

**VILLAGE OF ACME  
FINANCIAL STATEMENTS  
FOR THE YEAR END DECEMBER 31, 2020**

**VILLAGE OF ACME  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Council:

#### *Opinion*

We have audited the financial statements of the Village of Acme, which comprise of the statement of financial position as at, December 31, 2020 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, 2020, 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.
- 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.

A handwritten signature in black ink that reads "Ascend". The letter "A" is large and stylized, with a long horizontal stroke that curves under the rest of the word. The letters "s", "c", "e", and "n" are smaller and more standard in style.

HANNA, ALBERTA  
MARCH 19, 2021

ASCEND LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS



**VILLAGE OF ACME**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

	<b>2020</b>	<b>2019 (Restated)</b>
<hr/>		
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 3,577,582	\$ 1,377,031
Receivables		
Taxes and grants in place of taxes (Note 3)	70,730	64,609
Trade and other receivables	99,675	102,648
Receivables from other governments	486,697	816,947
Land inventory held for resale	<u>280,952</u>	<u>280,952</u>
	<u>4,515,636</u>	<u>2,642,187</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	58,158	67,659
Deferred revenue (Note 4)	1,213,359	1,250,739
Long-term debt (Note 5)	<u>2,024,000</u>	<u>36,000</u>
	<u>3,295,517</u>	<u>1,354,398</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,220,119</u>	<u>1,287,789</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	<u>6,292,980</u>	<u>5,632,115</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 7,513,099</u>	<u>\$ 6,919,904</u>
	<b>COMMITMENTS (SEE NOTE 12)</b>	
	<b>CONTINGENCIES (SEE NOTE 13)</b>	

**VILLAGE OF ACME**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget (Unaudited)	2020	2019 (Restated)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 858,993	\$ 847,436	\$ 840,143
User fees and sale of goods	463,059	618,449	420,371
Government transfers for operating (Schedule 3)	49,576	90,826	103,268
Franchise and concession contracts	35,000	40,184	40,024
Penalties and costs on taxes	18,150	22,266	16,886
Other	37,500	56,838	3,925
Investment income	19,000	13,769	11,024
Licenses and permits	3,650	4,755	4,550
Gain on disposal of tangible capital assets	<u>          </u>	<u>1,142</u>	<u>1,889</u>
<b>Total Revenue</b>	<u>1,484,928</u>	<u>1,695,665</u>	<u>1,442,080</u>
<b>EXPENSES</b>			
Legislative	46,500	37,300	39,401
Administration	427,327	452,787	455,063
Protective services	120,096	110,139	81,587
Transportation	252,020	516,802	365,233
Water supply and distribution	268,725	254,818	312,378
Wastewater treatment and disposal	118,235	113,787	62,585
Waste management	114,668	117,996	91,491
Public health and welfare	20,620	18,760	18,303
Land use planning, zoning and development	700	36,060	8,282
Subdivision land and development	3,600	2,357	1,997
Parks and recreation	76,583	140,302	113,620
Culture	<u>7,500</u>	<u>47,760</u>	<u>50,201</u>
<b>Total Expenses</b>	<u>1,456,574</u>	<u>1,848,868</u>	<u>1,600,141</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	28,354	(153,203)	(158,061)
Government transfers for capital (Schedule 3)	<u>640,644</u>	<u>746,398</u>	<u>147,080</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	668,998	593,195	(10,981)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>6,919,904</u>	<u>6,919,904</u>	<u>6,930,885</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 7,588,902</u>	<u>\$ 7,513,099</u>	<u>\$ 6,919,904</u>

**VILLAGE OF ACME**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget (Unaudited)	2020	2019
<hr/>			
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	\$ <u>668,998</u>	\$ <u>593,195</u>	\$ <u>(10,981)</u>
Acquisition of tangible capital assets	(669,000)	(1,054,314)	(289,843)
Proceeds on sale of tangible capital assets		56,238	53,091
Amortization of tangible capital assets		338,353	305,893
(Gain) loss on disposal of tangible capital assets	<u>                    </u>	<u>(1,142)</u>	<u>(1,889)</u>
	<u>(669,000)</u>	<u>(660,865)</u>	<u>67,252</u>
<b>INCREASE IN NET ASSETS</b>	669,002	(67,670)	56,271
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>1,287,789</u>	<u>1,287,789</u>	<u>1,231,518</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 618,787</u>	<u>\$ 1,220,119</u>	<u>\$ 1,287,789</u>

**VILLAGE OF ACME**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
<hr/>		
<b>NET INFLOW(OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (shortfall) of revenues over expenses	\$ 593,195	\$ (10,981)
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization on tangible capital assets	338,353	305,893
(Gain) loss on disposal of tangible capital assets	<u>(1,142)</u>	<u>(1,889)</u>
	930,406	293,023
Changes in net financial asset(debt) items:		
Decrease(increase) in taxes and grants in place of taxes receivable	(6,121)	(15,753)
Decrease(increase) in trade and other receivables	2,973	3,928
Decrease(increase) in receivables from other governments	330,250	24,298
Decrease(increase) in land inventory held for resale		2,390
Increase(decrease) in accounts payable and accrued liabilities	(9,501)	(110,302)
Increase(decrease) in deferred revenue	<u>(37,380)</u>	<u>229,595</u>
Cash provided by (applied to) operating transactions	<u>1,210,627</u>	<u>427,179</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,054,314)	(289,843)
Proceeds on sale of tangible capital assets	<u>56,238</u>	<u>53,091</u>
Cash provided by (applied to) capital transactions	<u>(998,076)</u>	<u>(236,752)</u>
<b>FINANCING</b>		
Long term debt issued	2,000,000	
Long term debt repaid	<u>(12,000)</u>	<u>(28,000)</u>
Cash provided by (applied to) financing transactions	<u>1,988,000</u>	<u>(28,000)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	2,200,551	162,427
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,377,031</u>	<u>1,214,604</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 3,577,582</u>	<u>\$ 1,377,031</u>



**VILLAGE OF ACME**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Schedule 1**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2020	2019
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 1,053,450	\$ 361,036	\$ 3,188,780	\$ 6,217,369	\$ 496,377	\$ 171,740	\$ 11,488,752	\$ 11,264,191
Acquisition of tangible capital assets	45,000			550,457	173,265		768,722	289,844
Construction-in-progress			204,397	81,195			285,592	
Disposal of tangible capital assets					(56,996)		(56,996)	(65,283)
BALANCE, END OF YEAR	<u>1,098,450</u>	<u>361,036</u>	<u>3,393,177</u>	<u>6,849,021</u>	<u>612,646</u>	<u>171,740</u>	<u>12,486,070</u>	<u>11,488,752</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR		185,903	1,352,938	3,936,042	269,419	112,335	5,856,637	5,564,825
Annual amortization		19,358	61,703	223,747	25,186	8,359	338,353	305,892
Accumulated amortization on disposals					(1,900)		(1,900)	(14,080)
BALANCE, END OF YEAR		<u>205,261</u>	<u>1,414,641</u>	<u>4,159,789</u>	<u>292,705</u>	<u>120,694</u>	<u>6,193,090</u>	<u>5,856,637</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<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>	<u>\$ 5,632,115</u>
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,053,450</u>	<u>\$ 175,133</u>	<u>\$ 1,835,842</u>	<u>\$ 2,228,360</u>	<u>\$ 279,925</u>	<u>\$ 59,405</u>	<u>\$ 5,632,115</u>	

**VILLAGE OF ACME**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**Schedule 2**

	Budget (Unaudited)	2020	2019
<b>TAXATION</b>			
Residential land and improvement taxes	\$ 999,247	\$ 989,837	\$ 979,437
Non-residential linear property taxes	21,686	21,763	22,706
Government grants in place of property taxes	<u>1,488</u>	<u>1,488</u>	<u>1,487</u>
	<u>1,022,421</u>	<u>1,013,088</u>	<u>1,003,630</u>
<b>REQUISITIONS</b>			
Alberta School Foundation fund	161,259	163,483	161,258
Seniors requisition	<u>2,169</u>	<u>2,169</u>	<u>2,229</u>
	<u>163,428</u>	<u>165,652</u>	<u>163,487</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 858,993</u>	<u>\$ 847,436</u>	<u>\$ 840,143</u>

**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**Schedule 3**

	Budget (Unaudited)	2020	2019
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 49,576	\$ 49,126	\$ 60,199
Federal government		4,200	5,569
Local governments		<u>37,500</u>	<u>37,500</u>
	<u>49,576</u>	<u>90,826</u>	<u>103,268</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	<u>640,644</u>	<u>746,398</u>	<u>147,080</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 690,220</u>	<u>\$ 837,224</u>	<u>\$ 250,348</u>

**VILLAGE OF ACME**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Schedule 4**

	Budget (Unaudited)	2020	2019
<b>EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 534,469	\$ 547,387	\$ 494,506
Contracted and general services	318,739	426,338	275,406
Materials, goods, supplies and utilities	551,231	499,252	482,005
Provision for allowances			108
Transfers to local boards and agencies	13,770	13,283	13,137
Transfers to individuals and organizations	22,350	21,350	24,850
Bank charges and short term interest	1,815	2,031	2,068
Amortization of tangible capital assets		338,353	305,893
Interest on capital long term debt	14,200	874	2,168
	<u>\$ 1,456,574</u>	<u>\$ 1,848,868</u>	<u>\$ 1,600,141</u>

**VILLAGE OF ACME**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Schedule 5**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
<b>BALANCE, BEGINNING OF YEAR</b>	\$ <u>1,028,285</u>	\$ <u>295,504</u>	\$ <u>5,596,115</u>	\$ <u>6,919,904</u>	\$ <u>6,930,885</u>
Excess (deficiency) of revenues over expenses	593,195			593,195	(10,981)
Unrestricted funds designated for future use	(114,698)	114,698			
Restricted funds used for operations	15,750	(15,750)			
Current year funds used for tangible capital assets	(1,054,314)		1,054,314		
Acquisition of long term debt for capital	2,000,000		(2,000,000)		
Annual amortization expense	338,353		(338,353)		
Disposal of tangible capital assets	55,096		(55,096)		
Long term debt repaid	(12,000)		12,000		
Change in accumulated surplus	<u>1,821,382</u>	<u>98,948</u>	<u>(1,327,135)</u>	<u>593,195</u>	<u>(10,981)</u>
<b>BALANCE, END 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>

**VILLAGE OF ACME**  
**SCHEDULE OF SEGMENTED DISCLOSURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**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	\$ 847,436								\$ 847,436
User fees and sales of goods	17,892	199,495		288,218	93,284	5,965		13,595	618,449
Government transfers	63,367		540,773	150,584				82,500	837,224
Investment Income	13,769								13,769
Penalties	22,266								22,266
Franchise fees	40,184								40,184
Licenses and permits	510	4,245							4,755
Gain on disposal			1,142						1,142
Other revenues	56,400			438					56,838
	<u>1,061,824</u>	<u>203,740</u>	<u>541,915</u>	<u>439,240</u>	<u>93,284</u>	<u>5,965</u>		<u>96,095</u>	<u>2,442,063</u>
<b>EXPENSES</b>									
Salaries & wages	307,760		115,715	16,370	40,657	4,033		62,852	547,387
Contract & general services	136,451	60,717	100,492	26,737	60,329		28,528	13,084	426,338
Goods & supplies	34,598	39,018	97,309	280,883	17,010	7,681	9,015	13,738	499,252
Transfers to local boards						6,270		7,013	13,283
Transfers to organizations								21,350	21,350
Bank charges and interest	2,031								2,031
Long-term debt interest							874		874
	<u>480,840</u>	<u>99,735</u>	<u>313,516</u>	<u>323,990</u>	<u>117,996</u>	<u>17,984</u>	<u>38,417</u>	<u>118,037</u>	<u>1,510,515</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>580,984</u>	<u>104,005</u>	<u>228,399</u>	<u>115,250</u>	<u>(24,712)</u>	<u>(12,019)</u>	<u>(38,417)</u>	<u>(21,942)</u>	<u>931,548</u>
Amortization expense	9,247	10,404	203,286	44,615		776		70,025	338,353
<b>NET REVENUE</b>	<u>\$ 571,737</u>	<u>\$ 93,601</u>	<u>\$ 25,113</u>	<u>\$ 70,635</u>	<u>\$ (24,712)</u>	<u>\$ (12,795)</u>	<u>\$ (38,417)</u>	<u>\$ (91,967)</u>	<u>\$ 593,195</u>

**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Reporting Entity**

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

**b) Basis of Accounting**

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

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

**c) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

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

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

**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**j) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets (Debt) for the year.

**i. Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

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

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**ii. Contributions of Tangible Capital Assets**

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

**iii. Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**iv. Inventories**

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

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

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



**VILLAGE OF ACME**  
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**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2020</u>	<u>2019</u>
Cash	\$ 3,575,960	\$ 1,375,431
Temporary investments	<u>1,622</u>	<u>1,600</u>
	<u>\$ 3,577,582</u>	<u>\$ 1,377,031</u>

Temporary investments are comprised of a guaranteed investment certificate that bears interest at 0.30% 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 is a restricted amount of \$862,760 (2019 - \$460,679) received from the Alberta Government and other sources for various grant initiatives and held exclusively for certain capital projects and operating costs (Note 4). Also contained in the cash account is \$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>2020</u>	<u>2019</u>
Current taxes and grants in place of taxes	\$ 52,033	\$ 57,271
Arrears taxes	<u>18,697</u>	<u>7,338</u>
	<u>\$ 70,730</u>	<u>\$ 64,609</u>

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

	<b>2020</b>	<b>2019</b>
Alberta Municipal Sustainability Initiative - Capital	\$ 626,391	\$ 1,059,975
Federal Gas Tax Fund	153,375	124,992
Kneehill County	200,000	52,997
Enabling Accessibility Fund	100,000	
Municipal Stimulus Program	77,622	
Municipal Operating Support Transfer Grant	43,646	
Municipal Asset Management Program	5,462	5,462
Sports Day Activities	3,723	2,723
Acme Firefighters Association	1,640	1,640
Playground Donations	1,500	
Golf Course Donations		2,950
	\$ 1,213,359	\$ 1,250,739

**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, 2020 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, 2020 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.

**Enabling Accessibility Fund**

The Enabling Accessibility fund is a Federal Government grant for the purpose of funding eligible capital projects that increase accessibility for individuals with disabilities in Canadian communities and workplaces. The Village received funding for the purpose of renovating new and existing office space to provide accessibility. The balance at December 31, 2020 represents the unspent portion of the funding received for the year.

**Municipal Stimulus Program**

The Municipal Stimulus Program funding received for the year was approved for the purpose of constructing a Village playground and park infrastructure capital project. The balance at December 31, 2020 represents the unspent portion of the funding received at the end of the year.

**Municipal Operating Support Transfer Grant**

The Municipal Operating Support Transfer Grant is a grant from the Government of Alberta and the Government of Canada. The funding was provided to support municipalities which have experienced significant operating impacts due to the COVID-19 pandemic. The balance at December 31, 2020 represents the unspent portion of the grant received during the year.

**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
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**4. DEFERRED REVENUE** (continued)

**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.

**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.

**5. LONG TERM DEBT**

	<u>2020</u>	<u>2019</u>
Tax supported debentures	\$ <u>2,024,000</u>	\$ <u>36,000</u>

The current portion of the long-term debt amounts to \$58,076 (2019 - \$12,000)

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 47,076	\$ 48,004	\$ 95,080
2022	47,195	46,885	94,080
2023	48,341	45,739	94,080
2024	49,515	44,565	94,080
2025	50,718	43,362	94,080
Thereafter	<u>1,781,155</u>	<u>593,839</u>	<u>2,374,994</u>
	<u>\$ 2,024,000</u>	<u>\$ 822,394</u>	<u>\$ 2,846,394</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%.

Interest on long term debt amounts to \$874 (2019 - \$2,168).

The Village's total cash payments for interest in 2019 were \$2,905 (2019 - \$4,236)

**VILLAGE OF ACME**  
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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>2020</u>	<u>2019</u>
Total debt limit	\$ 2,543,498	\$ 2,163,120
Total debt	<u>2,024,000</u>	<u>64,000</u>
Amount of debit limit unused	<u>\$ 519,498</u>	<u>\$ 2,099,120</u>
Debt servicing limit	\$ 423,916	\$ 360,520
Debt servicing	<u>95,080</u>	<u>30,369</u>
Amount of debt servicing limit unused	<u>\$ 328,836</u>	<u>\$ 330,151</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>2020</u>	<u>2019</u>
Tangible capital assets	\$ 12,486,070	\$ 11,488,752
Accumulated amortization	(6,193,090)	(5,856,637)
Long-term debt - capital (Note 5)	<u>(2,024,000)</u>	<u>(36,000)</u>
	<u>\$ 4,268,980</u>	<u>\$ 5,596,115</u>

**8. ACCUMULATED SURPLUS**

	<u>2020</u>	<u>2019</u>
Unrestricted surplus	\$ 2,849,667	\$ 1,028,285
Restricted surplus:		
Fire	141,750	92,802
Recreation	50,000	
Administration	1,047	1,047
Cemetery	3,275	3,275
General contingency	198,380	198,380
Equity in tangible capital assets	<u>4,268,980</u>	<u>5,596,115</u>
	<u>\$ 7,513,099</u>	<u>\$ 6,919,904</u>

**VILLAGE OF ACME**  
**NOTES TO FINANCIAL STATEMENTS**  
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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>2020</b>			<b>2019</b>
	<u>Salary</u>	<u>Benefits &amp; allowances</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Mayor McLeod	\$ 6,600	\$	\$ 6,600	\$ 6,000
Councillor Daubert	5,742		5,742	5,742
Councillor Kuiken	5,940		5,940	5,940
Councillor Bates	5,742		5,742	5,742
Councillor Jackson	5,742		5,742	5,742
Chief Administrative Officers (1 Current year), (3 Prior Year)	83,885	13,646	97,531	107,571
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 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 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**  
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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 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 2020 were \$29,980 (2019 - \$26,921). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2020 were \$26,954 (2019 - \$24,218).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.913 billion. The amount is not specifically allocated to the participating government organizations. The 2020 actuarial balance was not available at the date these financial statements were released.

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**12. 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 private corporation for a 5 year period, ending on May 31, 2025.

The Village has entered into a intermunicipal fire services agreement with Kneehill County for the period of 5 years, ending on December 31, 2024

The Village has entered into an agreement with a private corporation for the renovation of 615 Pacific Avenue, the new administration building. The Village has committed to spending \$825,000, which is paid over several stages of completion with the final payments to be paid in 2021.

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**13. CONTINGENCIES**

It has been determined that throughout the Village there are disused underground storage tanks contained on Village owned land. The cost of this remediation and removal is not known at this time.

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**VILLAGE OF ACME**  
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**14. 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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**15. BUDGET AMOUNTS**

The 2020 budget for the Village was approved by council and has been reported in the financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

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**16. APPROVAL OF FINANCIAL STATEMENTS**

Council and management have approved these financial statements.

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