

Village of Rycroft
Financial Statements
December 31, 2023

Village of Rycroft

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Village of Rycroft

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Rycroft is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the Village's financial position as at December 31, 2023 and the results of its operations for the year then ended.

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

The 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 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 financial statements.

The Village Council carries out its responsibilities for review of the 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 financial statements.

The 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 financial statements.

Peter Thomas

Chief Administrative Officer

Edward Cheung, 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 financial statements of the **Village of Rycroft (the "Organization")**, which comprise the statement of financial position as at December 31, 2023, and the results of its operations, changes in its net financial assets and cash flows for the years then ended, and 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 Organization as at December 31, 2023, 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 Financial Statements section of our report. We are independent of the Organization 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 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 Organization'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 liquidate the Organization or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Organization'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 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.

INDEPENDENT AUDITOR'S REPORT - continued

Auditor's Responsibility for the Audit of the Financial Statements - continued

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.
- 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 Organization'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 Organization'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 Organization 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.

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.

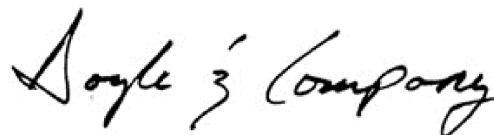
Report on Other Legal and Regulatory Requirements

- 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 8.

- 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 12.



Chartered Professional Accountants

April 16, 2024
11210 - 107 Avenue NW
Edmonton, Alberta T5H 0Y1

Village of Rycroft
Statement of Financial Position
As at December 31, 2023

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	2,571,323	3,803,552
Receivables		
Taxes and grants in place of taxes (Note 3)	684,581	859,688
Trade and other receivables (Note 3)	184,509	244,638
Investments (Note 4)	11,519	11,519
	3,451,932	4,919,397
LIABILITIES		
Accounts payable and accrued liabilities	299,412	93,323
Deferred revenue (Note 5)	1,865	809,421
Asset retirement obligation (Note 6)	59,221	-
Long-term debt (Note 7)	1,026,962	1,101,347
	1,387,460	2,004,091
NET FINANCIAL ASSETS	2,064,472	2,915,306
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	13,554,584	11,719,755
ACCUMULATED OPERATING SURPLUS (Schedule 1, Note 10)	15,619,056	14,635,061

Contingencies - Note 15

Village of Rycroft
Statement of Operations
For the year ended December 31, 2023

	2023 Budget (Unaudited) \$	2023 Actual \$	2022 Actual \$
REVENUE			
Net municipal taxes (Schedule 3)	978,551	976,854	937,468
User fees and sales of goods	854,820	754,656	713,572
Government transfers for operating (Schedule 4)	566,946	564,946	534,573
Investment income	65,250	227,374	97,109
Penalties and costs of taxes	54,000	94,560	96,104
Other revenue	60,500	66,071	66,361
Total Revenue	2,580,067	2,684,461	2,445,187
EXPENSES			
General Government			
Council and other legislative	91,200	82,316	74,424
General administration	456,933	665,337	449,344
Protective Services			
Bylaw enforcement	21,000	14,091	13,436
Emergency services	20,000	16,089	14,991
Fire	113,290	117,680	113,664
Policing	22,770	21,997	16,747
Transportation			
Roads, streets, walks, lighting	788,082	706,990	673,058
Public Health and Welfare			
Family and community support	6,204	5,996	5,173
Recreation and Culture			
Culture, library, and halls	57,902	55,056	53,329
Parks and recreation	120,364	120,522	67,929
Environmental Use and Protection			
Water supply and distribution	597,381	647,328	535,845
Wastewater treatment and disposal	107,408	149,786	154,393
Waste management	61,829	58,337	52,767
Total Expenses	2,464,363	2,661,525	2,225,100
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	115,704	22,936	220,087
OTHER			
Government transfers for capital (Schedule 4)	291,832	961,059	423,039
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	407,536	983,995	643,126
ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR		14,635,061	13,991,935
ACCUMULATED OPERATING SURPLUS, END OF YEAR		15,619,056	14,635,061

The accompanying notes form part of these financial statements.

Village of Rycroft
Statement of Change in Net Financial Assets
For the year ended December 31, 2023

	2023 Budget (Unaudited) \$	2023 Actual \$	2022 Actual \$
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	407,536	983,995	643,126
Acquisition of tangible capital assets	(1,849,421)	(2,347,379)	(320,433)
Amortization of tangible capital assets	-	512,550	506,553
	(1,849,421)	(1,834,829)	186,120
INCREASE (DECREASE) IN NET ASSETS	(1,441,885)	(850,834)	829,246
NET FINANCIAL ASSETS, BEGINNING OF YEAR	-	2,915,306	2,086,060
NET FINANCIAL ASSETS, END OF YEAR	-	2,064,472	2,915,306

The accompanying notes form part of these financial statements.

Village of Rycroft
Statement of Cash Flows
For the year ended December 31, 2023

	2023	2022
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	983,995	643,126
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	512,550	506,553
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	175,107	(71,329)
Decrease (increase) in trade and other receivables	60,129	657,703
Increase (decrease) in accounts payable and accrued liabilities	206,089	39,618
Increase (decrease) in deposit liabilities	-	(50)
Increase (decrease) in deferred revenues	(807,556)	(271,271)
Increase (decrease) in employee benefit obligations	-	(624)
Cash provided by operating transactions	1,130,314	1,503,726
CAPITAL		
Acquisition of tangible capital assets	(2,347,379)	(320,433)
Cash applied to capital transactions	(2,347,379)	(320,433)
FINANCING		
Long-term debt repaid	(74,385)	(72,081)
Asset retirement obligations obtained	59,221	-
Cash provided by (applied to) financing transactions	(15,164)	(72,081)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(1,232,229)	1,111,212
CASH AND CASH EQUIVALENTS , BEGINNING OF YEAR	3,803,552	2,692,340
CASH AND CASH EQUIVALENTS, END OF YEAR	2,571,323	3,803,552

The accompanying notes form part of these financial statements.

Village of Rycroft

Schedule of Changes in Accumulated Operating Surplus - Schedule 1

For the year ended December 31, 2023

	Unrestricted Surplus	Internally Restricted Surplus	Equity in Tangible Capital Assets	2023	2022
	\$	\$	\$	\$	\$
Balance, Beginning of Year	320,331	3,696,322	10,618,408	14,635,061	13,991,935
Excess of revenues over expenses	983,995	-	-	983,995	643,126
Unrestricted funds designated for future use	(693,718)	693,718	-	-	-
Restricted funds used for operations	290,000	(290,000)	-	-	-
Restricted funds used to purchase tangible capital assets	-	(2,000,000)	2,000,000	-	-
Current year funds used for tangible capital assets	(347,379)	-	347,379	-	-
Annual amortization expenses	512,550	-	(512,550)	-	-
Asset retirement obligation recognized	58,060	-	(58,060)	-	-
Accretion expenses	1,161	-	(1,161)	-	-
Long-term debts repaid	(74,385)	-	74,385	-	-
Change in accumulated surplus	730,284	(1,596,282)	1,849,993	983,995	643,126
Balance, End of Year	1,050,615	2,100,040	12,468,401	15,619,056	14,635,061

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, 2023

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2023	2022
	\$	\$		\$	\$	\$	\$	\$
COST:								
Balance, Beginning of Year	294,203	1,826,828	6,649,397	13,952,519	650,429	300,822	23,674,198	23,353,765
Acquisition of tangible capital assets	-	-	74,790	2,257,281	15,308	-	2,347,379	320,433
Disposal of tangible capital assets	-	-	-	-	-	-	-	-
Balance, End of Year	294,203	1,826,828	6,724,187	16,209,800	665,737	300,822	26,021,577	23,674,198
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	1,535,587	4,595,024	5,212,649	357,313	253,870	11,954,443	11,447,890
Annual amortization	-	98,932	121,385	228,149	39,576	24,508	512,550	506,553
Accumulated amortization on disposals	-	-	-	-	-	-	-	-
Balance, End of Year	-	1,634,519	4,716,409	5,440,798	396,889	278,378	12,466,993	11,954,443
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	294,203	192,309	2,007,778	10,769,002	268,848	22,444	13,554,584	11,719,755
 2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	 294,203	 291,241	 2,054,373	 8,739,870	 293,116	 46,952	 11,719,755	

The accompanying notes form part of these financial statements.

Village of Rycroft
Schedule of Property and Other Taxes - Schedule 3
For the year ended December 31, 2023

	2023 Budget (Unaudited) \$	2023 Actual \$	2022 Actual \$
TAXATION			
Real property taxes	1,164,562	1,162,756	1,127,483
Designated Industrial property tax	110	109	105
	1,164,672	1,162,865	1,127,588
REQUISITIONS			
Alberta School Foundation Fund	182,744	182,744	187,365
Designated Industrial property tax	110	-	-
Grande Spirit Foundation	3,267	3,267	2,755
	186,121	186,011	190,120
NET MUNICIPAL TAXES	978,551	976,854	937,468

The accompanying notes form part of these financial statements.

Village of Rycroft
Schedule of Government Transfers - Schedule 4
For the year ended December 31, 2023

	2023 Budget (Unaudited) \$	2023 Actual \$	2022 Actual \$
TRANSFERS FOR OPERATING:			
Federal Government	2,000	-	2,100
Provincial Government	64,946	64,946	32,473
Local Government	500,000	500,000	500,000
	566,946	564,946	534,573
TRANSFERS FOR CAPITAL:			
Provincial Government	291,832	961,059	423,039
TOTAL GOVERNMENT TRANSFERS	858,778	1,526,005	957,612

The accompanying notes form part of these financial statements.

Village of Rycroft
Schedule of Expenses by Object - Schedule 5
For the year ended December 31, 2023

	2023 Budget (Unaudited) \$	2023 Actual \$	2022 Actual \$
EXPENSES BY OBJECT			
Salaries, wages and benefits	646,048	665,934	609,401
Contracted and general services	726,943	756,969	677,850
Materials, goods, and utilities	431,629	357,418	339,858
Provision for allowance	-	206,936	5,712
Transfers to local boards and agencies	82,268	124,538	46,186
Bank charges and short-term interest	3,500	3,101	3,159
Interest on long-term debt	34,078	34,078	36,381
Amortization of tangible capital assets	539,897	512,551	506,553
	2,464,363	2,661,525	2,225,100

The accompanying notes form part of these financial statements.

Village of Rycroft
Schedule of Segmented Disclosure - Schedule 6
For the year ended December 31, 2023

	General Government \$	Protective Services \$	Transportation Services \$	Other \$	Recreation & Culture \$	Environmental Services \$	2023 \$
REVENUE							
Net municipal taxes	976,854	-	-	-	-	-	976,854
Government transfers	564,946	-	-	-	-	-	564,946
User fees and sales of goods	176,391	-	22,229	3,000	4,366	548,670	754,656
Investment income	227,374	-	-	-	-	-	227,374
Other revenue	65,930	28,230	-	400	-	66,071	160,631
	2,011,495	28,230	22,229	3,400	4,366	614,741	2,684,461
EXPENSES							
Contracted and general services	128,345	154,378	100,957	-	43,455	367,013	794,148
Salaries, wages and benefits	361,395	-	247,444	-	2,161	54,934	665,934
Materials, goods and utilities	16,234	6,933	141,347	-	31,995	160,909	357,418
Provision for allowance	206,936	-	-	-	-	-	206,936
Transfers to local boards and agencies	29,591	8,546	21,401	-	65,000	-	124,538
	742,501	169,857	511,149	-	142,611	582,856	2,148,974
NET REVENUE (SHORTFALL)							
BEFORE AMORTIZATION	1,268,994	(141,627)	(488,920)	3,400	(138,245)	31,885	535,487
Amortization	(11,148)	-	(195,841)	-	(32,967)	(272,595)	(512,551)
Capital government transfers	-	-	747,929	-	-	213,130	961,059
NET REVENUE (SHORTFALL)	1,257,846	(141,627)	63,168	3,400	(171,212)	(27,580)	983,995

The accompanying notes form part of these financial statements.

Village of Rycroft

Notes to the Financial Statements

December 31, 2023

DESCRIPTION OF OPERATIONS

The Village of Rycroft is a local government authority providing municipal services. The Village of Rycroft 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 Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village of Rycroft 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.

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 or goods have yet to be provided. Revenue is recognized in the period when the related expenses are incurred, services performed/goods provided or the tangible assets are acquired.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian Accounting Standards for Public Sector Accounting Board requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of the tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

Village of Rycroft
Notes to the Financial Statements
December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Valuation of Financial Assets and Liabilities

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

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

(e) Cash and Temporary Investments

Cash and temporary investments consists of bank deposits and savings accounts with a term of three (3) months or less.

(f) Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations.

Investments in interest bearing securities 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.

(g) Long-Term Debt

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

(h) Requisition Over-levy and Under-levy

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

(i) 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.

(j) Revenue Recognition

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

Village of Rycroft
Notes to the Financial Statements
December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(k) Revenue Recognition - continued

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

(k) 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.

(l) Non-Financial Assets

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

i. Tangible Capital Assets

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

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

One-half of the 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.

ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value when the amount can reasonably be determined and would have been purchased by the Village of Rycroft, if not contributed, 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.

Village of Rycroft
Notes to the Financial Statements
December 31, 2023

2. CASH AND TEMPORARY INVESTMENTS

	2023	2022
	\$	\$
Bank account - operating	471,283	12,971
Temporary Investments	2,100,040	3,790,581
	2,571,323	3,803,552

The interest rate on the operating bank is variable, subject to the fluctuating bank balance and the prime rate set by the bank.

Temporary investments are deposits in a notice on amount 31 days saving account.

Included in temporary investments is a restricted amount of \$ Nil (2022 - \$695,552) received from the Municipal Sustainability Initiative Capital and \$ Nil (2022 - \$Nil) received from the Gas Tax Fund held for approved projects (Note 5).

Council has designated cash and temporary investments for the funding of restricted reserves, including operating \$349,148 (2022 - \$612,144) and capital \$1,750,892 (2022 - \$2,495,856), totaling \$2,100,040 (2022 - \$3,108,000).

3. RECEIVABLES

	2023	2022
	\$	\$
i) Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	147,301	138,483
Arrears taxes	638,580	722,505
	785,881	860,988
Less: Allowance for uncollectible arrears	(101,300)	(1,300)
	684,581	859,688

In the balance of \$785,881 (2022 - \$860,988) of taxes receivable above, the Village of Rycroft owned properties at the end of the year which owed \$572,147 (2022 - \$683,776) in current and arrears taxes. Of the \$572,147 arrears taxes, \$Nil (2022 - \$52,162) is from properties related to the Northwest Subdivision and \$267,485 (2022 - \$587,891) is from properties related to the Crossroads Subdivision.

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

ii) Trade and other receivables

Goods and services tax receivable	128,218	36,853
Government receivable	-	151,768
Trade and other receivables	56,291	56,017
	184,509	244,638

The Government receivable is comprised of Municipal Sustainability Initiative - Capital \$Nil (2022 - \$101,768) and the Federal Gas Tax Fund \$Nil (2022 - \$50,000).

Village of Rycroft
Notes to the Financial Statements
December 31, 2023

4. INVESTMENTS

	2023	2022
	\$	\$
Alberta Municipal Financing Corporation Shares - at cost	10	10
Municipal partnership - Central Peace Clinic - at cost	11,509	11,509
	11,519	11,519

5. DEFERRED REVENUE

	Opening	Received	Recognized	2023	2022
	\$	\$	\$	\$	\$
Canada Community Building Fund	10,651	50,000	60,651	-	-
10,651					
Municipal Sustainability Initiative (MSI) - Capital	797,320	101,768	899,088	-	-
797,320					
Licenses	1,450	415	-	1,865	-
1,450					
	809,421	152,183	959,739	1,865	-
809,421					

Municipal Sustainability Initiative (MSI)

Funding in the amount of \$166,714 was received in the current year from the Municipal Sustainability Initiative. Of the \$166,714 received, \$101,768 was from the capital component of the program and is restricted to eligible capital projects, as approved under the funding agreement. The remaining \$64,946 is from the operating component of the program and is restricted to eligible operating projects, as approved under the funding agreement.

Unexpected funds related to the advance are supported by cash and temporary investments held exclusively for these projects. (refer to Note 2)

6. ASSET RETIREMENT OBLIGATION

The village own buildings which may contain asbestos and, therefore, the village is legally required to perform abatement activities upon renovation or demolition of the buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are an abatement cost in year 2043 of \$88,000. The estimated total liability of \$59,221 is based on the sum of discounted future cash flows for abatement activities using a discount rate of 6% and assuming annual inflation of 2%. It is management's opinion that these assumptions are reasonable in the circumstance as at December 31, 2023. The village has not designated assets for settling the abatement activities.

	2023	2022
	\$	January 1 \$
Balance, beginning of year	58,060	-
Increase in (discharge of) obligation	-	58,060
Accretion expense	1,161	-

Estimated total liability

59,221

58,060

Village of Rycroft
Notes to the Financial Statements
December 31, 2023

7. LONG-TERM DEBT

	2023	2022
	\$	\$
Alberta Capital Finance Authority - 4001615	303,819	328,624
Alberta Capital Finance Authority - 4002298	723,143	772,723
	1,026,962	1,101,347
Less: Current portion	76,763	74,385
Long-term portion	950,199	1,026,962

The current portion of long-term debt amounts to \$76,763 (2022 - \$74,385).

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2024	76,763	31,700	108,463
2025	79,218	29,246	108,464
2026	81,751	26,712	108,463
2027	84,367	24,096	108,463
2028	87,067	21,396	108,463
Thereafter	617,796	68,463	686,259
	1,026,962	201,613	1,228,575

The debenture 4001615 is repayable to the Alberta Capital Finance Authority and bears interest at a rate of 3.623% per annum and matures December 16, 2033 repayable over a 20 year period in semi-annual installments of \$18,244 (starting June 16, 2014). This loan was for Refinancing Debenture Bylaw 144-13.

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

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, repayable over a 18 year period in semi-annual installments of \$35,987.07 (starting March 15, 2018). This loan was for Pavement Project 2017/2018, Borrowing Bylaw 188-17.

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

Interest on long-term debt amounted to \$34,078 (2022 - \$36,381)

Village of Rycroft
Notes to the Financial Statements
December 31, 2023

8. DEBT LIMITS AND DEBT SERVICING 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:

	2023	2022
	\$	\$
Total Debt Limit	4,026,692	3,667,781
Total Debt (See details below)	1,026,962	1,101,347
Amount of debt limit unused	2,999,730	2,566,434
Debt Service Limit	671,115	611,297
Debt Service	74,385	72,081
Amount of debt servicing limit unused	596,730	539,216
Details of Total Debt:		
Alberta Capital Finance Authority	1,026,962	1,101,347
	1,026,962	1,101,347

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the governments of Alberta and Canada for the purposes of capital property (as defined in Alberta Regulation 255/2000) 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.

Total debt includes long-term debt less debt charges recoverable. Debt servicing includes principle and interest payments due on long-term debt in the 12 months subsequent to year-end less amounts that are recoverable.

Village of Rycroft
Notes to the Financial Statements
December 31, 2023

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2023	2022
	\$	\$
Tangible capital assets (Schedule 2)	26,021,577	23,674,198
Accumulated amortization (Schedule 2)	(12,466,993)	(11,954,443)
Long-term liabilities (Note 7)	(1,026,962)	(1,101,347)
Asset retirement obligations (Note 6)	(59,221)	-
	12,468,401	10,618,408

10. ACCUMULATED OPERATING SURPLUS

Accumulated surplus consists of internally restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2023	2022
	\$	\$
Unrestricted surplus	1,050,615	320,331
Internally Restricted surplus		
Operating reserves		
Operating fund	349,148	612,144
Capital reserves		
Administration building	62,983	52,983
Administration equipment	62,883	52,883
Fire equipment replacement	72,883	62,883
Public works building and equipment	401,527	381,527
Road project	574	1,396,592
Water	428,164	418,164
Sewer	129,197	119,197
Parks and recreation	60,870	50,870
Recreation building	150,650	140,650
Arena	200,911	190,911
General municipal capital	180,250	217,518
Equity in Tangible Capital Assets (Note 9)	12,468,401	10,618,408
	15,619,056	14,635,061

11. 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, 2023

11. SEGMENTED DISCLOSURE - continued

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

12. 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:

	2023			2022	
	Months	Salary (1) \$	Benefits & Allowances (2) \$	Total \$	Total \$
Mayor:					
James Verquin	12	5,485	126	5,611	4,737
Councilors:					
Dwayne Kotyk	12	3,610	43	3,653	3,156
Roxann Dreger	12	8,753	434	9,187	9,239
Joanne Chelick	12	10,183	432	10,615	10,761
Brian Markovich	12	5,380	164	5,544	5,023
Chief Administrator Officer:					
Peter Thomas	12	136,153	17,272	153,425	156,950
Designated Officers (Contract Services)					
Assessor	-	14,819	-	14,819	14,818
Bylaw officer	-	13,454	-	13,454	12,961

- (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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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 Public Section 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.

	2023	2022
	\$	\$
Current service contributions by Employer	43,095	41,197
Current service contributions by Employee	38,431	36,797
	81,526	77,994

The Village is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.23% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2023 were \$43,095 (2022 - \$41,197). Total current service contributions by the employees of the Village to the LAPP in 2023 were \$38,431 (2022 - \$36,797).

At December 31, 2022, the LAPP disclosed an actuarial surplus of 12,671 billion. The 2023 actuarial surplus was not available prior to issuing these financial statements.

14. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk is the risk that one party to a financial asset will cause a financial loss to the other party by failing to discharge an obligation. The Village of Rycroft's main credit risk relates to its tax receivables and trade and other receivable. Credit is provided to tax payers and other clients in the normal course of operations and the accounts receivables are assessed by the Village of Rycroft and they record any amounts that are not collectible in the allowance for doubtful accounts.

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 bank account and investments of the Village of Rycroft are subject to interest rate risk because changing interest rates impact the amount of interest earned and the cash flow.

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 is exposed to this risk mainly through its accounts payable and accrued liabilities, long-term debt, and obligation under capital lease. The Village of Rycroft manages its liquidity risk by monitoring its operating cash flow requirements to ensure it has sufficient funds to meet its financial obligations.

Village of Rycroft
Notes to the Financial Statements
December 31, 2023

15. 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.

16. BUDGETED FIGURES

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

17. COMPARATIVE FIGURES

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

18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.