

**Village of Rycroft**  
**Financial Statements**  
**December 31, 2019**

# Village of Rycroft

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

Management of the **Village of Rycroft** is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Village's financial position as at December 31, 2019 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirement on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Village Council carries out its responsibilities for review of the consolidated financial statements principally through its meeting with management. This Council meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Council with and without the presence of management. The Village Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Doyle & Company, Chartered Professional Accountants, independent external auditors appointed by the Village. The accompanying independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Village's consolidated financial statements.

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 AUDITOR'S 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, 2019, 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, 2019, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Village of Rycroft 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 Village of Rycroft'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 control.

## 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 Village of Rycroft'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 Village of Rycroft'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 Village of Rycroft 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.

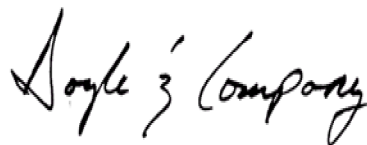
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 9.
- 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 14.

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



Edmonton, Alberta

May 6, 2020

Chartered Professional Accountants

**Village of Rycroft**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2019**

	<b>2019</b>	<b>2018</b>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 3)	<b>1,587,001</b>	1,362,878
Receivables (Note 4)		
Taxes and grants in place of taxes	<b>906,248</b>	863,988
Trade and other receivables	<b>296,724</b>	173,141
Investments (Note 5)	<b>11,519</b>	11,519
	<b>2,801,492</b>	2,411,526
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	<b>227,737</b>	368,836
Deferred revenue (Note 6)	<b>684,912</b>	710,481
Long-term debt (Note 7)	<b>1,310,968</b>	1,376,562
Obligations under capital lease (Note 8)	<b>32,519</b>	55,141
	<b>2,256,136</b>	2,511,020
<b>NET FINANCIAL ASSETS</b>	<b>545,356</b>	(99,494)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	<b>11,750,547</b>	12,140,735
<b>ACCUMULATED SURPLUS (Schedule 1, Note 11)</b>	<b>12,295,903</b>	12,041,241

Subsequent event - Note 13

**Village of Rycroft**  
**Consolidated Statement of Operations**  
**For the year ended December 31, 2019**

	<b>2019 Budget (Unaudited) \$</b>	<b>2019 Actual \$</b>	<b>2018 Actual \$</b>
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	1,099,943	885,919	1,163,842
User fees and sales of goods	745,390	680,867	577,213
Government transfers for operating (Schedule 4)	566,500	685,849	673,352
Investment income	40,000	37,052	21,321
Penalties and costs of taxes	50,000	49,653	90,309
Other	89,000	66,082	-
	<b>2,590,833</b>	<b>2,405,422</b>	<b>2,526,037</b>
<b>EXPENSES</b>			
Administration	512,254	426,823	537,065
Protective services	120,132	116,780	133,665
Bylaws enforcement	21,000	16,853	20,271
Culture	17,067	68,202	67,242
Family and community support	5,136	5,058	5,255
Legislative	50,000	49,274	55,996
Parks and recreation	100,735	203,705	131,082
Roads, streets, walks, lighting	632,719	706,715	543,512
Water supply and distribution	488,014	645,857	596,341
Wastewater treatment and disposal	67,660	135,413	160,690
Waste management	68,505	81,573	122,254
	<b>2,083,222</b>	<b>2,456,253</b>	<b>2,373,373</b>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<b>507,611</b>	<b>(50,831)</b>	<b>152,664</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	-	305,493	251,970
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<b>507,611</b>	<b>254,662</b>	<b>404,634</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<b>12,041,241</b>	<b>11,636,607</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>		<b>12,295,903</b>	<b>12,041,241</b>

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, 2019**

	<b>2019 Budget (Unaudited) \$</b>	<b>2019 Actual \$</b>	<b>2018 Actual \$</b>
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<b>507,611</b>	<b>254,662</b>	404,634
Acquisition of tangible capital assets	-	<b>(158,467)</b>	(1,593,118)
Proceeds on disposal of tangible capital assets	-	-	53,900
Amortization of tangible capital assets	-	<b>548,655</b>	522,258
(Gain) loss on disposal of tangible capital assets	-	-	(10,301)
	-	<b>390,188</b>	(1,027,261)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>507,611</b>	<b>644,850</b>	(622,627)
<b>NET FINANCIAL ASSETS , BEGINNING OF YEAR</b>		<b>(99,494)</b>	523,133
<b>NET FINANCIAL ASSETS, END OF YEAR</b>		<b>545,356</b>	(99,494)

The accompanying notes form part of these financial statements



**Village of Rycroft**  
**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2019**

	2019	2018
	\$	\$
<b>OPERATING</b>		
Excess (shortfall) of revenues over expenditures	254,662	404,634
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	548,655	522,258
(Gain) loss on disposal of tangible capital assets.	-	(10,301)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(42,260)	19,951
Decrease (increase) in trade and other receivables	(123,583)	135,410
Increase (decrease) in accounts payable and accrued liabilities	(141,099)	(35,098)
Increase (decrease) in deferred revenues	(25,569)	467,760
<b>Cash provided by operating transactions</b>	<b>470,806</b>	<b>1,504,614</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(158,467)	(1,593,118)
Disposal of tangible capital assets	-	53,900
<b>Cash applied to capital transactions</b>	<b>(158,467)</b>	<b>(1,539,218)</b>
<b>FINANCING</b>		
Obligation under capital lease (repaid)	(22,622)	(8,725)
Long-term debt (repaid)	(65,594)	(63,566)
Operating loan repaid	-	(612,524)
<b>Cash provided by (applied to) financing transactions</b>	<b>(88,216)</b>	<b>(684,815)</b>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>224,123</b>	<b>(719,419)</b>
<b>CASH AND CASH EQUIVALENTS , BEGINNING OF YEAR</b>	<b>1,362,878</b>	<b>2,082,297</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>1,587,001</b>	<b>1,362,878</b>

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, 2019

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019 \$	2018 \$
<b>Balance, Beginning of Year</b>	<b>1,161,389</b>	<b>170,820</b>	<b>10,709,032</b>	<b>12,041,241</b>	11,636,607
Excess (deficiency) of revenues over expenses	254,662	-	-	254,662	404,634
Current year funds used for tangible capital assets	(158,467)	-	158,467	-	-
Annual amortization expenses	548,655	-	(548,655)	-	-
Long-term liabilities repaid	(88,216)	-	88,216	-	-
Change in accumulated surplus	556,634	-	(301,972)	254,662	404,634
<b>Balance, End of Year</b>	<b>1,718,023</b>	<b>170,820</b>	<b>10,407,060</b>	<b>12,295,903</b>	12,041,241

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, 2019**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2019 \$	2018 \$
<b>COST:</b>								
Balance, Beginning of Year	294,203	1,826,828	6,632,647	12,532,945	489,105	254,136	22,029,864	20,502,848
Acquisition of tangible capital assets	-	-	-	123,984	34,483	-	158,467	1,593,118
Disposal of tangible capital assets	-	-	-	-	-	-	-	(66,102)
Balance, End of Year	294,203	1,826,828	6,632,647	12,656,929	523,588	254,136	22,188,331	22,029,864
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	-	1,062,090	4,119,897	4,308,066	214,724	184,352	9,889,129	9,389,374
Annual amortization	-	120,842	118,677	246,323	31,854	30,959	548,655	522,258
Accumulated amortization on disposals	-	-	-	-	-	-	-	(22,503)
Balance, End of Year	-	1,182,932	4,238,574	4,554,389	246,578	215,311	10,437,784	9,889,129
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>294,203</b>	<b>643,896</b>	<b>2,394,073</b>	<b>8,102,540</b>	<b>277,010</b>	<b>38,825</b>	<b>11,750,547</b>	<b>12,140,735</b>
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	294,203	764,738	2,512,750	8,224,879	274,381	69,784		12,140,735

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, 2019**

	<b>2019 Budget (Unaudited) \$</b>	<b>2019 Actual \$</b>	<b>2018 Actual \$</b>
<b>TAXATION</b>			
Real property taxes	1,099,943	1,059,785	1,296,165
Linear property taxes	-	3,493	20,968
Designated Industrial property tax	-	104	272
	<b>1,099,943</b>	<b>1,063,382</b>	1,317,405
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	150,966	174,684	150,967
Designated Industrial property tax	104	104	272
Grande Spirit Foundation	2,676	2,675	2,324
	<b>153,746</b>	<b>177,463</b>	153,563
<b>NET MUNICIPAL TAXES</b>	<b>946,197</b>	<b>885,919</b>	1,163,842

The accompanying notes form part of these financial statements

**Village of Rycroft**  
**Schedule of Government Transfers - Schedule 4**  
**For the year ended December 31, 2019**

	<b>2019 Budget (Unaudited) \$</b>	<b>2019 Actual \$</b>	<b>2018 Actual \$</b>
<b>TRANSFERS FOR OPERATING:</b>			
Federal Government	-	37,555	2,000
Provincial Government	66,500	48,294	165,352
Local Government	500,000	600,000	506,000
	<b>566,500</b>	<b>685,849</b>	673,352
<b>TRANSFERS FOR CAPITAL:</b>			
Provincial Government	-	305,493	251,970
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>566,500</b>	<b>991,342</b>	925,322

In prior years the funding received from Federal Gas Tax Fund and Municipal Sustainability Initiative - Capital was recognized in the year the funds were received. In coordination with Municipal Affairs, the Municipal Sustainability Initiative - Capital funding of \$467,760 initially recognized in 2018 was removed from the amount above. These funds are shown as deferred revenue (see note 6).

# Village of Rycroft

## Schedule of Consolidated Expenditures by Object - Schedule 5

For the year ended December 31, 2019

	<b>2019 Budget (Unaudited) \$</b>	<b>2019 Actual \$</b>	<b>2018 Actual \$</b>
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	492,422	684,321	550,968
Contracted and general services	550,000	648,409	816,049
Materials, goods, and utilities	350,000	383,147	393,216
Transfers to local boards and agencies	145,000	145,117	41,161
Bank charges and short-term interest	1,800	1,839	4,824
Interest on long-term debt	44,000	44,765	44,897
Amortization of tangible capital assets	500,000	548,655	522,258
	<b>2,083,222</b>	<b>2,456,253</b>	<b>2,373,373</b>

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, 2019

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	2019 \$
<b>REVENUE</b>							
Net municipal taxes	885,919	-	-	-	-	-	885,919
Government transfers	685,849	-	305,493	-	-	-	991,342
User fees and sales of goods	990	-	25	-	9,249	504,866	515,130
Investment income	36,542	-	-	-	-	-	36,542
Other revenue	192,648	830	-	2,420	-	86,084	281,982
	<b>1,801,948</b>	<b>830</b>	<b>305,518</b>	<b>2,420</b>	<b>9,249</b>	<b>590,950</b>	<b>2,710,915</b>
<b>EXPENSES</b>							
Bank charges and interest	1,839	-	29,763	-	-	15,002	46,604
Contracted and general services	128,766	115,205	98,016	-	45,307	338,998	726,292
Materials, goods and utilities	23,242	6,111	207,604	-	18,004	135,072	390,033
Salaries, wages and benefits	302,609	-	135,022	-	20,842	129,942	588,415
Transfers to local boards and agencies	133,631	9,885	-	-	12,737	-	156,253
	<b>590,087</b>	<b>131,201</b>	<b>470,405</b>	<b>-</b>	<b>96,890</b>	<b>619,014</b>	<b>1,907,597</b>
<b>NET REVENUE (SHORTFALL)</b>							
<b>BEFORE AMORTIZATION</b>	1,211,861	(130,371)	(164,887)	2,420	(87,641)	(28,064)	803,318
Amortization	11,603	2,319	236,641	-	54,263	243,830	548,656
<b>NET REVENUE (SHORTFALL)</b>	<b>1,200,258</b>	<b>(132,690)</b>	<b>(401,528)</b>	<b>2,420</b>	<b>(141,904)</b>	<b>(271,894)</b>	<b>254,662</b>

The accompanying notes form part of these financial statements

# Village of Rycroft

## Notes to the Financial Statements

### December 31, 2019

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#### 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 consolidated 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 consolidated 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, 2019**

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**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 cover, 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, 2019**

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**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, receivables: 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, long-term debt, 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**  
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**2. MEASUREMENT UNCERTAINTY**

The preparation of financial statements in conformity with Canadian public sector accounting standards 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.

**3. CASH AND TEMPORARY INVESTMENTS**

	<b>2019</b>	<b>2018</b>
	\$	\$
Bank account - operating	75,444	323,375
Bank account/Cashable Guaranteed Investment Certificate (GIC) - restricted (Note below)	-	20,822
Temporary Investments	<b>1,511,557</b>	1,018,681
	<b>1,587,001</b>	1,362,878

The operating bank account earns interest at different rates depending on the balance in the account. At year end the balance in the account earned interest at 2.05 %.

Temporary investments are deposits in a notice on amount 31 days with interest at 2.40%

Included in temporary investments is a restricted amount of \$508,851 (2018 - \$467,760) received from the Municipal Sustainability Initiative Capital and \$ nil (2018 - \$192,721) received from the Gas Tax Fund held for approved projects (Note 6).

**Village of Rycroft**  
**Notes to the Financial Statements**  
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**4. RECEIVABLES**

	<b>2019</b>	<b>2018</b>
	\$	\$
<b>i) Taxes and grants in place of taxes</b>		
Current taxes and grants in place of taxes	<b>829,044</b>	369,295
Arrears taxes	<b>78,504</b>	495,993
	<b>907,548</b>	865,288
Allowance for uncollectible arrears	<b>(1,300)</b>	(1,300)
	<b>906,248</b>	863,988

In the balance of \$907,548 (2018 - \$865,288) of taxes receivable above, the Village of Rycroft owned properties at the end of the year which owed \$738,225 (2018 - \$673,514) in current and arrears taxes.

The Village is in the process of trying to sell these tax sale properties during the year.

**ii) Trade and other receivables**

Trade and other receivables	<b>68,758</b>	45,246
GST receivable	<b>34,369</b>	77,895
Government receivable	<b>193,597</b>	50,000
	<b>296,724</b>	173,141

In coordination with Municipal Affairs, the prior year receivable based on the programs annual allocation is reflected in the current year financial statements and will be in subsequent years.

The Government receivable is comprised of Municipal Sustainability Initiative - Capital \$93,597 (2018 - \$0) and \$100,000 (2018 - \$50,000) Federal Gas Tax Fund.

**5. INVESTMENTS**

	<b>2019</b>	<b>2018</b>
	\$	\$
Alberta Municipal Financing Corporation Shares - at cost	<b>10</b>	10
Municipal partnership - Central Peace Clinic	<b>11,509</b>	11,509
	<b>11,519</b>	11,519

**Village of Rycroft**  
**Notes to the Financial Statements**  
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**6. DEFERRED REVENUE**

	<b>2019</b>	<b>2018</b>
	\$	\$
Licences	525	-
Federal Gas Tax Fund (FGTF)	81,939	242,721
Municipal Sustainability Initiative (MSI) - Capital	602,448	467,760
	<b>684,912</b>	<b>710,481</b>

In prior years the funding received from Federal Gas Tax Fund and Municipal Sustainability Initiative - Capital was recognized in the year the funds were received. In coordination with Municipal Affairs, the deferred revenue from prior years was calculated and reflected in the current year financial statements and will be in subsequent years.

**7. LONG-TERM DEBT**

	<b>2019</b>	<b>2018</b>
	\$	\$
Alberta Capital Finance Authority - 4001615	397,913	419,399
Alberta Capital Finance Authority - 4002298	913,055	957,163
	<b>1,310,968</b>	<b>1,376,562</b>

The current portion of long-term debt amounts to \$67,688 (2018 - \$65,595). Principal and interest repayments are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
	\$	\$	\$
2020	67,688	40,774	108,462
2021	69,851	38,615	108,466
2022	72,083	36,381	108,464
2023	74,385	34,077	108,462
2024	76,763	31,700	108,462
Thereafter	950,198	169,913	1,120,111
	<b>1,310,968</b>	<b>351,460</b>	<b>1,662,427</b>

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%.

Interest on long-term debt amounted to \$42,868 (2018 - \$44,897)

**Village of Rycroft**  
**Notes to the Financial Statements**  
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**8. OBLIGATIONS UNDER CAPITAL LEASE**

	<b>2019</b>			<b>2018</b>
	<b>Total</b>	<b>Deferred Finance Charges</b>	<b>Current Portion</b>	<b>Long-term Portion</b>
	\$	\$	\$	\$
Caterpillar #1	33,991	1,472	16,683	41,756
Caterpillar #2	-	-	-	2,135
Caterpillar #3	-	-	-	4,587
	<b>33,991</b>	<b>1,472</b>	<b>16,683</b>	<b>48,478</b>

**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 \$61,008. The current portion of the capital lease amounts to \$16,683.

**Caterpillar Financial Services Limited # 2**

The lease matured on May 21, 2019. It was repayable in monthly instalments of \$426 and bear interest at 0% per annum.

**Caterpillar Financial Services Limited # 3**

The lease matured on June 21, 2019. It was repayable in blended monthly instalments of \$917 and bear interest at 5.2% per annum.

Interest on capital leases amounted to \$1,899 (2018 - \$2,077).

Principal and interest repayments are as follows:

	<b>Principal</b>	<b>Deferred Finance Charges</b>	<b>Total</b>
	\$	\$	\$
<b>2020</b>	<b>16,683</b>	<b>1,115</b>	<b>17,798</b>
<b>2021</b>	<b>15,836</b>	<b>357</b>	<b>16,193</b>
	<b>32,519</b>	<b>1,472</b>	<b>33,991</b>

**Village of Rycroft**  
**Notes to the Financial Statements**  
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**9. 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:

	<b>2019</b>	<b>2018</b>
	\$	\$
Total Debt Limit	<b>3,608,133</b>	3,789,056
Total Debt (See details below)	<b>1,343,487</b>	1,431,703
Amount of debt limit unused	<b>2,264,646</b>	2,357,353
Debt Service Limit	<b>601,356</b>	631,509
Debt Service	-	-
Amount of debt servicing limit unused	<b>601,356</b>	631,509
<b>Details of Total Debt:</b>		
Alberta Capital Finance Authority	<b>1,310,968</b>	1,376,562
Alberta Treasury Branch Financial	-	-
Caterpillar Financial Services Ltd.	<b>33,991</b>	41,756
	<b>1,344,959</b>	1,418,318

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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.

**10. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2019</b>	<b>2018</b>
	\$	\$
Tangible capital assets (Schedule 2)	<b>22,188,331</b>	22,029,864
Accumulated amortization (Schedule 2)	<b>(10,437,784)</b>	(9,889,129)
Long-term liabilities (Note 7)	<b>(1,310,968)</b>	(1,376,562)
Capital lease (Note 8)	<b>(32,519)</b>	(55,141)
	<b>10,407,060</b>	10,709,032

**Village of Rycroft**  
**Notes to the Financial Statements**  
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**11. ACCUMULATED SURPLUS**

	<b>2019</b>	<b>2018</b>
	\$	\$
Unrestricted surplus	<b>1,718,023</b>	1,161,389
Restricted surplus		
Operating reserves		
Recreation reserve	<b>20,820</b>	20,820
Sewer lift station	<b>150,000</b>	150,000
Equity in Tangible Capital Assets (TCA)	<b>10,407,060</b>	10,709,032
	<b>12,295,903</b>	12,041,241

**12. 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).

**13. SUBSEQUENT EVENT**

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus) which was declared a pandemic by the World Health Organization. This has an impact on municipal government operations through the restrictions put in place by the Canadian and provincial governments as well as the Alberta Health Services regarding travel, isolation/quarantine orders, closure of municipal facilities, cancellation or postponement of programs, and deferral of property tax and utility payments. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Village of Rycroft as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus, and the duration of the outbreak, including the duration of facility closures, program and service disruptions, and isolation/quarantine measures that are currently or maybe put in place by Canada and other countries to fight the virus.



**Village of Rycroft**  
**Notes to the Financial Statements**  
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**14. 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:

	2019			2018	
	Months	Salary (1) \$	Benefits & Allowances (2) \$	Total \$	Total \$
Mayor:					
Diahann Potrebenko	12	7,095	202	7,297	8,310
Deputy Mayors:					
James Verquin	12	4,243	81	4,324	5,007
Councilors:					
Joanne Chelick	12	6,708	170	6,878	6,960
Roxann Dredger	12	6,805	205	7,010	7,745
Dwayne Kotyk	12	3,235	22	3,257	4,327
Chief Administrator Officer:					
Dean Pickering	-	-	-	-	24,053
Peter Thomas	12	127,641	20,733	148,374	97,377
Lisa Shaykowski	-	-	-	-	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**  
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**15. 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.

**16. 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 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. Employees of the Village are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2019 were \$36,707 (2018- \$29,859). Total current service contributions by the employees of the Village to the LAPP in 2019 were \$33,243 (2018 - \$27,254).

**17. 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**  
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**18. BUDGETED FIGURES**

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

**19. COMPARATIVE FIGURES**

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

**20. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.