

VILLAGE OF RYLEY
Consolidated Financial Statements
Year Ended December 31, 2019

Draft for discussion purposes only

VILLAGE OF RYLEY
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Year Ended December 31, 2019

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Draft for Discussion Purposes only

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Ryley 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 requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized, 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 Council meetings. Council meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to 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 Seniuk and 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 consolidated financial statements.

The consolidated financial statements have been audited on behalf of the Members of Council by Seniuk and Company, Chartered Professional Accountants, in accordance with Canadian public sector accounting standards.

Mr. Glen Hamilton-Brown, CAO

Ryley, Alberta
September 01, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Village of Ryley

Opinion

We have audited the consolidated financial statements of Village of Ryley (the "Village") which comprise the consolidated statement of financial position as at December 31, 2019 and the consolidated statements of operations, changes in net financial assets and cash flows for the year 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 consolidated financial position of the Village as at December 31, 2019, and the consolidated results of its operations and consolidated 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 in accordance with ethical requirements that are relevant to our audit of the consolidated 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 the consolidated financial statements in accordance with PSAS and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Village's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

(continues)

Independent Auditor's Report to the Members of Council of Village of Ryley (*continued*)

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 consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal 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 consolidated 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 consolidated financial statements including the disclosures and whether the consolidated 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.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:

In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Village's debt limit can be found in Note 10.

- Supplementary Accounting Principles and Standards Regulation (Salary and Benefit Disclosure):

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 13.

Edmonton, Alberta
September 1, 2020

**Seniuk and Company,
Chartered Professional Accountants**

VILLAGE OF RYLEY
Consolidated Statement of Financial Position
December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 1,660,259	\$ 1,623,694
Current taxes and grants in place of taxes (Note 4)	117,515	97,770
Grants and receivables from other governments (Note 5)	34,354	93,618
Trade and other receivables	312,075	106,095
Land held for resale	127,512	127,512
	\$ 2,251,715	\$ 2,048,689
LIABILITIES		
Accounts payable	\$ 109,211	\$ 62,078
Deferred income (Note 7)	88,849	108,868
Long term debt (Note 8)	409,568	609,517
	607,628	780,463
NET FINANCIAL ASSET (DEBT)	1,644,087	1,268,226
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	4,917,242	4,837,059
Prepaid expenses	32,700	41,203
	4,949,942	4,878,262
ACCUMULATED SURPLUS	\$ 6,594,029	\$ 6,146,488

On behalf of Council

_____ Councilor

_____ Councilor

The accompanying notes form an integral part of these financial statements

VILLAGE OF RYLEY
Consolidated Statement of Operations
Year Ended December 31, 2019

	Budget (Unaudited) 2019	2019	2018
REVENUE			
Net municipal taxes (Schedule 1)	\$ 458,658	\$ 453,312	\$ 415,128
User fees and sale of goods	116,682	150,507	139,825
Government transfers for operating	125,000	78,345	117,516
Investment income	20,000	37,977	23,083
Penalties and costs of taxes	16,000	15,746	17,220
Licenses and permits	3,500	1,012	2,860
Rentals	53,609	21,579	19,715
Franchise fees & concession contracts	27,750	29,028	28,871
Other	559,330	772,968	653,780
Total revenue	1,380,529	1,560,474	1,417,998
EXPENSES			
Legislative	92,990	59,780	86,286
Administration	341,804	375,852	378,958
Bylaw enforcement	9,000	5,968	7,761
Disaster and emergency measures	70,500	69,510	69,690
Roads, streets, walks and lighting	248,839	217,966	227,671
Waste management	22,000	22,158	22,003
Wastewater treatment and disposal	24,250	22,000	55,143
Land use planning, zoning and development	92,500	24,772	11,031
Family and community support	9,600	9,600	9,600
Cemeteries and crematoriums	7,750	7,174	7,044
Parks and recreation	153,380	167,230	118,705
Libraries, museums and halls	106,450	77,621	72,410
Total operating expenses	1,179,063	1,059,631	1,066,302
Excess (deficiency) of revenue over expenses before other	201,466	500,843	351,696
OTHER INCOME (EXPENSES)			
Government transfers for capital	212,350	261,825	276,732
Amortization	-	(315,127)	(308,179)
	212,350	(53,302)	(31,447)
EXCESS OF REVENUE OVER EXPENSES	413,816	447,541	320,249
ACCUMULATED SURPLUS, BEGINNING OF YEAR	6,146,488	6,146,488	5,826,239
ACCUMULATED SURPLUS, END OF YEAR	\$ 6,560,304	\$ 6,594,029	\$ 6,146,488

The accompanying notes form an integral part of these financial statements

VILLAGE OF RYLEY
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2019

	Budget Unaudited	2019	2018
Excess of revenue over expenses	\$ 413,816	\$ 447,541	\$ 320,249
Acquisition of tangible capital assets	(545,000)	(395,311)	(61,114)
Amortization of tangible capital assets	-	315,127	308,179
		(80,184)	247,065
Use of prepaids	-	8,504	\$ 137
(INCREASE) DECREASE IN NET DEBT	-	375,861	567,451
Net financial assets (debt), beginning of year	1,268,226	1,268,226	700,775
NET ASSETS - END OF YEAR	\$ 1,137,042	\$ 1,644,087	\$ 1,268,226

The accompanying notes form an integral part of these financial statements

VILLAGE OF RYLEY
Consolidated Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 447,541	\$ 320,249
Item not affecting cash:		
Amortization	315,127	308,179
	762,668	628,428
Changes in non-cash working capital:		
Trade and other receivables	(205,980)	82,268
Current taxes and grants in place of taxes	(19,745)	20,746
Land held for resale	-	(19,003)
Grants and receivables from other governments	59,264	(10,511)
Accounts payable	47,131	(153,308)
Deferred income	(20,019)	27,806
Prepaid expenses	8,503	134
	(130,846)	(51,868)
Cash flow from operating activities	631,822	576,560
INVESTING ACTIVITY		
Purchase of capital assets	(395,309)	(61,114)
FINANCING ACTIVITY		
Repayment of long term debt	(199,949)	(196,794)
INCREASE IN CASH FLOW	36,564	318,652
Cash - beginning of year	1,623,695	1,305,043
CASH - END OF YEAR (Note 2)	\$ 1,660,259	\$ 1,623,695

The accompanying notes form an integral part of these financial statements

VILLAGE OF RYLEY
Consolidated Schedule of Property and Other Taxes
(Schedule 1)
Year Ended December 31, 2019

	Budget (Unaudited) 2019	2019	2018
TAXATION			
Real property tax	\$ 564,146	\$ 525,952	\$ 492,080
Linear property taxes	19,300	49,248	43,935
	583,446	575,200	536,015
REQUISITIONS			
Alberta School Foundation	103,160	100,260	103,161
Seniors' housing requisition	21,628	21,628	17,726
	124,788	121,888	120,887
NET MUNICIPAL TAXES	\$ 458,658	\$ 453,312	\$ 415,128

Consolidated Schedule of Government Transfers
(Schedule 2)

	Budget (Unaudited) 2019	2019	2018
TRANSFERS FOR OPERATING			
Provincial Government	\$ 125,000	\$ 78,345	\$ 117,516
	125,000	78,345	117,516
TRANSFERS FOR CAPITAL			
Provincial Government	212,350	261,825	276,732
TOTAL GOVERNMENT TRANSFERS	\$ 337,350	\$ 340,170	\$ 394,248

Consolidated Schedule of Expenditures by Object
(Schedule 3)

	Budget (Unaudited) 2019	2019	2018
EXPENSES			
Salaries, wages & benefits	\$ 858,124	\$ 441,742	\$ 390,112
Contracted and general services	240,200	387,547	478,204
Materials, goods and utilities	3,000	139,310	130,517
Transfer to local boards and agencies	68,800	82,233	55,513
Interest on long term	8,939	8,799	11,956
Total Consolidated Expenditures by Object	\$ 1,179,063	\$ 1,059,631	\$ 1,066,302

The accompanying notes form an integral part of these financial statements

VILLAGE OF RYLEY

Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2019

(Schedule 4)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	2019
REVENUE								
Net municipal taxes	\$ 453,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 453,312
Government transfers	62,600	-	-	15,745	-	-	-	78,345
User fees and sales of goods	454	-	425	-	56,709	90,719	2,200	150,507
Investment income	37,977	-	-	-	-	-	-	37,977
Other revenues	57,244	825	-	487	21,679	-	760,098	840,333
	611,587	825	425	16,232	78,388	90,719	762,298	1,560,474
EXPENSES								
Contract & general services	166,473	75,478	38,807	23,909	55,432	26,948	500	387,547
Salaries & wages	243,010	-	104,913	-	76,943	11,131	5,745	441,742
Materials, goods & utilities	17,910	-	65,448	-	49,873	6,079	-	139,310
Transfers to local boards	-	-	-	-	72,633	-	9,600	82,233
Long term debt interest	-	-	8,799	-	-	-	-	8,799
	427,393	75,478	217,967	23,909	254,881	44,158	15,845	1,059,631
NET REVENUE, BEFORE OTHER	184,194	(74,653)	(217,542)	(7,677)	(176,493)	46,561	746,453	500,843
OTHER INCOME AND EXPENSE								
Amortization	(16,010)	-	(209,898)	-	(62,701)	(26,518)	-	(315,127)
Government transfers for capital	-	-	261,825	-	-	-	-	261,825
	(16,010)	-	51,927	-	(62,701)	(26,518)	-	(53,302)
NET REVENUE	\$ 168,184	\$ (74,653)	\$ (165,615)	\$ (7,677)	\$ (239,194)	\$ 20,043	\$ 746,453	\$ 447,541

The accompanying notes form an integral part of these financial statements

VILLAGE OF RYLEY

Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2019

(Schedule 5)

	Unrestricted Surplus	Operating Reserves	Capital Reserves	Equity in Tangible Capital Assets	Total 2019	Total 2018
BALANCE, BEGINNING OF YEAR	\$ 271,054	\$ 828,779	\$ 819,113	\$ 4,227,542	\$ 6,146,488	\$ 5,826,239
Excess (deficiency) of revenues over expenses	447,541	-	-	-	447,541	320,249
Current year funds used for tangible capital asset	(395,309)	-	-	395,309	-	-
Annual amortization expense	315,127	-	-	(315,127)	-	-
Principal repayments on long term debt	(199,949)	-	-	199,949	-	-
	167,410	-	-	280,131	447,541	320,249
BALANCE, END OF YEAR	\$ 438,464	\$ 828,779	\$ 819,113	\$ 4,507,673	\$ 6,594,029	\$ 6,146,488

Note: The net book value of the tangible capital assets at year end, less related debt, represents the amount of equity in tangible capital assets.

VILLAGE OF RYLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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.

Basis of Accounting

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

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

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

Tax Revenue

Annually, the Village bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by Village Council in accordance with legislation and Village Council approved policies to raise the tax revenue required to meet the Village's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Consolidated Schedule of Property and Other Taxes.

The Village also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Consolidated Schedule of Property and Other Taxes (Schedule 1).

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VILLAGE OF RYLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

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

Use of Estimates

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

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long term debt less actuarial requirements for the retirement of any sinking fund debentures.

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

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VILLAGE OF RYLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

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

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 has been met and reasonable estimates of the amounts can be determined.

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.

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:

Land improvements	15 - 30 years
Buildings	20 - 50 years
Machinery and equipment	10 - 30 years
Motor vehicles	10 years
Engineered structures	10 - 75 years

No amortization is charged in the year of acquisition. Annual amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

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.

Cultural and Historical Tangible Capital Assets

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

VILLAGE OF RYLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

2. CASH AND TEMPORARY INVESTMENTS

	2019	2018
Cash	\$ 565,098	\$ 1,599,691
Term deposits	1,017,003	-
Restricted cash	78,158	24,004
	\$ 1,660,259	\$ 1,623,695

Temporary investments are short term deposits with maturities of one year or less.

Included in cash are restricted amounts received from Municipal grants or Clean Harbours and are held exclusively for future approved projects (Note 7).

3. TEMPORARY INVESTMENTS

	2019 Units	2018 Units	2019 Cost	2019 Market value	2018 Cost	2018 Market value
Cashable GIC due January 2020	1,017,003	-	\$ 1,017,003	\$ 1,017,003	\$ -	\$ -

Temporary investments have effective interest rates of 2.31 % (2018 – 0%) and mature in one year or less.

4. TAXES AND GRANTS IN PLACE OF TAXES

Taxes and grants in place of taxes are comprised of:

	2019	2018
Current taxes and grants in place of taxes	\$ 54,067	\$ 34,539
Arrears taxes and grants in place of taxes	63,448	63,231
	\$ 117,515	\$ 97,770

5. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2019	2018
Alberta Community Partnership (ACP) Program (Mediation)	\$ -	\$ 50,000
Alberta Community Partnership (ACP) Program (MDP/ LLUP)	-	19,400
Subtotal	-	69,400
Goods and Services Tax receivable	34,354	24,218
	\$ 34,354	\$ 93,618

VILLAGE OF RYLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Buildings	\$ 1,877,631	\$ 800,129	\$ 1,077,502	\$ 1,099,548
Engineered structures	7,082,905	4,588,771	2,494,134	2,708,098
Land	337,502	-	337,502	337,502
Land improvements	466,943	251,565	215,378	234,660
Machinery and equipment	688,759	238,064	450,695	456,550
Vehicles	38,720	38,369	351	701
Assets under construction	341,680	-	341,680	-
	\$ 10,834,140	\$ 5,916,898	\$ 4,917,242	\$ 4,837,059

7. DEFERRED REVENUE

Deferred revenue is comprised of:

	2019	2018
Alberta Community Partnership (ACP) Program (Mediation)	\$ 50,000	\$ -
Alberta Community Partnership (ACP) Program (MDP/LLUP)	3,655	69,400
Clean Harbours Canada	24,503	24,004
Prepaid property taxes	5,914	13,740
Community Hall deposits	1,674	1,724
Requisition over-levy	3,103	-
	\$ 88,849	\$ 108,868

Alberta Community Partnership (ACP) Program

Funding from the Provincial Government was allocated to the Village from the Alberta Community Partnership (ACP) Program. The program funding is restricted to land-use planning objectives. Unexpended funds related to the advance from the Provincial Government are supported by restricted cash and held exclusively for these projects (refer to Note 2).

Clean Harbours Canada

The Clean Harbours Canada has contributed funds that are restricted for future capital projects. Unexpended funds related to the advance are supported by restricted cash held exclusively for these projects (refer to Note 2).

VILLAGE OF RYLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

8. LONG TERM DEBT

	2019	2018
Alberta Capital Finance Authority loan bearing interest at 1.597% per annum, repayable in semi-annual blended payments of \$104,444. The loan matures on December 15, 2021 and is secured by the credit and security of the Village.	\$ 409,568	\$ 609,517

Principal reductions over the next 4 years are approximately:

2020	\$ 203,155
2021	206,413
	<u>\$ 409,568</u>

Interest on long term debt amounted to \$8,799 (2018 - \$11,956)

9. SEGMENTED DISCLOSURE

The Village of Ryley 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 4).

10. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Ryley be disclosed as follows:

	2019	2018
Total debt limit	\$ 2,340,711	\$ 2,126,997
Total debt	(409,568)	(609,517)
Amount of debt limit unused	1,931,143	1,517,480
Debt servicing limit	390,119	354,500
Debt servicing	(208,888)	(208,750)
Amount of debt servicing limit unused	\$ 181,231	\$ 145,750

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk, if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

VILLAGE OF RYLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

11. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village participate in the Local Authorities Pension Plan (LAPP) which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due. The Village is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount.

Total current service contributions by the Village to the LAPP in 2019 were \$23,538 (2018 - \$28,730). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2019 were \$21,120 (2018 - \$26,236).

At December 31, 2018, the LAPP disclosed an actuarial surplus of \$3.469 billion.

12. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2019	2018
Tangible capital assets (Note 6)	\$ 10,834,140	\$ 10,438,832
Accumulated amortization (Note 6)	(5,916,898)	(5,601,772)
Long term debt (Note 8)	(409,568)	(609,517)
	\$ 4,507,674	\$ 4,227,543

VILLAGE OF RYLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

13. 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
		\$		\$
	Salary (1)	Benefits & allowances (2)	Total	Total
T. Magneson - Mayor	\$ 11,170	\$ 457	\$ 11,627	\$ 7,740
B. Ducherer - Councilor	9,810	1,206	11,016	7,075
C. Heslin - Councilor	13,390	1,827	15,217	9,271
M. Kowalski - Councilor	6,300	154	6,454	5,591
N. Lee - Councilor	5,090	92	5,182	3,904
M. Simpson - Interim CAO	-	-	-	70,483
A. Harvey - Interim CAO	57,540	-	57,540	64,798
Chief Administrative Officer	46,958	15,141	62,099	-
Designated Officer	9,802	-	9,802	9,375
	\$ 160,060	\$ 18,877	\$ 178,937	\$ 178,237

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration. The current Chief Administrative Officer is paid via contracted services.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.
3. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

VILLAGE OF RYLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

14. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy and long term debt.

It is management's opinion that the Village is not exposed to significant interest or currency risks arising from these financial instruments.

Credit risk

Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfil their obligations. The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade, and other receivables. The large number and diversity of taxpayers and customers minimizes the credit risk.

Fair value

The Village's carrying value of cash and cash equivalents, accounts receivable and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Village for debt with similar terms.

15. CONTAMINATED SITES LIABILITY

The municipality has adopted PS3260 Liability for Contaminated Sites. The municipality did not identify any financial liabilities in 2019 (2018 – Nil) as a result of this standard.

16. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

17. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.