

**VILLAGE OF ACME  
FINANCIAL STATEMENTS  
FOR THE YEAR END DECEMBER 31, 2021**

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FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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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 (the "Village"), which comprise of the statement of financial position as at December 31, 2021 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, 2021, 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:

- 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.

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 7.
- Supplementary Accounting Principles and Standards Regulation: In accordance with Alberta Regulation 313/2000, we confirm that the Village is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 1.



HANNA, ALBERTA  
APRIL 25, 2022

ASCEND LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS



**VILLAGE OF ACME**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 938,292	\$ 3,577,582
Receivables		
Taxes and grants in place of taxes (Note 3)	73,999	70,730
Trade and other receivables	72,934	99,675
Receivables from other governments	615,263	486,697
Land inventory held for resale	<u>280,952</u>	<u>280,952</u>
	<u>1,981,440</u>	<u>4,515,636</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 4)	162,912	58,158
Deposit liabilities	5,000	
Deferred revenue (Note 5)	739,103	1,213,359
Long-term debt (Note 6)	<u>1,965,924</u>	<u>2,024,000</u>
	<u>2,872,939</u>	<u>3,295,517</u>
<b>NET FINANCIAL (DEBT) ASSETS</b>	<u>( 891,499)</u>	<u>1,220,119</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	<u>8,954,364</u>	<u>6,292,980</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 8,062,865</u>	<u>\$ 7,513,099</u>

**CONTAMINATED SITES LIABILITY (SEE NOTE 10)**  
**COMMITMENTS (SEE NOTE 14)**

The accompanying notes are an integral part of these financial statements

**VILLAGE OF ACME**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget (Unaudited)	2021	2020
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 851,662	\$ 838,979	\$ 847,436
User fees and sale of goods	490,232	637,794	618,449
Government transfers for operating (Schedule 3)	52,339	139,935	90,826
Franchise and concession contracts	35,000	41,022	40,184
Penalties and costs on taxes	16,000	18,048	22,266
Other	37,500	7,650	56,838
Investment income	15,000	14,524	13,769
Licenses and permits	3,900	5,095	4,755
Gain on disposal of tangible capital assets			1,142
<b>Total Revenue</b>	<u>1,501,633</u>	<u>1,703,047</u>	<u>1,695,665</u>
<b>EXPENSES</b>			
General government			
Council and other legislative	62,500	54,913	37,300
General administrative	443,533	603,081	452,787
Protective services			
Fire	67,680	79,764	86,267
Disaster and emergency measures	5,538	6,832	2,872
Bylaw enforcement	35,637	35,136	21,000
Transportation			
Roads, streets, walks, lighting	290,928	531,310	516,802
Planning and development			
Land use planning, zoning and development	7,758	120,000	36,060
Subdivision land and development	2,000	38,805	2,357
Public Health and Welfare			
Family and community support	6,370	6,370	6,270
Cemeteries	18,325	24,984	12,490
Recreation and culture			
Parks and recreation	116,990	145,671	140,302
Libraries, museums, halls	7,013	47,760	47,760
Environmental use and protection			
Water supply and distribution	249,670	330,528	254,818
Wastewater treatment and disposal	39,795	46,137	113,787
Waste management	86,940	79,131	117,996
<b>Total Expenses</b>	<u>1,440,677</u>	<u>2,150,422</u>	<u>1,848,868</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	60,956	(447,375)	(153,203)
Government transfers for capital (Schedule 3)	1,180,622	992,141	746,398
Other capital revenues		5,000	
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	1,241,578	549,766	593,195
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>7,513,099</u>	<u>7,513,099</u>	<u>6,919,904</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 8,754,677</u>	<u>\$ 8,062,865</u>	<u>\$ 7,513,099</u>

The accompanying notes are an integral part of these financial statements

**VILLAGE OF ACME**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget (Unaudited)	2021	2020
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	\$ <u>1,241,578</u>	\$ <u>549,766</u>	\$ <u>593,195</u>
Acquisition of tangible capital assets	(3,230,250)	(3,109,484)	(1,054,314)
Proceeds on disposal of tangible capital assets		58,505	56,238
Amortization of tangible capital assets		381,974	338,353
Loss (gain) on disposal of tangible capital assets	<u>                    </u>	<u>7,621</u>	<u>(1,142)</u>
	<u>(3,230,250)</u>	<u>(2,661,384)</u>	<u>(660,865)</u>
<b>INCREASE IN NET ASSETS</b>	5,218,922	(2,111,618)	(67,670)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>1,220,119</u>	<u>1,220,119</u>	<u>1,287,789</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ (3,998,803)</u>	<u>\$ (891,499)</u>	<u>\$ 1,220,119</u>

The accompanying notes are an integral part of these financial statements

**VILLAGE OF ACME**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>2021</b>	<b>2020</b>
<hr/>		
<b>NET INFLOW (OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	\$ 549,766	\$ 593,195
Non-cash items included in excess of revenues over expenses:		
Amortization on tangible capital assets	381,974	338,353
Loss (Gain) on disposal of tangible capital assets	<u>7,621</u>	<u>(1,142)</u>
	939,361	930,406
Changes in net financial asset (debt) items:		
Increase in taxes and grants in place of taxes receivable	(3,269)	(6,121)
Decrease in trade and other receivables	26,741	2,973
Decrease (increase) in receivables from other governments	(128,566)	330,250
Increase (decrease) in accounts payable and accrued liabilities	104,754	(9,501)
Increase in deposit liabilities	5,000	
Increase (decrease) in deferred revenue	<u>(474,256)</u>	<u>(37,380)</u>
Cash provided by (applied to) operating transactions	<u>469,765</u>	<u>1,210,627</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(3,109,484)	(1,054,314)
Proceeds on disposal of tangible capital assets	<u>58,505</u>	<u>56,238</u>
Cash provided by (applied to) capital transactions	<u>(3,050,979)</u>	<u>(998,076)</u>
<b>FINANCING</b>		
Long-term debt issued		2,000,000
Long-term debt repaid	<u>(58,076)</u>	<u>(12,000)</u>
Cash provided by (applied to) financing transactions	<u>(58,076)</u>	<u>1,988,000</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	(2,639,290)	2,200,551
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>3,577,582</u>	<u>1,377,031</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 938,292</u>	<u>\$ 3,577,582</u>

The accompanying notes are an integral part of these financial statements



**VILLAGE OF ACME**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Schedule 1**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2021	2020
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 1,098,450	\$ 361,036	\$ 3,393,177	\$ 6,849,021	\$ 612,646	\$ 171,740	\$ 12,486,070	\$ 11,488,752
Acquisition of tangible capital assets		219,968	846,463	1,795,327	185,433		3,047,191	768,722
Construction-in-progress		28,600		33,693			62,293	285,592
Disposal of tangible capital assets					(69,994)		(69,994)	(56,996)
BALANCE, END OF YEAR	<u>1,098,450</u>	<u>609,604</u>	<u>4,239,640</u>	<u>8,678,041</u>	<u>728,085</u>	<u>171,740</u>	<u>15,525,560</u>	<u>12,486,070</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR		205,261	1,414,641	4,159,789	292,705	120,694	6,193,090	5,856,637
Annual amortization		26,342	71,336	240,513	36,846	6,937	381,974	338,353
Accumulated amortization on disposals					(3,868)		(3,868)	(1,900)
BALANCE, END OF YEAR		<u>231,603</u>	<u>1,485,977</u>	<u>4,400,302</u>	<u>325,683</u>	<u>127,631</u>	<u>6,571,196</u>	<u>6,193,090</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 1,098,450</u>	<u>\$ 378,001</u>	<u>\$ 2,753,663</u>	<u>\$ 4,277,739</u>	<u>\$ 402,402</u>	<u>\$ 44,109</u>	<u>\$ 8,954,364</u>	<u>\$ 6,292,980</u>
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,098,450</u>	<u>\$ 155,775</u>	<u>\$ 1,978,536</u>	<u>\$ 2,689,232</u>	<u>\$ 319,941</u>	<u>\$ 51,046</u>	<u>\$ 6,292,980</u>	

**VILLAGE OF ACME**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**Schedule 2**

	Budget (Unaudited)	2021	2020
<b>TAXATION</b>			
Residential land and improvement taxes	\$ 990,853	\$ 980,328	\$ 989,837
Non-residential linear property taxes	24,887	24,887	21,763
Government grants in place of property taxes	<u>1,709</u>	<u>1,709</u>	<u>1,488</u>
	<u>1,017,449</u>	<u>1,006,924</u>	<u>1,013,088</u>
<b>REQUISITIONS</b>			
Alberta School Foundation fund	163,483	165,641	163,483
Seniors requisition	<u>2,304</u>	<u>2,304</u>	<u>2,169</u>
	<u>165,787</u>	<u>167,945</u>	<u>165,652</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 851,662</u>	<u>\$ 838,979</u>	<u>\$ 847,436</u>

**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**Schedule 3**

	Budget (Unaudited)	2021	2020
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 52,339	\$ 49,339	\$ 49,126
Federal government		9,450	4,200
Local governments		<u>81,146</u>	<u>37,500</u>
	<u>52,339</u>	<u>139,935</u>	<u>90,826</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	1,080,622	892,141	746,398
Federal government	<u>100,000</u>	<u>100,000</u>	<u>746,398</u>
	<u>1,180,622</u>	<u>992,141</u>	<u>746,398</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 1,232,961</u>	<u>\$ 1,132,076</u>	<u>\$ 837,224</u>

**VILLAGE OF ACME**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Schedule 4**

	Budget (Unaudited)	2021	2020
<b>EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 553,812	\$ 638,025	\$ 547,336
Contracted and general services	331,636	417,294	426,338
Materials, goods, supplies and utilities	471,656	500,636	499,303
Transfers to local boards and agencies	13,383	13,383	13,283
Transfers to individuals and organizations	21,350	140,000	21,350
Bank charges and short-term interest	1,800	3,019	2,031
Amortization of tangible capital assets		381,974	338,353
Interest on capital long-term debt	47,040	48,470	874
Loss on disposal of tangible capital assets		<u>7,621</u>	
	<u>\$ 1,440,677</u>	<u>\$ 2,150,422</u>	<u>\$ 1,848,868</u>

**VILLAGE OF ACME**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Schedule 5**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020
<b>BALANCE, BEGINNING OF YEAR</b>	\$ <u>2,849,667</u>	\$ <u>394,452</u>	\$ <u>4,268,980</u>	\$ <u>7,513,099</u>	\$ <u>6,919,904</u>
Excess of revenues over expenses	549,766			549,766	593,195
Unrestricted funds designated for future use	(6,000)	6,000			
Restricted funds used for operations	15,750	(15,750)			
Restricted funds used for tangible capital assets		(31,669)	31,669		
Current year funds used for tangible capital assets	(3,077,815)		3,077,815		
Annual amortization expense	381,974		(381,974)		
Net book value of disposed tangible capital assets	66,126		(66,126)		
Long term debt repaid	(58,076)		58,076		
Change in accumulated surplus	<u>(2,128,275)</u>	<u>(41,419)</u>	<u>2,719,460</u>	<u>549,766</u>	<u>593,195</u>
<b>BALANCE, END OF YEAR</b>	\$ <u>721,392</u>	\$ <u>353,033</u>	\$ <u>6,988,440</u>	\$ <u>8,062,865</u>	\$ <u>7,513,099</u>

**VILLAGE OF ACME**  
**SCHEDULE OF SEGMENTED DISCLOSURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Schedule 6**

	<b>General Government</b>	<b>Protective Services</b>	<b>Transportation Services</b>	<b>Planning and Development</b>	<b>Public Health and Welfare</b>	<b>Recreation and Culture</b>	<b>Environmental Services</b>	<b>Total</b>
<b>REVENUE</b>								
Net municipal taxes	\$ 838,979							\$ 838,979
User fees and sales of goods	26,775	76,529	193	120,000	2,283	32,382	379,632	637,794
Government transfers	62,985		9,450			67,500		139,935
Franchise and concession costs	41,022							41,022
Penalties and costs on taxes	18,048							18,048
Other revenue	6,500					1,150		7,650
Investment income	14,524							14,524
Licenses and permits	270	4,825						5,095
	<u>1,009,103</u>	<u>81,354</u>	<u>9,643</u>	<u>120,000</u>	<u>2,283</u>	<u>101,032</u>	<u>379,632</u>	<u>1,703,047</u>
<b>EXPENSES</b>								
Salaries and wages	369,161		140,742		21,958	43,110	63,054	638,025
Contract and general services	199,793	79,324	18,647	35,550		35,056	48,924	417,294
Materials, goods, supplies and utilities	56,486	33,325	117,294	2,789	2,250	13,766	274,726	500,636
Transfers to local boards and agencies					6,370	7,013		13,383
Transfers to individuals and organizations				120,000		20,000		140,000
Bank charges and short-term interest	3,019							3,019
Loss on disposal of tangible capital assets			7,621					7,621
Interest on capital long-term debt			48,004	466				48,470
	<u>628,459</u>	<u>112,649</u>	<u>332,308</u>	<u>158,805</u>	<u>30,578</u>	<u>118,945</u>	<u>386,704</u>	<u>1,768,448</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION AND OTHER</b>								
	<u>380,644</u>	<u>(31,295)</u>	<u>(322,665)</u>	<u>(38,805)</u>	<u>(28,295)</u>	<u>(17,913)</u>	<u>(7,072)</u>	<u>(65,401)</u>
Capital government transfers	575,000		240,996			90,347	85,798	992,141
Amortization expense	(29,535)	(9,083)	(199,002)		(776)	(74,486)	(69,092)	(381,974)
Other capital revenues						5,000		5,000
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<u>\$ 926,109</u>	<u>\$ (40,378)</u>	<u>\$ (280,671)</u>	<u>\$ (38,805)</u>	<u>\$ (29,071)</u>	<u>\$ 2,948</u>	<u>\$ 9,634</u>	<u>\$ 549,766</u>

**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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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.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

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

**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:

- Useful life of tangible capital assets;
- Accrued liabilities; and
- Fair value of contributed tangible capital assets.

**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**d) Valuation of Financial Assets and Liabilities**

The Village's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Short-term investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Loans receivable and debt charges recoverable	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term debt	Amortized cost

**e) Cash and Cash Equivalents**

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

**f) Loans Receivable**

Loans receivable are initially recognized at cost, net of any transaction costs, with interest income recognized using the effective interest method. Loans receivable are subsequently measured at amortized cost net of any valuation allowances.

**g) Long-term debt**

Long-term debt is initially recognized net of any premiums, discounts, fees and transactions costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

**h) 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.

**i) Land Inventories Held 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.

**j) Tax Revenue**

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**k) Contaminated Sites Liability**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when the Village is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

**l) Revenue Recognition**

Revenue from transactions with no performance obligation is recognized at realizable value when the Village has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

**m) 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, 2021**

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

**n) 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

In the year of acquisition of a tangible capital asset, annual amortization is charged based on the number of months owned. In the year of disposition no amortization is calculated.

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, 2021**

**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2021</u>	<u>2020</u>
Cash	\$ 936,660	\$ 3,575,960
Temporary investments	<u>1,632</u>	<u>1,622</u>
	<u>\$ 938,292</u>	<u>\$ 3,577,582</u>

Temporary investments are comprised of a guaranteed investment certificate that bears interest at 0.45% and matures November 20, 2025. The temporary investment balance resulted from the sale of a tax recovery property and cannot be utilized for general purposes.

Included in cash and temporary investments is a restricted amount of \$336,343 (2020 - \$862,760) received from the Alberta Government and other sources for various grant initiatives and held exclusively for certain capital projects and operating costs (Note 5). Also contained in the cash account is \$596,258 (2020 - \$1,976,915) in loan proceeds from Alberta Capital Finance Authority to fund approved capital projects for the 2021 and 2022 year.

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>2021</u>	<u>2020</u>
Current taxes and grants in place of taxes	\$ 50,526	\$ 52,033
Arrears taxes	<u>23,473</u>	<u>18,697</u>
	<u>\$ 73,999</u>	<u>\$ 70,730</u>

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2021</u>	<u>2020</u>
Accounts payable and accrued liabilities leadsheet	\$ 140,650	\$ 54,306
Accrued vacation pay payable	<u>22,262</u>	<u>3,852</u>
	<u>\$ 162,912</u>	<u>\$ 58,158</u>

**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**5. DEFERRED REVENUE**

	<u>2021</u>	<u>2020</u>
Alberta Municipal Sustainability Initiative - Capital	\$ 334,341	\$ 626,391
Canada Community-Building Fund	199,399	153,375
Kneehill County	200,000	200,000
Enabling Accessibility Fund		100,000
Municipal Stimulus Program		77,622
Municipal Operating Support Transfer Grant		43,646
Municipal Asset Management Program		5,462
Sports Day Activities	3,723	3,723
Acme Firefighters Association	1,640	1,640
Playground Donations		1,500
	<u>\$ 739,103</u>	<u>\$ 1,213,359</u>

**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 year-end represents the unspent portion of the funding received or receivable to date plus interest earned.

**Canada Community-Building Fund**

The Canada Community-Building Fund provides long term funding to municipalities to help build and revitalize local public infrastructure. The balance at year-end represents the unspent portion of the funding received or receivable at the end of the year.

**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**  
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**6. LONG TERM DEBT**

	<u>2021</u>	<u>2020</u>
Tax supported debentures	\$ <u>1,965,924</u>	\$ <u>2,024,000</u>

The current portion of the long-term debt amounts to \$59,195 (2020 - \$58,076)

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 59,195	\$ 47,179	\$ 106,374
2023	48,341	45,739	94,080
2024	49,515	44,565	94,080
2025	50,718	43,362	94,080
2026	51,950	42,130	94,080
Thereafter	<u>1,706,205</u>	<u>593,389</u>	<u>2,299,594</u>
	<u>\$ 1,965,924</u>	<u>\$ 816,364</u>	<u>\$ 2,782,288</u>

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

The Alberta Capital Finance Authority loan is repayable annually on June 15 and December 15. The semi-annual payment are \$47,040 with interest payable at 2.414%.

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

Interest on long term debt amounts to \$48,470 (2020 - \$874).

The Village's total cash payments for interest in 2021 were \$51,422 (2020 - \$2,905)

**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
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**7. 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>2021</u>	<u>2020</u>
Total debt limit	\$ 2,554,571	\$ 2,543,498
Total debt	<u>1,965,924</u>	<u>2,024,000</u>
Amount of debt limit unused	<u>\$ 588,647</u>	<u>\$ 519,498</u>
Debt servicing limit	\$ 425,762	\$ 423,916
Debt servicing	<u>106,374</u>	<u>95,080</u>
Amount of debt servicing limit unused	<u>\$ 319,388</u>	<u>\$ 328,836</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.

**8. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2021</u>	<u>2020</u>
Tangible capital assets	\$ 15,525,560	\$ 12,486,070
Accumulated amortization	(6,571,196)	(6,193,090)
Long-term debt - capital (Note 6)	<u>(1,965,924)</u>	<u>(2,024,000)</u>
	<u>\$ 6,988,440</u>	<u>\$ 4,268,980</u>

**9. ACCUMULATED SURPLUS**

	<u>2021</u>	<u>2020</u>
Unrestricted surplus	\$ 721,392	\$ 2,849,667
Restricted surplus:		
Fire	126,000	141,750
Recreation	18,331	50,000
Administration	1,047	1,047
Waste management	6,000	
Cemetery	3,275	3,275
General contingency	198,380	198,380
Equity in tangible capital assets	<u>6,988,440</u>	<u>4,268,980</u>
	<u>\$ 8,062,865</u>	<u>\$ 7,513,099</u>

**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**10. CONTAMINATED SITES LIABILITY**

The Village owns properties that may contain environmental contamination and may require site reclamation. The amount of any such obligations are not practically estimable.

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**11. 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 those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure (Schedule 6)

General government includes council and other legislative and general administration. Protective services includes fire, disaster and emergency measures, and bylaw enforcement. Transportation includes roads, streets, walks and lighting. Planning and development includes land use planning, zoning and development and subdivision land and development. Public health and welfare includes family and community support and cemeteries. Recreation and culture includes parks and recreation and libraries, museums and halls. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management.

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**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**12. 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>2021</b>			<b>2020</b>
	<u>Salary</u>	<u>Benefits &amp; allowances</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Mayor McLeod	\$ 6,600	\$	\$ 6,600	\$ 6,600
Councillor Daubert	4,546		4,546	5,742
Councillor Kuiken	5,899		5,899	5,940
Councillor Bates	5,783		5,783	5,742
Councillor Jackson	4,546		4,546	5,742
Councillor Laking	1,196		1,196	
Councillor Ternowetsky	1,196		1,196	
Chief Administrative Officer	92,815	14,595	107,410	97,531
Designated Officer (1 Position)	10,842		10,842	10,842

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 include 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 and the employer portion of the Canada Pension plan and Employment insurance contributions.
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.

**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
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**13. 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 2021 were \$30,154 (2020 - \$29,980). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2021 were \$27,113 (2020 - \$26,954).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$4.96 billion. The amount is not specifically allocated to the participating government organizations. The 2021 actuarial balance was not available at the date these financial statements were released.

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**14. COMMITMENTS**

The Village has entered into an agreement with a private corporation for the period April 1, 2020 to March 31, 2025 for the purpose of property assessments.

The Village has entered into an agreement to provide wastewater services to a private corporation for a 5 year period, ending on May 31, 2025.

The Village has entered into intermunicipal service agreements with Kneehill County for a period of 5 years, ending on December 31, 2024

The Village has entered into a 30 year surface lease agreement at a rate of \$1 per year with a not-for-profit organization. As each specified parcel is developed, the reduction of taxation on the specified property will occur.

The Village has entered into a lease agreement with a private corporation for the period June 1, 2021 to May 31, 2026 for the lease of Village owned space. The annual lease payment are \$1,250 per month.

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**15. FINANCIAL INSTRUMENTS**

The Village's financial instruments consist of cash and temporary investments, receivables, 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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**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**16. CORRESPONDING FIGURES**

Certain corresponding figures have been reclassified to conform with the financial statement presentation adopted for the current year.

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**17. BUDGET AMOUNTS**

The 2021 budget for the Village was approved by Council on December 14, 2020 and has been reported in the financial statements for information purposes only. Amortization was not considered in the budget and has not been included. These budget amounts have not been audited, reviewed, or otherwise verified.

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**18. APPROVAL OF FINANCIAL STATEMENTS**

Council and management have approved these financial statements.

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