2018	2017
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	\$ 90,449	\$ 649,627	\$ 217,127
Acquisition of tangible capital assets		(970,817)	(249,001)
Proceeds on sale of tangible capital assets		52,301	50,222
Amortization of tangible capital assets		291,222	286,630
(Gain) loss on disposal of tangible capital assets		(35)	1,133
		<u>(627,329)</u>	<u>88,984</u>
<b>INCREASE IN NET ASSETS</b>	90,449	22,298	306,111
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>1,253,110</u>	<u>1,253,110</u>	<u>946,999</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 1,343,559</u>	<u>\$ 1,275,408</u>	<u>\$ 1,253,110</u>

**VILLAGE OF ACME**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**2018**

**2017**

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

**OPERATING**

Excess (shortfall) of revenues over expenses	\$ 649,627	\$ 217,127
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization on tangible capital assets	291,222	286,630
(Gain) loss on disposal of tangible capital assets	(36)	1,133
	940,813	504,890
Changes in net financial asset(debt) items:		
Decrease(increase) in taxes and grants in place of taxes receivable	54,471	32,656
Decrease(increase) in trade and other receivables	(36,575)	(12,353)
Decrease(increase) in receivables from other governments	(9,287)	(220,172)
Decrease(increase) in land inventory held for resale	(9,744)	(4,997)
Increase(decrease) in accounts payable and accrued liabilities	101,916	(5,674)
Increase(decrease) in deferred revenue	(499,435)	225,006
	542,159	519,356

**CAPITAL**

Acquisition of tangible capital assets	(970,817)	(249,001)
Proceeds on sale of tangible capital assets	52,301	50,222
	(918,516)	(198,779)

**FINANCING**

Long term debt repaid	(36,969)	(45,005)
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**CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR**

(413,326) 275,572

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

1,627,930 1,352,358

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

\$ 1,214,604 \$ 1,627,930



**VILLAGE OF ACME**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Schedule 1**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2018	2017
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 1,053,450	\$ 331,036	\$ 3,174,635	\$ 5,202,286	\$ 438,660	\$ 166,655	\$ 10,366,722	\$ 10,171,840
Acquisition of tangible capital assets		30,000	6,415	821,891	101,011	11,500	970,817	249,001
Disposal of tangible capital assets					(66,348)	(7,000)	(73,348)	(54,119)
BALANCE, END OF YEAR	<u>1,053,450</u>	<u>361,036</u>	<u>3,181,050</u>	<u>6,024,177</u>	<u>473,323</u>	<u>171,155</u>	<u>11,264,191</u>	<u>10,366,722</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR		147,095	1,229,829	3,561,966	244,005	111,790	5,294,685	5,010,819
Annual amortization		19,254	61,484	180,775	20,154	9,555	291,222	286,630
Accumulated amortization on disposals					(14,432)	(6,650)	(21,082)	(2,764)
BALANCE, END OF YEAR		<u>166,349</u>	<u>1,291,313</u>	<u>3,742,741</u>	<u>249,727</u>	<u>114,695</u>	<u>5,564,825</u>	<u>5,294,685</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<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>	<u>\$ 5,072,037</u>
2017 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>	

**VILLAGE OF ACME**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**Schedule 2**

	Budget (Unaudited)	2018	2017
<b>TAXATION</b>			
Residential land and improvement taxes	\$ 978,299	\$ 951,895	\$ 937,216
Non-residential linear property taxes		24,160	23,351
Government grants in place of property taxes		1,724	1,693
	<u>978,299</u>	<u>977,779</u>	<u>962,260</u>
<b>REQUISITIONS</b>			
Alberta School Foundation fund	160,415	163,754	160,415
Seniors requisition	1,138	1,138	1,065
	<u>161,553</u>	<u>164,892</u>	<u>161,480</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 816,746</u>	<u>\$ 812,887</u>	<u>\$ 800,780</u>

**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**Schedule 3**

	Budget (Unaudited)	2018	2017
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 54,249	\$ 129,589	\$ 121,693
Federal government		7,582	
Local governments		37,500	
	<u>54,249</u>	<u>174,671</u>	<u>121,693</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government		717,468	185,145
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 54,249</u>	<u>\$ 892,139</u>	<u>\$ 306,838</u>

**VILLAGE OF ACME**  
**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Schedule 4**

	Budget (Unaudited)	2018	2017
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 481,391	\$ 441,579	\$ 422,985
Contracted and general services	265,093	296,119	241,131
Materials, goods, supplies and utilities	522,753	493,876	408,262
Transfers to local boards and agencies	12,740	12,819	12,740
Transfers to individuals and organizations	20,000	23,350	24,000
Bank charges and short term interest	1,150	1,604	875
Amortization of tangible capital assets		291,222	286,630
Interest on capital long term debt	2,200	4,360	3,671
Loss on disposal of tangible capital assets		1,538	1,133
Other expenses	4,080		3,750
	<u>\$ 1,309,407</u>	<u>\$ 1,566,467</u>	<u>\$ 1,405,177</u>

**VILLAGE OF ACME**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Schedule 5**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018	2017
<b>BALANCE, BEGINNING OF YEAR</b>	\$ <u>1,046,230</u>	\$ <u>298,880</u>	\$ <u>4,980,037</u>	\$ <u>6,325,147</u>	\$ <u>6,108,020</u>
Excess (deficiency) of revenues over expenses	649,627			649,627	217,127
Restricted funds used for tangible capital assets	6,651	(6,651)			
Current year funds used for tangible capital assets	(970,817)		970,817		
Annual amortization expense	291,222		(291,222)		
Disposal of tangible capital assets	52,266		(52,266)		
Long term debt repaid	(28,000)		28,000		
Change in accumulated surplus	<u>949</u>	<u>(6,651)</u>	<u>655,329</u>	<u>649,627</u>	<u>217,127</u>
<b>BALANCE, END OF YEAR</b>	\$ <u><u>1,047,179</u></u>	\$ <u><u>292,229</u></u>	\$ <u><u>5,635,366</u></u>	\$ <u><u>6,974,774</u></u>	\$ <u><u>6,325,147</u></u>



**VILLAGE OF ACME**  
**SCHEDULE OF SEGMENTED DISCLOSURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**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	\$ 812,887								\$ 812,887
User fees and sales of goods	7,855	42,150	662	261,383	82,586	5,999		25,810	426,445
Government transfers	95,051		277,183	482,405				37,500	892,139
Investment Income	11,519								11,519
Penalties	26,846			3,634					30,480
Franchise fees	37,596								37,596
Licenses and permits	130	3,075							3,205
Gain on disposal			1,573						1,573
Other revenues						250			250
	<u>991,884</u>	<u>45,225</u>	<u>279,418</u>	<u>747,422</u>	<u>82,586</u>	<u>6,249</u>		<u>63,310</u>	<u>2,216,094</u>
<b>EXPENSES</b>									
Salaries & wages	230,919		90,929	45,667	49,975	5,545		18,544	441,579
Contract & general services	166,843	49,903	6,593	22,061	30,312			20,407	296,119
Goods & supplies	34,196	31,140	109,136	285,743	11,716	1,369	7,384	13,192	493,876
Transfers to local boards						5,923		6,896	12,819
Transfers to organizations								23,350	23,350
Bank charges and interest	1,604								1,604
Loss on sale of TCA			1,538						1,538
Long-term debt interest			996				3,364		4,360
	<u>433,562</u>	<u>81,043</u>	<u>209,192</u>	<u>353,471</u>	<u>92,003</u>	<u>12,837</u>	<u>10,748</u>	<u>82,389</u>	<u>1,275,245</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>558,322</u>	<u>(35,818)</u>	<u>70,226</u>	<u>393,951</u>	<u>(9,417)</u>	<u>(6,588)</u>	<u>(10,748)</u>	<u>(19,079)</u>	<u>940,849</u>
Amortization expense	<u>10,412</u>	<u>11,661</u>	<u>166,311</u>	<u>32,236</u>		<u>476</u>		<u>70,126</u>	<u>291,222</u>
<b>NET REVENUE</b>	<u>\$ 547,910</u>	<u>\$ (47,479)</u>	<u>\$ (96,085)</u>	<u>\$ 361,715</u>	<u>\$ (9,417)</u>	<u>\$ (7,064)</u>	<u>\$ (10,748)</u>	<u>\$ (89,205)</u>	<u>\$ 649,627</u>

**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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**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, 2018**

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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, 2018**

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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 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:

	<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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**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2018</u>	<u>2017</u>
Cash	\$ 690,612	\$ 1,109,992
Temporary investments	<u>523,992</u>	<u>517,938</u>
	<u>\$ 1,214,604</u>	<u>\$ 1,627,930</u>

Temporary investments are comprised of guaranteed investment certificates that bear interest at rates between 1.20% and 1.75% and mature between July 20, 2020 and September 18, 2022.

Included in temporary investments is a restricted amount of \$235,332 (2017 - \$722,295) 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.

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

	<u>2018</u>	<u>2017</u>
Current taxes and grants in place of taxes	\$ 40,219	\$ 77,508
Arrears taxes	<u>8,637</u>	<u>25,819</u>
	<u>\$ 48,856</u>	<u>\$ 103,327</u>

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

	<b>2018</b>		<b>2017</b>
Alberta Municipal Sustainability Initiative - Capital	\$ 864,483	\$	1,330,949
Kneehill County	114,557		114,557
Federal Gas Tax Fund	24,019		28,467
Municipal Asset Management Program	15,462		
Acme Firefighters Association	1,640		1,640
Sports Day Activities	983		2,164
Alberta Municipal Sustainability Initiative - Operating			42,802
	\$ 1,021,144	\$	1,520,579

**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, 2018 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, 2018 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, 2018 represents the unspent portion of the funding receivable at year end.

**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.

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**5. LONG TERM DEBT**

	<u>2018</u>	<u>2017</u>
Tax supported debentures	\$ 64,000	\$ 92,000
Self supported loans - operating		<u>8,969</u>
	<u>\$ 64,000</u>	<u>\$ 100,969</u>

The current portion of the long-term debt amounts to \$30,369 (2017 - \$39,969)

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 28,000	\$ 2,369	\$ 30,369
2020	12,000	1,422	13,422
2021	12,000	948	12,948
2022	<u>12,000</u>	<u>474</u>	<u>12,474</u>
	<u>\$ 64,000</u>	<u>\$ 5,213</u>	<u>\$ 69,213</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at a rate of 5.625% per annum, before provincial subsidy, and matured on August 4, 2018. The average annual interest rate is 4.10% for 2018 (4.10% for 2017). 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 in 2019 and \$12,000 thereafter. Interest rate is at bank prime and is paid monthly.

Interest on long term debt amounts to \$4,360 (2017 - \$3,671).

The Village's total cash payments for interest in 2017 were \$5,963 (2017 - \$4,846)

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**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>2018</u>	<u>2017</u>
Total debt limit	\$ 2,247,939	\$ 2,155,739
Total debt	<u>64,000</u>	<u>100,969</u>
Amount of debit limit unused	<u>\$ 2,183,939</u>	<u>\$ 2,054,770</u>
Debt servicing limit	\$ 374,657	\$ 359,290
Debt servicing	<u>30,369</u>	<u>39,957</u>
Amount of debt servicing limit unused	<u>\$ 344,288</u>	<u>\$ 319,333</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>2018</u>	<u>2017</u>
Tangible capital assets	\$ 11,264,191	\$ 10,366,722
Accumulated amortization	(5,564,825)	(5,294,685)
Long-term debt - capital (Note 5)	<u>(64,000)</u>	<u>(92,000)</u>
	<u>\$ 5,635,366</u>	<u>\$ 4,980,037</u>

**8. ACCUMULATED SURPLUS**

	<u>2018</u>	<u>2017</u>
Unrestricted surplus	\$ 1,047,179	\$ 1,046,230
Restricted surplus:		
Fire	92,802	92,802
Administration	1,047	1,047
Cemetery		6,651
General contingency	198,380	198,380
Equity in tangible capital assets	<u>5,635,366</u>	<u>4,980,037</u>
	<u>\$ 6,974,774</u>	<u>\$ 6,325,147</u>



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**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)

**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:

	<b>2018</b>			<b>2017</b>
	<u>Salary</u>	<u>Benefits &amp; allowances</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Mayor McLeod	\$ 6,000	\$	\$ 6,000	\$ 5,400
Councillor Daubert	5,220		5,220	4,620
Councillor Kuiken	5,400		5,400	4,800
Councillor Bates	5,220		5,220	4,620
Councillor Jackson	5,220		5,220	963
Councilor Gilmore				1,639
Chief Administrative Officer	70,000	3,957	73,957	86,036
Designated Officer (1 Position)	10,738		10,738	10,327

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.

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**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 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount.

Total current service contributions by the Village to the LAPP in 2018 were \$20,313 (2017 - \$NIL). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2018 were \$18,428 (2017 - \$NIL).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4.84 billion. The amount is not specifically allocated to the participating government organizations. The 2018 actuarial balance was not available at the date these financial statements were released.

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**12. 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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**13. BUDGET AMOUNTS**

The 2018 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.

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**14. APPROVAL OF FINANCIAL STATEMENTS**

Council and management have approved these financial statements.

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