

Village of Rycroft
Financial Statements
December 31, 2018

Village of Rycroft

CONTENTS

	<u>Page</u>
MANAGEMENT'S REPORT	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Schedule of Changes in Accumulated Surplus - Schedule 1	8
Schedule of Tangible Capital Assets - Schedule 2	9
Schedule of Property Taxes Levied - Schedule 3	10
Schedule of Government Transfers - Schedule 4	11
Schedule of Consolidated Expenses by Object - Schedule 5	12
Schedule of Consolidated Segmented Disclosure - Schedule 6	13
Notes to Financial Statements	14 - 24

MANAGEMENT'S REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of the Village of Rycroft.

These consolidated financial statements have been prepared by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Village of Rycroft maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Village of Rycroft's assets are appropriately accounted for and adequately safeguarded.


The elected Council of the Village of Rycroft are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council meets annually with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities.

The consolidated financial statements have been audited by Doyle & Company, Chartered Professional Accountants, the external auditors, in accordance with Canadian public sector standards on behalf of the Council, residents and ratepayers of the Village of Rycroft. Doyle & Company has full and free access to the Village's Council.

Peter Thomas

Chief Administrative Officer



Allan J. Grykuliak, CPA, CA*
Scott T. Mockford, CPA, CA*
Allen Lee, CPA, CMA*
Jason Bondarevich, CPA, CA*
*Operates as a professional Corporation

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INDEPENDENT AUDITORS' REPORT

To the Members of Council

Opinion

We have audited the consolidated financial statements of the **Village of Rycroft**, which comprise the consolidated statement of financial position as at December 31, 2018, and the results of its operations, changes in its net financial assets and cash flows for the years then ended, and notes to the consolidated 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 Rycroft** as at December 31, 2018, the results of its operations, changes in its net financial assets and its cash flows for the year then 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 Entity 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 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters relating 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 Entity'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 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 from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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INDEPENDENT AUDITOR'S REPORT - continued

- Obtain an understanding of internal control 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 Entity's internal control.
- 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 Entity'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 our auditor's report. However, future events or conditions may cause the Entity to cease to continue as 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.

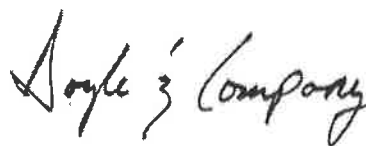
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 Entity'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 municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 11.

The engagement partner on the audit resulting in this independent auditor's report is Allen Lee, CPA, CMA.



Edmonton, Alberta

April 25, 2019

Chartered Professional Accountants

Village of Rycroft
Consolidated Statement of Financial Position
As at December 31, 2018

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	1,362,878	2,082,297
Receivables (Note 3)		
Taxes and grants in lieu receivable	863,988	883,939
Trade and other receivables	123,141	258,551
Investments (Note 4)	11,519	11,519
	2,361,526	3,236,306
LIABILITIES		
Accounts payable and accrued liabilities	368,836	403,934
Demand loan	-	612,524
Long-term liabilities (Note 5)	1,376,562	1,440,128
Obligations under capital lease (Note 6)	55,141	63,866
	1,800,539	2,520,452
NET FINANCIAL ASSETS	560,987	715,854
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	12,140,735	11,113,474
ACCUMULATED SURPLUS (Schedule 1, Note 9)	12,701,722	11,829,328

The accompanying notes form part of these financial statements

Village of Rycroft
Consolidated Statement of Operations
For the year ended December 31, 2018

	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
REVENUE			
Net municipal taxes (Schedule 3)	1,116,505	1,163,842	1,012,197
User fees and sales of goods	767,150	577,213	614,228
Government transfers for operating (Schedule 4)	675,866	673,352	805,783
Investment income	1,050	21,321	1,015
Penalties and costs of taxes	88,000	90,309	90,453
	2,648,571	2,526,037	2,523,676
EXPENSES			
Administration	559,140	537,065	447,598
Protective services	130,383	133,664	132,088
Bylaws enforcement	21,000	20,272	21,729
Culture	84,630	67,242	94,390
Family and community support	9,086	5,255	910
Legislative	66,400	55,996	50,891
Parks and recreation	150,700	131,082	116,479
Roads, streets, walks, lighting	596,235	543,512	479,724
Water supply and distribution	578,000	596,341	606,246
Wastewater treatment and disposal	188,800	160,690	194,714
Waste management	72,300	122,254	71,015
	2,456,674	2,373,373	2,215,784
EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	191,897	152,664	307,892
OTHER			
Government transfers for capital (Schedule 4)	274,244	719,730	-
EXCESS OF REVENUE OVER EXPENSES	466,141	872,394	307,892
ACCUMULATED SURPLUS, BEGINNING OF YEAR		11,829,328	11,521,436
ACCUMULATED SURPLUS, END OF YEAR		12,701,722	11,829,328

The accompanying notes form part of these financial statements

Village of Rycroft
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2018

	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
EXCESS OF REVENUES OVER EXPENSES	466,141	872,394	307,892
Acquisition of tangible capital assets	71,673	(1,593,118)	(1,697,240)
Proceeds on disposal of tangible capital assets	-	53,900	-
Amortization of tangible capital assets	-	522,258	486,614
(Gain) loss on disposal of tangible capital assets	-	(10,301)	-
	71,673	(1,027,261)	(1,210,626)
INCREASE IN NET ASSETS	537,814	(154,867)	(902,734)
NET FINANCIAL ASSETS , BEGINNING OF YEAR		715,854	1,618,588
NET FINANCIAL ASSETS, END OF YEAR		560,987	715,854

The accompanying notes form part of these financial statements

Village of Rycroft
Consolidated Statement of Cash Flows
For the year ended December 31, 2018

	2018	2017
	\$	\$
OPERATING		
Excess (shortfall) of revenues over expenditures	872,394	307,892
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	522,258	486,614
(Gain) loss on disposal of tangible capital assets.	(10,301)	-
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	19,951	129,967
Decrease (increase) in trade and other receivables	135,410	(40,137)
Increase (decrease) in accounts payable and accrued liabilities	(35,098)	189,365
Cash provided by operating transactions	1,504,614	1,073,701
CAPITAL		
Acquisition of tangible capital assets	(1,593,118)	(1,697,240)
Sale of tangible capital assets	53,900	-
Cash applied to capital transactions	(1,539,218)	(1,697,240)
FINANCING		
Long-term liabilities issued	(8,725)	(14,602)
Long-term debt repaid (obtained)	(63,566)	980,002
Operating loan repaid	(612,524)	(23,098)
Cash provided by (applied to) financing transactions	(684,815)	942,302
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(719,419)	318,763
CASH AND CASH EQUIVALENTS , BEGINNING OF YEAR	2,082,297	1,763,534
CASH AND CASH EQUIVALENTS, END OF YEAR	1,362,878	2,082,297

The accompanying notes form part of these financial statements

Village of Rycroft
Schedule of Changes in Accumulated Surplus - Schedule 1

For the year ended December 31, 2018

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018 \$	2017 \$
Balance, Beginning of Year	2,828,105	4,267	8,996,956	11,829,328	11,521,436
Excess (deficiency) of revenues over expenses	872,394	-	-	872,394	307,892
Unrestricted funds designated for future use	(16,553)	16,553	-	-	-
Restricted funds used to purchase tangible capital assets	(150,000)	150,000	-	-	-
Current year funds used for tangible capital assets	(1,593,118)	-	1,593,118	-	-
Disposal of tangible capital assets	66,102	-	(66,102)	-	-
Annual amortization expenses	522,258	-	(522,258)	-	-
Amortization on disposal of tangible capital assets	(22,503)	-	22,503	-	-
Long-term liabilities repaid	(684,815)	-	684,815	-	-
Change in accumulated surplus	(1,006,235)	166,553	1,712,076	872,394	307,892
Balance, End of Year	1,821,870	170,820	10,709,032	12,701,722	11,829,328

The accompanying notes form part of these financial statements

Village of Rycroft
Schedule of Tangible Capital Assets - Schedule 2
For the year ended December 31, 2018

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2018	2017
							\$	\$
COST:								
Balance, Beginning of Year	294,203	1,826,829	6,632,646	11,014,678	480,356	254,136	20,502,848	18,805,608
Acquisition of tangible capital assets	-	-	-	1,518,267	74,851	-	1,593,118	1,697,240
Disposal of tangible capital assets	-	-	-	-	(66,102)	-	(66,102)	-
Balance, End of Year	294,203	1,826,829	6,632,646	12,532,945	489,105	254,136	22,029,864	20,502,848
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	941,248	4,001,220	4,086,799	206,714	153,393	9,389,374	8,902,760
Annual amortization	-	120,842	118,677	221,267	30,513	30,959	522,258	486,614
Accumulated amortization on disposals	-	-	-	-	(22,503)	-	(22,503)	-
Balance, End of Year	-	1,062,090	4,119,897	4,308,066	214,724	184,352	9,889,129	9,389,374
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	294,203	764,739	2,512,749	8,224,879	274,381	69,784	12,140,735	11,113,474
2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	294,203	885,581	2,631,426	6,927,879	273,642	100,743		11,113,474

The accompanying notes form part of these financial statements

Village of Rycroft
Schedule of Property Taxes Levied - Schedule 3
For the year ended December 31, 2018

	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
TAXATION			
Real property taxes	1,269,795	1,296,165	1,155,674
Linear property taxes	-	20,968	4,441
Designated Industrial property tax	-	272	-
	1,269,795	1,317,405	1,160,115
REQUISITIONS			
Alberta School Foundation Fund	150,966	150,967	145,798
Designated Industrial property tax	-	272	-
Grande Spirit Foundation	2,324	2,324	2,120
	153,290	153,563	147,918
NET MUNICIPAL TAXES	1,116,505	1,163,842	1,012,197

The accompanying notes form part of these financial statements

Village of Rycroft
Schedule of Government Transfers - Schedule 4
For the year ended December 31, 2018

	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
TRANSFERS FOR OPERATING:			
Federal Government	2,000	2,000	2,500
Provincial Government	152,866	165,352	267,283
Local Government	521,000	506,000	536,000
	675,866	673,352	805,783
TRANSFERS FOR CAPITAL:			
Provincial Government	274,244	719,730	-
TOTAL GOVERNMENT TRANSFERS	950,110	1,393,082	805,783

The accompanying notes form part of these financial statements

Village of Rycroft

Schedule of Consolidated Expenditures by Object - Schedule 5

For the year ended December 31, 2018

	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	735,133	550,968	518,513
Contracted and general services	702,240	816,049	794,668
Materials, goods, and utilities	418,078	353,053	351,473
Transfers to local boards and agencies	41,986	41,161	10,976
Bank charges and short-term interest	37,400	44,987	37,049
Interest on long-term debt	45,337	44,897	16,491
Amortization of tangible capital assets	476,500	522,258	486,614
	2,456,674	2,373,373	2,215,784

The accompanying notes form part of these financial statements

Village of Rycroft
Schedule of Consolidated Segmented Disclosure - Schedule 6

For the year ended December 31, 2018

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	2018 \$
REVENUE							
Net municipal taxes	1,163,842	-	-	-	-	-	1,163,842
Government transfers	617,352	-	769,730	-	6,000	-	1,393,082
User fees and sales of goods	1,545	-	-	-	39,527	386,262	427,334
Investment income	21,270	-	-	-	-	-	21,270
Other revenue	209,572	12,522	2,865	2,810	-	12,470	240,239
	2,013,581	12,522	772,595	2,810	45,527	398,732	3,245,767
EXPENSES							
Bank charges and interest	44,987	-	29,137	-	-	15,760	89,884
Contracted and general services	174,714	135,124	87,191	-	43,686	344,037	784,752
Materials, goods and utilities	41,026	6,924	127,518	-	36,918	127,836	340,222
Salaries, wages and benefits	274,580	-	120,787	-	37,446	114,927	547,740
Transfers to local boards and agencies	70,082	9,568	1,500	-	7,367	-	88,517
Balance, End of Year	605,389	151,616	366,133	-	125,417	602,560	1,851,115
NET REVENUE, BEFORE AMORTIZATION	1,408,192	(139,094)	406,462	2,810	(79,890)	(203,828)	1,394,652
Amortization	11,603	2,319	212,671	-	54,263	241,402	522,258
NET REVENUE	1,396,589	(141,413)	193,791	2,810	(134,153)	(445,230)	872,394

The accompanying notes form part of these financial statements

Village of Rycroft
Notes to the Financial Statements
December 31, 2018

DESCRIPTION OF OPERATIONS

The Village of Rycroft is a local government authority providing municipal services. The Village is empowered through bylaws and policies approved by Council and pursuant to the Municipal Government Act.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Rycroft 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 Canadian Professional Chartered Accountants. 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 changes in financial position of the reporting entity.

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 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 assets are acquired.

(c) Cash and Cash Equivalents

Cash and cash equivalents consists of bank deposits and savings accounts with a term of three months or less.

(d) Investments

Investments are recorded at cost. 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.

Village of Rycroft
Notes to the Financial Statements
December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(e) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property taxed 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.

(f) 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.

(g) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Village is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay overlay, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. This requirement is not being provided for by the Village at the current time.

(h) 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.

(i) 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.

Village of Rycroft
Notes to the Financial Statements
December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(j) 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:

	Years
Land	
Land Improvements	15-25
Buildings	25-50
Engineered structures	5-75
Machinery and equipment	3-20
Vehicles	10-25

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

i) 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.

ii) 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.

iii) Cultural and Historical Tangible Capital Assets

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

(k) Financial Instruments

(i) Measurement of financial instruments

Village of Rycroft initially measures all of its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

Village of Rycroft subsequently measures all of its financial assets and liabilities at amortized cost, except in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and temporary investments, restricted funds, taxes and grants in place of taxes, trade and other receivables and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, demand loan, long- term liabilities, and obligations under capital lease.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would be reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Village of Rycroft
Notes to the Financial Statements
December 31, 2018

2. CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Bank account - operating	323,375	2,061,498
Bank account/Cashable Guaranteed Investment Certificate (GIC) - restricted (Note below)	20,822	20,799
Cashable Guaranteed Investment Certificate (GIC) - non-restricted	1,018,681	-
	1,362,878	2,082,297

The operating bank account is earning interest at 2.05% (prime rate of 3.95% less 1.90%).

Cashable Guaranteed Investment Certificate (GIC) was purchased in July with the restricted funds. The term of the restricted GIC is July 17, 2018 to July 17, 2019 with an interest rate of 2.40% per annum. The non-restricted Cashable GIC earns interest at 2.3% per annum.

3. RECEIVABLES

	2018	2017
	\$	\$
i) Taxes and grants in lieu receivable		
Current taxes and grants in place of taxes	369,295	377,540
Arrears taxes	495,993	507,699
	865,288	885,239
Allowance for uncollectible arrears	(1,300)	(1,300)
	863,988	883,939

In the balance of \$865,288 of taxes receivable above, the Village of Rycroft owned properties at the end of the year which owed \$673,514 in current and arrears taxes.

The Village was in the process of trying to sell these tax sale properties during the year and only one (1) sold.

ii) Trade and other receivables

Trade and other receivables	45,246	164,964
GST receivable	77,895	93,587
	123,141	258,551

Village of Rycroft
Notes to the Financial Statements
December 31, 2018

4. INVESTMENTS

	2018 \$	2017 \$
Alberta Municipal Financing Corporation Shares - at cost	10	10
Municipal partnership - Central Peace Clinic	11,509	11,509
	11,519	11,519

5. LONG-TERM LIABILITIES

	2018 \$	2017 \$
Alberta Capital Finance Authority - 4001615	419,399	440,128
Alberta Capital Finance Authority - 4002298	957,163	1,000,000
	1,376,562	1,440,128

The debenture 4001615 is repayable to the Alberta Capital Finance Authority and bears interest at a rate of 3.623% and matures December 16, 2033.

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

The loan 4001615 is to be paid in full December 16, 2033, repayable over a 20 year period in semi-annual installments of \$18,244 (starting June 16, 2014) including interest charged at 3.623%.

The debenture 4002298 is repayable to the Alberta Capital Finance Authority and bears interest at a rate of 2.945 % and matures September 15, 2035.

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

The loan 4002298 is to be paid in full December 15, 2035, repayable over a 18 year period in semi-annual installments of \$35,987.07 (starting March 15, 2018) including interest charged at 2.945%.

The current portion of the long-term debt amounts to \$65,595 (2017 - \$63,566).

Interest on long-term debt amounted to \$44,897 (2017 - \$16,491)

Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2019	65,595	42,868	108,463
2020	67,689	40,773	108,462
2021	69,850	38,613	108,463
2022	72,081	36,381	108,462
Thereafter	1,101,347	235,690	1,337,037
	1,376,562	394,325	1,770,887

Village of Rycroft
Notes to the Financial Statements
December 31, 2018

6. OBLIGATIONS UNDER CAPITAL LEASE

	2018				2017
	Total	Deferred Finance Charges	Current Portion	Long-term Portion	Total
	\$	\$	\$	\$	\$
Caterpillar #1	51,913	3,435	15,921	32,557	52,523
Caterpillar #2	2,135	-	2,135	-	5,122
Caterpillar #3	4,587	59	4,528	-	6,221
	58,635	3,494	22,584	32,557	63,866

Caterpillar Financial Services Limited # 1

The lease matures on December 21, 2021. It is repayable in blended monthly instalments of \$1,483 and bear interest at 4.45% per annum. At the end of the lease, the Village has the option to purchase the equipment for the bargain price of \$1.00. The lease is secured by equipment with a carrying value of \$66,313. The current portion of the capital lease amounts to \$15,919.

Caterpillar Financial Services Limited # 2

The lease matures on May 21, 2019. It is repayable in monthly instalments of \$426 and bear interest at 0% per annum. The lease is secured by equipment with a carrying value of \$9,821. The current portion of the capital lease amounts to \$2,135.

Caterpillar Financial Services Limited # 3

The lease matures on June 21, 2019. It is repayable in blended monthly instalments of \$917 and bear interest at 5.2% per annum. The lease is secured by equipment with a carrying value of \$9,562. The current portion of the capital lease amounts to \$4,528.

Interest on capital leases amounted to \$2,077 (2017 - \$3,196).

Principal and interest repayments are as follows:

	Principal	Deferred Finance Charges	Total
	\$	\$	\$
2019	22,584	1,938	24,522
2020	16,642	1,156	17,798
2021	15,915	400	16,315
	55,141	3,494	58,635

Village of Rycroft
Notes to the Financial Statements
December 31, 2018

7. DEBT LIMIT

Section 276(2) of the Municipal Government Act requires that total debt limit as defined by Alberta Regulation 255/2000 for the Village of Rycroft be disclosed as follow:

	2018 \$	2017 \$
Total Debt Limit	3,789,056	3,785,514
Total Debt (See details below)	1,431,703	2,116,518
Amount of debt limit unused	2,357,353	1,668,996
Debt Service Limit	631,509	630,919
Debt Service	22,584	-
Amount of debt servicing limit unused	608,925	630,919
Details of Total Debt:		
Alberta Capital Finance Authority	1,376,562	1,440,128
Alberta Treasury Branch Financial	-	612,524
Caterpillar Financial Services Ltd.	58,635	52,523
	1,435,197	2,105,175

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) excluding government capital transfers and the debt service limit is calculated at 0.25 times such revenue excluding government capital transfers. 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

	2018 \$	2017 \$
Tangible capital assets (Schedule 2)	22,029,864	20,502,848
Accumulated amortization (Schedule 2)	(9,889,129)	(9,389,374)
Long-term liabilities (Note 5)	(1,376,562)	(1,440,128)
Demand loan (Note)	-	(612,524)
Capital lease (Note 6)	(55,141)	(63,866)
	10,709,032	8,996,956

Village of Rycroft
Notes to the Financial Statements
December 31, 2018

9. ACCUMULATED SURPLUS

	2018	2017
	\$	\$
Unrestricted surplus	1,821,870	2,828,105
Restricted surplus		
Operating reserves		
Fire - Fireworks	-	267
Repair Massey Tractor	-	4,000
Recreation reserve	20,820	-
Sewer lift station	150,000	-
Equity in tangible capital assets	10,709,032	8,996,956
	12,701,722	11,829,328

10. SEGMENTED DISCLOSURE

The Village of Rycroft provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent 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 the Schedule of Segmented Disclosure (schedule 6).

Village of Rycroft
Notes to the Financial Statements
December 31, 2018

11. SALARY AND BENEFITS DISCLOSURE

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:

	2018			2017	
	Months	Salary (1) \$	Benefits & Allowances (2) \$	Total \$	Total \$
Mayor:					
Diahann Potrebenko	12	5,568	2,742	8,310	1,548
Ron Campbell	-	-	-	-	470
Joanne Chelick	-	-	-	-	6,497
Deputy Mayors:					
James Verquin	12	3,355	1,652	5,007	1,090
Patricia Sydoruk	-	-	-	-	335
Councilors:					
Joanne Chelick	12	4,663	2,297	6,960	3,135
Roxann Dredger	12	5,189	2,556	7,745	1,897
Dwayne Kotyk	12	2,899	1,428	4,327	5,032
James Verquin	-	-	-	-	4,656
Chief Administrator Officer:					
Dean Pickering	1	23,312	741	24,053	119,035
Peter Thomas	8	81,945	15,432	97,377	-
Lisa Shaykowski	4	17,971	3,786	21,757	-

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

(2) Consists of 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.

Village of Rycroft
Notes to the Financial Statements
December 31, 2018

12. FINANCIAL INSTRUMENTS

Credit Risk

The Village of Rycroft 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 taxpayer and entities to which the Village of Rycroft provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate. The Village of Rycroft is exposed to interest rate risk on its bank account balances and any of its fixed and/or floating interest rate financial instruments.

Liquidity Risk

Liquidity risk is the risk that the Village of Rycroft will encounter difficulty in meeting its obligations associated with financial liabilities. The Village of Rycroft manages its liquidity risk by monitoring its operating requirements and cash forecasts to ensure it has sufficient funds to fulfil its financial obligations.

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 serves about 153,000 people and 404 employers. 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. Employees of the Village are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2018 were \$29,859 (2017- \$23,789). Total current service contributions by the employees of the Village to the LAPP in 2018 were \$27,254 (2017 - \$21,648).

14. CONTINGENCIES

The Village is a member of the Rural Municipalities Association and Counties-Jubilee Reciprocal Insurance Exchange. Under the terms of the membership, the Village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

Village of Rycroft
Notes to the Financial Statements
December 31, 2018

15. BUDGETED FIGURES

Budget figures are included in the financial statements for information purposes and are unaudited. The budget was approved by Council.

16. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.

17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.