Village of Rycroft

Financial Statements

December 31, 2025

Village of Rycroft

CONTENTS

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, 2025 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.

Kevin Keller

Chief Administrative Officer

DOYLE & COMPANY
CHARTERED PROFESSIONAL ACCOUNTANTS

Edward Cheung, CPA, CA*
Scott T. Mockford, CPA, CA*
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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 "Village"), which comprise the statement of financial position as at December 31, 2025, 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 Village as at December 31, 2025, 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 Village 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 Village'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 Village or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Village's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of 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 Village'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'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 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.

Doyle & Company

Chartered Professional Accountants

April 1, 2026
11210 - 107 Avenue NW
Edmonton, Alberta T5H 0Y1

Village of Rycroft

Statement of Financial Position

As at December 31, 2025

	2025 $	2024 $
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	**2,103,543**	1,886,285
Receivables		
Taxes and grants in place of taxes (Note 3)	**288,213**	396,168
Trade and other receivables (Note 3)	**698,696**	276,877
Investments (Note 4)	**11,519**	11,519
	3,101,971	2,570,849
LIABILITIES		
Accounts payable and accrued liabilities	**37,252**	479,392
Deferred revenue (Note 5)	**234,472**	117,379
Asset retirement obligation (Note 6)	**64,054**	61,590
Long-term debt (Note 7)	**870,982**	950,199
	1,206,760	1,608,560
NET FINANCIAL ASSETS	**1,895,211**	962,289
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	**14,881,671**	15,285,769
ACCUMULATED OPERATING SURPLUS (Schedule 1, Note 10)	**16,776,882**	16,248,058

Contingencies - Note 15

Village of Rycroft

Statement of Operations

For the year ended December 31, 2025

	2025 Budget (Unaudited) $	2025 Actual $	2024 Actual $
REVENUE			
Net municipal taxes (Schedule 3)	**998,190**	**1,005,676**	998,178
User fees and sales of goods	**954,880**	**818,441**	813,348
Government transfers for operating (Schedule 4)	**816,946**	**816,356**	814,946
Investment income	**101,250**	**77,475**	157,368
Penalties and costs of taxes	**53,000**	**65,457**	90,202
Other revenue	**60,500**	**65,140**	65,665
Total Revenue	**2,984,766**	**2,848,545**	2,939,707
EXPENSES			
General Government			
Council and other legislative	**93,700**	**88,861**	86,559
General administration	**483,923**	**668,790**	759,218
Protective Services			
Bylaw enforcement	**21,000**	**14,098**	11,870
Emergency services	**19,000**	**11,494**	12,509
Fire	**123,492**	**123,191**	117,205
Policing	**34,179**	**27,419**	32,445
Transportation			
Roads, streets, walks, lighting	**830,345**	**781,381**	673,932
Public Health and Welfare			
Family and community support	**6,704**	**6,432**	5,907
Recreation and Culture			
Culture, library, and halls	**57,322**	**71,596**	76,553
Parks and recreation	**96,162**	**78,663**	95,031
Environmental Use and Protection			
Water supply and distribution	**593,372**	**521,419**	606,841
Wastewater treatment and disposal	**120,097**	**113,263**	148,871
Waste management	**61,829**	**62,687**	61,824
Total Expenses	**2,541,125**	**2,569,294**	2,688,765
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	**443,641**	**279,251**	250,942
OTHER			
Government transfers for capital (Schedule 4)	**291,832**	**249,573**	378,060
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	**735,473**	**528,824**	629,002
ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR		**16,248,058**	15,619,056
ACCUMULATED OPERATING SURPLUS, END OF YEAR		**16,776,882**	16,248,058

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, 2025

	2025 Budget (Unaudited) $	2025 Actual $	2024 Actual $
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	**735,473**	**528,824**	629,002
Acquisition of tangible capital assets	**(409,488)**	**(132,194)**	(2,277,422)
Amortization of tangible capital assets	**-**	**536,292**	546,237
	(409,488)	**404,098**	(1,731,185)
INCREASE (DECREASE) IN NET ASSETS	**325,985**	**932,922**	(1,102,183)
NET FINANCIAL ASSETS , BEGINNING OF YEAR	**-**	**962,289**	2,064,472
NET FINANCIAL ASSETS, END OF YEAR	**-**	**1,895,211**	962,289

The accompanying notes form part of these financial statements.

Village of Rycroft

Statement of Cash Flows

For the year ended December 31, 2025

	2025 $	2024 $
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	**528,824**	629,002
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	**536,292**	546,237
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	**107,955**	288,413
Decrease (increase) in trade and other receivables	**(421,819)**	(92,368)
Increase (decrease) in accounts payable and accrued liabilities	**(442,140)**	179,980
Increase (decrease) in deferred revenues	**117,093**	115,514
Cash provided by operating transactions	**426,205**	1,666,778
CAPITAL		
Acquisition of tangible capital assets	**(132,194)**	(2,277,422)
Cash applied to capital transactions	**(132,194)**	(2,277,422)
FINANCING		
Long-term debt repaid	**(79,217)**	(76,763)
Asset retirement obligations obtained	**2,464**	2,369
Cash provided by (applied to) financing transactions	**(76,753)**	(74,394)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	**217,258**	(685,038)
CASH AND CASH EQUIVALENTS , BEGINNING OF YEAR	**1,886,285**	2,571,323
CASH AND CASH EQUIVALENTS, END OF YEAR	**2,103,543**	1,886,285

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, 2025

	Unrestricted Surplus	Internally Restricted Surplus	Equity in Tangible Capital Assets	2025	2024
	$	$	$	$	$
Balance, Beginning of Year	**209,160**	**1,764,918**	**14,273,980**	**16,248,058**	15,619,056
Excess of revenues over expenses	**528,824**	**-**	**-**	**528,824**	629,002
Unrestricted funds designated for future use	**(60,096)**	**60,096**	**-**	**-**	-
Restricted funds used for operations	**100,000**	**(100,000)**	**-**	**-**	-
Current year funds used for tangible capital assets	**(132,194)**	**-**	**132,194**	**-**	**-**
Annual amortization expenses	**536,292**	**-**	**(536,292)**	**-**	**-**
Accretion expenses	**2,464**	**-**	**(2,464)**	**-**	**-**
Long-term debts repaid	**(79,217)**	**-**	**79,217**	**-**	**-**
Change in accumulated surplus	**896,073**	**(39,904)**	**(327,345)**	**528,824**	629,002
Balance, End of Year	**1,105,233**	**1,725,014**	**13,946,635**	**16,776,882**	16,248,058

Village of Rycroft

Schedule of Tangible Capital Assets - Schedule 2

For the year ended December 31, 2025

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2025	2024
		$	$	$	$	$	$	$
COST:								
Balance, Beginning of Year	**294,203**	**1,830,478**	**6,783,839**	**18,423,920**	**665,737**	**300,822**	**28,298,999**	26,021,577
Acquisition of tangible capital assets	**-**	**-**	**-**	**115,909**	**16,285**	**-**	**132,194**	2,277,422
Disposal of tangible capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Balance, End of Year	**294,203**	**1,830,478**	**6,783,839**	**18,539,829**	**682,022**	**300,822**	**28,431,193**	28,298,999
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	**1,733,573**	**4,841,156**	**5,721,393**	**438,730**	**278,378**	**13,013,230**	12,466,993
Annual amortization	-	**62,191**	**126,238**	**303,703**	**36,552**	**7,608**	**536,292**	546,237
Accumulated amortization on disposals	-	**-**	**-**	**-**	**-**	**-**	**-**	-
Balance, End of Year	-	**1,795,764**	**4,967,394**	**6,025,096**	**475,282**	**285,986**	**13,549,522**	13,013,230
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	**294,203**	**34,714**	**1,816,445**	**12,514,733**	**206,740**	**14,836**	**14,881,671**	15,285,769
2024 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	294,203	96,905	1,942,683	12,702,527	227,007	22,444	15,285,769	

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, 2025

	2025 Budget (Unaudited) $	2025 Actual $	2024 Actual $
TAXATION			
Real property taxes	**1,190,757**	**1,201,678**	1,186,868
Designated Industrial property tax	**110**	**155**	148
	1,190,867	**1,201,833**	1,187,016
REQUISITIONS			
Alberta School Foundation Fund	**186,736**	**190,520**	183,121
Designated Industrial property tax	**110**	**-**	-
Grande Spirit Foundation	**5,831**	**5,637**	5,717
	192,677	**196,157**	188,838
NET MUNICIPAL TAXES	**998,190**	**1,005,676**	998,178

Village of Rycroft

Schedule of Government Transfers - Schedule 4

For the year ended December 31, 2025

	2025 Budget (Unaudited) $	2025 Actual $	2024 Actual $
TRANSFERS FOR OPERATING:			
Federal Government	**2,000**	**-**	-
Provincial Government	**64,946**	**64,946**	64,946
Local Government	**750,000**	**751,410**	750,000
	816,946	**816,356**	814,946
TRANSFERS FOR CAPITAL:			
Provincial Government	**291,832**	**249,573**	378,060
TOTAL GOVERNMENT TRANSFERS	**1,108,778**	**1,065,929**	1,193,006

Village of Rycroft

Schedule of Expenses by Object - Schedule 5

For the year ended December 31, 2025

	2025 Budget (Unaudited) $	2025 Actual $	2024 Actual $
EXPENSES BY OBJECT			
Salaries, wages and benefits	**703,127**	**625,212**	693,948
Contracted and general services	**770,172**	**855,503**	644,227
Materials, goods, and utilities	**412,029**	**365,313**	417,050
Provision for allowance	**-**	**94,605**	278,621
Transfers to local boards and agencies	**83,154**	**58,481**	74,008
Bank charges and short-term interest	**3,500**	**4,642**	2,974
Interest on long-term debt	**29,247**	**29,246**	31,700
Amortization of tangible capital assets	**539,896**	**536,292**	546,237
	2,541,125	**2,569,294**	2,688,765

Village of Rycroft

Schedule of Segmented Disclosure - Schedule 6

For the year ended December 31, 2025

	General Government $	Protective Services $	Transportation Services $	Other $	Recreation & Culture $	Environmental Services $	2025 $
REVENUE							
Net municipal taxes	**1,005,676**	**-**	**-**	**-**	**-**	**-**	**1,005,676**
Government transfers	**816,356**	**-**	**-**	**-**	**-**	**-**	**816,356**
User fees and sales of goods	**242,587**	**-**	**4,815**	**3,000**	**1,518**	**540,320**	**792,240**
Investment income	**77,475**	**-**	**-**	**-**	**-**	**-**	**77,475**
Other revenue	**64,368**	**1,088**	**-**	**26,202**	**-**	**65,140**	**156,798**
	2,206,462	**1,088**	**4,815**	**29,202**	**1,518**	**605,460**	**2,848,545**
EXPENSES							
Bank charges and interest	**4,642**	**-**	**19,409**	**-**	**-**	**9,837**	**33,888**
Contracted and general services	**228,235**	**159,745**	**115,204**	**-**	**60,011**	**292,308**	**855,503**
Salaries, wages and benefits	**351,673**	**-**	**251,318**	**-**	**-**	**22,221**	**625,212**
Materials, goods and utilities	**39,285**	**7,973**	**152,548**	**-**	**40,283**	**125,224**	**365,313**
Provision for allowance	**94,605**	**-**	**-**	**-**	**-**	**-**	**94,605**
Transfers to local boards and agencies	**32,997**	**8,484**	**-**	**-**	**17,000**	**-**	**58,481**
	751,437	**176,202**	**538,479**	**-**	**117,294**	**449,590**	**2,033,002**
NET REVENUE (SHORTFALL) BEFORE AMORTIZATION	**1,455,025**	**(175,114)**	**(533,664)**	**29,202**	**(115,776)**	**155,870**	**815,543**
Amortization	**(12,646)**	**-**	**(242,900)**	**-**	**(32,967)**	**(247,779)**	**(536,292)**
Capital government transfers	**117,379**	**-**	**16,285**	**-**	**-**	**115,909**	**249,573**
NET REVENUE (SHORTFALL)	**1,559,758**	**(175,114)**	**(760,279)**	**29,202**	**(148,743)**	**24,000**	**528,824**

The accompanying notes form part of these financial statements.

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 Villages 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.

1. **SIGNIFICANT ACCOUNTING POLICIES - continued**

(d) Valuation of Financial Assets and Liabilities

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

Financial statement component Measurement	Measurement
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.

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.

2. CASH AND TEMPORARY INVESTMENTS

	2025 $	2024 $
Bank account - operating	**378,529**	121,367
Temporary Investments	**1,725,014**	1,764,918
	2,103,543	1,886,285

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.

Council has designated cash and temporary investments for the funding of restricted reserves, including operating $379,924 (2023 - $349,148) and capital $1,345,089 (2024 - $1,397,318), totaling $1,725,013 (2024 - $1,764,918).

3. RECEIVABLES

	2025 $	2024 $
i) Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	**169,263**	129,728
Arrears taxes	**118,950**	497,740
	288,213	627,468
Less: Allowance for uncollectible arrears	**-**	(231,300)
	288,213	396,168

In the balance of $288,213 (2024 - $627,468) of taxes receivable above, the Village of Rycroft owned properties at the end of the year which owed $71,432 (2024 - $337,131) in current and arrears taxes.

ii) Trade and other receivables

	2025 $	2024 $
Goods and services tax receivable	**192,044**	127,579
Government receivable	**448,707**	82,041
Trade and other receivables	**57,945**	67,257
	698,696	276,877

The Government receivable is comprised of Canada Community Building Fund $165,446 (2024 - $82,041) and Local Government Fiscal Framework $283,261 (2024 - $Nil).

4. INVESTMENTS

	2025 $	2024 $
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 $	2025 $	2024 $
Local Government Fiscal Framework	**-**	**283,261**	**132,194**	**151,067**	-
Canada Community Building Fund	**-**	**83,405**	**-**	**83,405**	-
Intermunicipal Collaboration - ACP	**115,319**	**-**	**115,319**	**-**	115,319
Licenses	**2,060**	**-**	**2,060**	**-**	2,060
	117,379	**366,666**	**249,573**	**234,472**	117,379

Local Government Fiscal Framework (LGFF)

Funding in the amount of $348,207 was received in the current year from the Local Government Fiscal Framework Program. Of the $348,207 received, $283,261 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 $61,590 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, 2025. The village has not designated assets for settling the abatement activities.

	2025 $	2024 January 1 $
Balance, beginning of year	**61,590**	59,221
Accretion expense	**2,464**	2,369
Estimated total liability	**64,054**	61,590

7. LONG-TERM DEBT

	2025 $	2024 $
Alberta Capital Finance Authority - 4001615	**251,455**	278,107
Alberta Capital Finance Authority - 4002298	**619,527**	672,092
	870,982	950,199
Less: Current portion	**81,751**	79,218
Long-term portion	**789,231**	870,981

The current portion of long-term debt amounts to $81,751 (2024 - $79,218).

Principal and interest repayments scare as follows:

	Principal $	Interest $	Total $
2026	**81,751**	**26,712**	**108,463**
2027	**84,367**	**24,096**	**108,463**
2028	**87,067**	**21,396**	**108,463**
2029	**89,854**	**18,608**	**108,462**
2030	**92,732**	**15,731**	**108,462**
Thereafter	**435,211**	**34,125**	**469,336**
	870,982	**140,668**	**1,011,649**

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 $29,246 (2024 - $31,700)

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:

	2025 $	2024 $
Total Debt Limit	**4,272,818**	4,409,561
Total Debt (See details below)	**870,982**	950,199
Amount of debt limit unused	**3,401,836**	3,459,362
Debt Service Limit	**712,136**	734,927
Debt Service	**76,763**	76,763
Amount of debt servicing limit unused	**635,373**	658,164
Details of Total Debt:		
Alberta Capital Finance Authority	**870,982**	950,199

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.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2025 $	2024 $
Tangible capital assets (Schedule 2)	**28,431,193**	28,298,999
Accumulated amortization (Schedule 2)	**(13,549,522)**	(13,013,230)
Long-term liabilities (Note 7)	**(870,982)**	(950,199)
Asset retirement obligations (Note 6)	**(64,054)**	(61,590)
	13,946,635	14,273,980

10. ACCUMULATED OPERATING SURPLUS

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

	2025 $	2024 $
Unrestricted surplus	**1,105,233**	209,160
Internally Restricted surplus		
Operating reserves		
Operating fund	**379,924**	367,600
Capital reserves		
Administration building	**20,755**	72,983
Administration equipment	**72,883**	72,883
Fire equipment replacement	**82,883**	82,883
Public works building and equipment	**138,777**	138,777
Water	**448,164**	448,164
Sewer	**139,197**	139,197
Parks and recreation	**70,870**	70,870
Recreation building	**160,650**	160,650
Arena	**210,911**	210,911
Equity in Tangible Capital Assets (Note 9)	**13,946,635**	14,273,980
	16,776,882	16,248,058

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).

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:

	2025				2024
	Months	**Salary (1)** $	**Benefits & Allowances (2)** $	**Total** $	**Total** $
Mayor:					
James Verquin	**12**	**5,230**	**-**	**5,230**	5,823
Councilors:					
Dwayne Kotyk	**12**	**1,130**	**-**	**1,130**	3,198
Roxann Dreger	**12**	**9,468**	**-**	**9,468**	12,419
Joanne Chelick	**12**	**4,985**	**-**	**4,985**	10,792
Brian Markovich	**12**	**5,458**	**-**	**5,458**	4,575
Tamara Babcock	**3**	**2,548**	**-**	**2,548**	-
Elan Blandin	**3**	**2,583**	**-**	**2,583**	-
Chief Administrator Officer:					
Kevin Keller	**12**	**122,500**	**1,399**	**123,899**	23,409
Peter Thomas	**-**	**-**	**-**	**-**	153,217
Designated Officers (Contract Services)					
Assessor		**16,325**	**-**	**16,325**	15,547
Bylaw officer		**14,041**	**-**	**14,041**	11,089

(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.

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.

	2025 $	2024 $
Current service contributions by Employer	**33,716**	45,197
Current service contributions by Employee	**29,985**	40,233
	63,701	85,430

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 11.65% 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 10.65% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2025 were $33,716 (2024 - $45,197). Total current service contributions by the employees of the Village to the LAPP in 2025 were $29,985 (2024 - $40,233).

At December 31, 2024, the LAPP disclosed an actuarial surplus of 19.6 billion. The 2025 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.

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.