

**Village of Ryley
Consolidated Financial Statements**

December 31, 2021



Management's Responsibility

To the Mayor and Councilors of the Village of Ryley:

The accompanying consolidated financial statements of the Village of Ryley (the "Village") are the responsibility of management and have been approved by Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

Council is composed entirely of individuals who are neither management nor employees of the Village. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Village's external auditors.

MNP LLP is appointed by Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.

November 21, 2022



Chief Administrative Officer

To the Mayor and Councillors of the Village of Ryley:

Report on the Audit of the Consolidated Financial Statements

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, 2021, and the consolidated statements of operations, change in net financial assets, cash flows and the related schedules 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 financial position of the Village as at December 31, 2021, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matter

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on June 1, 2021.

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 Canadian public sector accounting standards, 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 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.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Village to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

Debt Limit Regulation

In accordance with Alberta regulation 255/2000, we confirm that the Village 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

In accordance with Alberta regulation 313/2000, we confirm that the Village is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 12.

Leduc, Alberta

November 21, 2022

MNP LLP

Chartered Professional Accountants

Village of Ryley
Consolidated Statement of Financial Position
As at December 31, 2021

	2021	2020 <i>(Restated)</i> <i>(Note 19)</i>
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Financial assets		
Cash and equivalents <i>(Note 2)</i>	2,453,937	1,364,268
Property taxes receivable <i>(Note 3)</i>	123,612	128,621
Trade and other accounts receivable <i>(Note 4)</i>	115,683	483,712
Investment in Claystone Waste Limited Partnership <i>(Note 9)</i>	325,976	308,410
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	3,019,208	2,285,011
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Liabilities		
Accounts payable and accrued liabilities <i>(Note 6)</i>	255,708	576,384
Deposit liabilities	2,874	1,974
Deferred revenue <i>(Note 7)</i>	536,165	406,071
Long-term debt <i>(Note 8)</i>	1,000,000	206,413
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	1,794,747	1,190,842
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Net financial assets	1,224,461	1,094,169
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Non-financial assets		
Tangible capital assets <i>(Schedule II)</i>	6,353,742	6,057,396
Prepaid expenses	21,148	190,433
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	6,374,890	6,247,829
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Accumulated surplus <i>(Schedule I)</i>	7,599,351	7,341,998
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Contingencies *(Note 15)*

Commitments *(Note 16)*

Approved on behalf of Council:


 _____ Mayor


 _____ Councilor

The accompanying notes are an integral part of these financial statements

Village of Ryley
Consolidated Statement of Operations

For the year ended December 31, 2021

	2021 Budget (Note 17)	2021	2020 (Restated) (Note 19)
Revenue			
Net municipal property taxes <i>(Schedule III)</i>	491,313	509,458	472,746
Clean Harbors donation	333,048	449,604	283,769
Government transfers for operating <i>(Schedule IV)</i>	78,253	339,929	160,036
Subsidiary operations - Claystone Waste Limited Partnership <i>(Note 9)</i>	290,000	315,146	308,255
Grants	51,000	188,806	274,209
User fees and service charges	111,869	101,124	96,697
Franchise fees & concession contracts	30,000	32,266	28,611
Other	14,000	31,064	5,413
Penalties and costs of taxes	17,079	22,113	11,892
Rental	9,930	12,425	9,580
Investment income	30,000	9,731	15,464
License and permits	2,221	2,369	1,031
	1,458,713	2,014,035	1,667,703
Expenses			
General government	292,482	497,679	300,408
Recreation and culture	375,212	324,973	341,342
Environmental services	126,606	314,287	90,611
Amortization of tangible capital assets	342,000	303,562	293,083
Transportation services	156,903	185,678	171,027
Planning and development	86,120	119,668	80,799
Protective services	149,982	50,780	69,510
	1,529,305	1,796,627	1,346,780
Excess (deficiency) of revenue over expenses before other	(70,592)	217,408	320,923
Other			
Government transfers for capital <i>(Schedule IV)</i>	527,123	39,945	427,045
Other capital contributions	197,580	-	-
	724,703	39,945	427,045
Excess of revenue over expenses	654,111	257,353	747,968
Accumulated surplus, beginning of year, as restated	7,341,998	7,341,998	6,594,030
Accumulated surplus, end of year	7,996,109	7,599,351	7,341,998

The accompanying notes are an integral part of these financial statements

Village of Ryley
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2021

	2021 Budget (Note 17)	2021	2020 (Restated) (Note 19)
Excess of revenue over expenses	654,111	257,353	747,968
Acquisition of tangible capital assets	(2,587,000)	(599,908)	(1,340,594)
Proceeds on disposal of tangible capital assets	-	-	33,869
Amortization of tangible capital assets	342,000	303,562	293,083
Loss on disposal of tangible capital assets	-	-	1,000
Use (acquisition) of prepaids	-	169,285	(157,733)
Increase (decrease) in net financial assets	(1,932,889)	130,292	(422,407)
Net financial assets, beginning of year, as restated	1,094,169	1,094,169	1,516,576
Net financial assets, end of year	(838,720)	1,224,461	1,094,169

The accompanying notes are an integral part of these financial statements

Village of Ryley
Consolidated Statement of Cash Flows
For the year ended December 31, 2021

	2021	2020 <i>(Restated)</i> <i>(Note 19)</i>
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	257,353	747,968
Non-cash items:		
Amortization of tangible capital assets <i>(Schedule II)</i>	303,562	293,083
Loss on disposal of tangible capital assets <i>(Schedule V)</i>	-	1,000
Subsidiary operations - Claystone Waste Limited Partnership <i>(Note 9)</i>	(315,146)	(308,255)
Net change in non-cash operating working capital balances:		
Increase in deferred revenue	130,094	318,896
Decrease (increase) in prepaid expenses	169,285	(157,733)
Increase (decrease) in accounts payable and accrued liabilities	(365,719)	467,019
Decrease in deposit liabilities	900	300
Decrease (increase) in trade and other accounts receivable	368,029	(137,283)
Increase in property taxes receivable	5,009	(11,106)
	553,367	1,213,889
Capital		
Proceeds on disposal of tangible capital assets <i>(Schedule II)</i>	-	33,869
Acquisition of tangible capital assets <i>(Schedule II)</i>	(554,865)	(1,340,594)
	(554,865)	(1,306,725)
Investing		
Net change in term deposits	-	1,017,003
Distribution from Claystone Waste Limited Partnership <i>(Note 9)</i>	297,580	-
Increase in restricted cash <i>(Note 2)</i>	(1,323,123)	(154,518)
	(1,025,543)	862,485
Financing		
Proceeds from long-term debt <i>(Note 8)</i>	1,000,000	-
Repayment of long-term debt <i>(Note 8)</i>	(206,413)	(203,155)
	793,587	(203,155)
Increase (decrease) in cash and equivalents	(233,454)	566,494
Cash and equivalents, beginning of year	1,131,592	565,098
Cash and equivalents, end of year <i>(Note 2)</i>	898,138	1,131,592

The accompanying notes are an integral part of these financial statements

Village of Ryley
Schedule I - Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2021

	<i>Unrestricted Surplus</i>	<i>Restricted Operating Reserve</i>	<i>Restricted Capital Reserve</i>	<i>Equity in Tangible Capital Assets (Note 11)</i>	<i>2021</i>	<i>2020 (Restated) (Note 19)</i>
Balance, beginning of year, as previously stated	86,939	774,529	490,572	5,850,983	7,203,023	6,594,030
Correction of errors <i>(Note 19)</i>	138,975	-	-	-	138,975	-
Balance, beginning of year, as restated	225,914	774,529	490,572	5,850,983	7,341,998	6,594,030
Excess of revenue over expenses	257,353	-	-	-	257,353	747,968
Current year funds used for tangible capital assets	(599,908)	-	-	599,908	-	-
Annual amortization expense	303,562	-	-	(303,562)	-	-
Capital long-term debt repaid	(206,413)	-	-	206,413	-	-
Change in accumulated surplus	(245,406)	-	-	502,759	257,353	747,968
Balance, end of year	(19,492)	774,529	490,572	6,353,742	7,599,351	7,341,998

The accompanying notes are an integral part of these financial statements

Village of Ryley
Schedule II - Schedule of Tangible Capital Assets
For the year ended December 31, 2021

	<i>Construction in progress</i>	<i>Land</i>	<i>Land Improvements</i>	<i>Buildings</i>	<i>Engineered Structures</i>	<i>Vehicles</i>	<i>Machinery & Equipment</i>	<i>2021</i>	<i>2020</i>
Cost:									
Balance, beginning of year	-	465,014	466,943	1,877,631	8,723,921	38,720	695,149	12,267,378	10,961,652
Acquisition of tangible capital assets	39,945	45,591	-	-	504,091	-	10,281	599,908	1,306,726
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	(1,000)
Balance, end of year	39,945	510,605	466,943	1,877,631	9,228,012	38,720	705,430	12,867,286	12,267,378
Accumulated amortization:									
Balance, beginning of year	-	-	275,941	843,753	4,781,028	38,720	270,540	6,209,982	5,916,898
Annual amortization	-	-	24,376	43,379	202,295	-	33,512	303,562	294,084
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	(1,000)
Balance, end of year	-	-	300,317	887,132	4,983,323	38,720	304,052	6,513,544	6,209,982
Net book value	39,945	510,605	166,626	990,499	4,244,689	-	401,378	6,353,742	6,057,396
2020 net book value	-	465,014	191,002	1,033,878	3,942,893	-	424,609	6,057,396	

During the year, tangible capital assets were acquired at an aggregate cost of \$599,908 (2020 - \$1,340,594), of which there was \$45,043 (2020 - \$nil) in accounts payable at year end and the remaining \$554,864 (2020 - \$1,340,594) was acquired with cash. Proceeds on disposal of tangible capital assets is made up of \$nil (2020 - \$33,869) of cash and \$nil (2020 - \$nil) of direct trade-in of equipment.

The accompanying notes are an integral part of these financial statements

Village of Ryley
Schedule III - Schedule of Property Taxes Levied

For the year ended December 31, 2021

	2021 Budget (Note 17)	2021	2020
Taxation			
Real property taxes	557,913	578,073	547,696
Linear property taxes	58,375	58,375	49,846
	616,288	636,448	597,542
Requisitions			
Alberta Schools Foundation Fund	102,041	104,011	102,041
Beaver Foundation Management Agency	22,755	22,979	22,755
Designated Industrial Property	179	-	-
	124,975	126,990	124,796
Net municipal property taxes	491,313	509,458	472,746

The accompanying notes are an integral part of these financial statements

Village of Ryley
Schedule IV - Schedule of Government Transfers
For the year ended December 31, 2021

	2021 Budget (Note 17)	2021	2020 (Restated) (Note 19)
Operating			
Provincial	78,253	266,450	134,476
Local	-	73,479	25,560
	78,253	339,929	160,036
Capital			
Provincial	477,123	39,945	427,045
Federal	50,000	-	-
	527,123	39,945	427,045
Total government transfers	605,376	379,874	587,081

The accompanying notes are an integral part of these financial statements

Village of Ryley
Schedule V - Schedule of Expenses by Object

For the year ended December 31, 2021

	2021	2020
Contracted and general services	689,049	340,560
Salaries, wages and benefits	508,810	470,129
Amortization	303,562	293,083
Materials, goods and utilities	231,262	193,022
Transfer to local boards and agencies	40,000	43,235
Provision for allowances	18,813	160
Interest and bank charges	5,131	5,591
Loss on disposal of capital assets	-	1,000
	1,796,627	1,346,780

The accompanying notes are an integral part of these financial statements

Village of Ryley
Schedule VI - Schedule of Segmented Disclosure
For the year ended December 31, 2021

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Claystone Waste LP	Total
Revenue									
Net municipal property taxes (<i>Schedule III</i>)	509,458	-	-	-	-	-	-	-	509,458
Clean Harbors donation	-	-	-	-	449,604	-	-	-	449,604
Government grants (<i>Schedule IV</i>)	97,015	-	-	-	73,479	209,380	-	-	379,874
Subsidiary operations - Claystone Waste Limited Partnership	-	-	-	-	-	-	-	315,146	315,146
Grants	-	-	-	-	188,806	-	-	-	188,806
User fees and service charges	3,301	-	-	-	6,375	88,398	3,050	-	101,124
Other revenue	83,628	270	-	2,099	12,425	-	1,815	-	100,237
Investment Income	9,731	-	-	-	-	-	-	-	9,731
	703,133	270	-	2,099	730,689	297,778	4,865	315,146	2,053,980
Expenses									
Contracted and general services	263,217	50,780	59,011	23,184	73,656	219,201	-	-	689,049
Salaries, wages, and benefits	150,654	-	37,964	90,201	156,131	73,860	-	-	508,810
Materials, goods and utilities	64,995	-	83,572	6,283	55,186	21,226	-	-	231,262
Transfer to local boards	-	-	-	-	40,000	-	-	-	40,000
Provision for allowances	18,813	-	-	-	-	-	-	-	18,813
Long term debt interest	-	-	5,131	-	-	-	-	-	5,131
	497,679	50,780	185,678	119,668	324,973	314,287	-	-	1,493,065
Net revenue, before amortization	205,454	(50,510)	(185,678)	(117,569)	405,716	(16,509)	4,865	-	560,915
Amortization of tangible capital assets	17,202	-	178,085	-	59,550	48,725	-	-	303,562
Net revenue (deficit)	188,252	(50,510)	(363,763)	(117,569)	346,166	(65,234)	4,865	-	257,353

The accompanying notes are an integral part of these financial statements

1. Significant accounting policies

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

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue, expenses, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations of the Village.

Claystone Waste Limited Partnership, a subsidiary partnership of the Village, is accounted for on a modified equity basis, consistent with the public sector accounting treatment for a government business partnership. Under the modified equity basis, the government business partnership's accounting principles are not adjusted to conform with those of the Village, and inter-organizational transactions and balances are not eliminated. Other comprehensive income (loss) due to fair value adjustments is reported on the statement of operations and accumulated surplus as an adjustment to accumulated surplus.

The schedule of property taxes levied also includes requisitions for education and other external organizations that are not part of the municipal reporting entity.

Basis of accounting

The consolidated 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.

Measurement uncertainty (use of estimates)

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

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

1. Significant accounting policies *(continued)*

Cash and equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Tax sale proceeds

Tax sale proceeds and the associated liabilities consist of the excess funds collected on the sale of seized properties put up for tax auction after outstanding property taxes were recovered. Under the *Municipal Government Act*, the Village is required to hold these funds for up to 10 years and attempt to disperse them to the former property owners.

Property tax requisition over-levy and under-levy

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

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Village is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2021.

At each financial reporting date, the Village reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Village continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at December 31, 2021, the Village has not identified a liability for contaminated sites.

Reserves and equity in tangible capital assets

Certain amounts, as approved by Council, are designated within accumulated surplus as reserves for future operating and capital expenditures.

Equity in tangible capital assets is included within accumulated surplus. It represents the investment in tangible capital assets after deducting the portion financed by long-term debt.

1. Significant accounting policies *(continued)*

Revenue recognition

i. Deposits

Deposits are held for the purposes of securing the compliance of a third party to contractual obligations. Deposits are returned when compliance with contractual obligations are determined to have been achieved. Deposits are recognized as revenue when a third party defaults on the contractual obligations that the deposits were secured against.

ii. 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.

The Village recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Village recognizes revenue as the liability is settled.

iii. Tax revenue

The Village recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by Council, and the taxable event has occurred. Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the Village evaluates the tax receivable for collectibility and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

iv. Utility service revenue

The Village recognizes the provision of utility services as assets and revenue when they meet the definition of an asset and in the period the utility services are provided to the consumer.

v. Fines and penalties

Traffic fine revenue is recorded as cash is received, which is not materially different than recording such revenue on an accrual basis.

vi. Local improvements

When a service or improvement is deemed to benefit a specific area more than the Village as a whole, the project may be classified as a local improvement under the MGA to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owners' share of the improvement is recognized as revenue and established in the period that the project expenditures are completed.

1. Significant accounting policies *(continued)*

Revenue recognition *(continued)*

vii. Other revenue

Other sources of revenue are recorded when received or receivable.

Non-financial assets

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations.

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:

Land improvements	15 to 30 years
Buildings	20 to 50 years
Machinery and equipment	10 to 30 years
Vehicles	10 years
Engineered structures	10 to 75 years

Assets under construction or not in productive use are not amortized until the asset is available for productive use. The Village regularly reviews its tangible capital assets to eliminate obsolete assets.

ii. 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.

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.

iv. Prepaid expenses

Prepaid expenses include pre-payments on goods and services which will be utilized in the following fiscal year.

Village of Ryley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

1. Significant accounting policies *(continued)*

Segments

The Village conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of the Village's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

Pensions

The Village participates in a multi-employer defined benefit pension plan. The plan is accounted for as a defined contribution plan as the plan is administered independently from the Village.

Future Accounting Standards

Effective for years beginning on or after April 1, 2022:

PS 3450 Financial Instruments, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives.

PS 3280 Asset Retirement Obligations, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of a liability for retirement of a tangible capital asset. As this standard includes solid waste landfill sites active and post-closing obligations upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 will be withdrawn.

The extent of the impact on adoption of these future standards is not known at this time.

2. Cash and equivalents

	2021	2020
Cash	898,138	1,131,592
Restricted cash	1,555,799	232,676
	2,453,937	1,364,268

Included in restricted cash are funds received by external contributors, which are exclusively held for future approved projects. In addition, restricted cash includes debenture proceeds that were not utilized before year end. The restricted cash has been excluded from cash for the purposes of presentation on the consolidated statement of cash flows.

3. Property taxes receivable

	2021	2020
Current property taxes	70,851	55,983
Arrears property taxes	59,173	72,638
	130,024	128,621
Less allowance for doubtful accounts	(6,412)	-
	123,612	128,621

Village of Ryley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

4. Trade and other accounts receivable

	<i>2021</i>	<i>2020</i>
Due from governments	47,470	318,448
Trade and other receivables	71,782	165,264
	119,252	483,712
Less allowance for doubtful accounts	(3,569)	-
	115,683	483,712

5. Bank indebtedness

The Village has a revolving line of credit with a maximum limit of \$230,000 (2020 - \$230,000). Interest accrues monthly on the outstanding balance at a rate of prime + 1%. As at December 31, 2021, the prime rate was 2.45% (2020 - 2.45%).

As at December 31, 2021 the Village had not drawn any funds (2020 - \$ nil) on the line of credit.

6. Accounts payable and accrued liabilities

	<i>2021</i>	<i>2020</i>
Accounts payable and accrued liabilities	210,588	576,386
Due to governments	45,120	-
	255,708	576,386

7. Deferred revenue

	<i>2021</i>	<i>2020</i> <i>(Restated)</i>
Municipal Sustainability Initiative - Capital	213,123	-
Federal Gas Tax Fund	100,000	-
Alberta Community Partnership (ACP) Program	80,565	250,000
Family and Community Support Services (FCSS)	45,819	45,819
Clean Harbours Community Enhancement Grant	39,231	29,231
Alberta Municipal Water/Wastewater Partnership Grant	37,116	77,061
Prepaid property taxes	20,311	3,960
	536,165	406,071

Included in the Village's deferred revenue are government transfers and grant revenue which are restricted to eligible projects as approved under the funding agreements.

Village of Ryley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

8. Long-term debt

	2021	2020
Tax-supported debentures	1,000,000	206,413

Payments of interest and principal are due as follows:

	Principal	Interest	Total
2022	195,558	10,654	206,212
2023	197,754	8,458	206,212
2024	199,975	6,237	206,212
2025	202,221	3,991	206,212
2026	204,492	1,720	206,212
	1,000,000	31,060	1,031,060

Debenture debt is repayable to the Province of Alberta and bears interest at a rate of 1.12% (2020 - 1.60%) per annum and matures in 2026. Debenture debt is issued on the credit and security of the Village at large.

The Village's cash payments for interest during the year were \$5,131 (2020 - \$5,591).

9. Subsidiary Operations - Claystone Waste Limited Partnership

Claystone Waste Limited Partnership was formed on August 20, 2020 under the laws of Alberta. The Limited Partnership was formed for the purpose of providing waste management services to partner municipalities and others. The General Partner of the Limited Partnership is Claystone Waste Ltd. and the Limited Partners are the Village of Ryley, Beaver County, Village of Holden, Town of Tofield and Town of Viking.

	2021	2020
Investment in limited partnership:		
Investment, beginning of year	308,410	-
Distribution received	(297,580)	-
Capital investment in limited partnership	-	155
Share of net income from partnership operations	315,146	308,255
Investment, end of year	325,976	308,410

The Village of Ryley owns 9.68% of the partnership interest of Claystone Waste Limited Partnership.

Village of Ryley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

9. Subsidiary Operations - Claystone Waste Limited Partnership (continued)

Summary financial information of Claystone Waste Limited Partnership, accounted for using the modified equity method, for the year ended December 31, 2021, is as follows:

	2021	2020
Financial Position:		
Current assets	29,340,452	29,453,320
Property and equipment	34,526,583	35,887,841
Other assets	10,058,934	8,428,565
	73,925,969	73,769,726
Current liabilities	1,389,185	1,700,537
Non-current liabilities	16,190,484	15,978,311
Total liabilities	17,579,669	17,678,848
Partnership equity	56,346,300	56,090,878
	73,925,969	73,769,726
Results of operations:		
Revenue	21,581,362	8,918,829
Expenses	18,381,311	5,816,393
Gain on disposal of property and equipment	55,171	81,611
Net and comprehensive income	3,255,222	3,184,047
Changes in partnership equity		
Partnership equity - opening	56,090,878	-
Distributions	(2,999,800)	-
Net income for the period	3,255,222	3,184,047
Capital contributions from unit issuances on formation	-	1,601
Contributions on acquisition of landfill net assets and operations	-	52,905,230
Partnership equity - ending	56,346,300	56,090,878

During the year, the Village incurred \$23,390 (2020 - \$7,970) in waste collection and disposal fees payable to Claystone Waste Limited Partnership. During the year, Claystone Waste Limited Partnership incurred \$188,806 (2020 - \$nil) in grants payable to the Village. All transactions are in the normal course of operations and are recorded at the exchange value based on normal commercial rates.

Village of Ryley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

10. Debt limits

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Village be disclosed as follows:

	2021	2020 <i>(Restated)</i>
Total debt limit	3,021,053	2,501,555
Total debt	1,000,000	206,413
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Amount of debt limit unused	2,021,053	2,295,142
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Service on debt limit	503,509	416,926
Service on debt	206,212	212,004
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Amount of debt servicing limit unused	297,297	204,922
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The debt limit is calculated at 1.5 times revenue of the municipality (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 which could be a 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.

11. Equity in tangible capital assets

	2021	2020
Tangible capital assets (<i>Schedule II</i>)	12,867,286	12,267,378
Accumulated amortization (<i>Schedule II</i>)	(6,513,544)	(6,209,982)
Capital long-term debt (<i>Note 8</i>)	-	(206,413)
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	6,353,742	5,850,983
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Village of Ryley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2021

12. Salary and benefits disclosure

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer ("CAO") and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary/ remuneration	Benefits & allowances	2021	2020
T. Magneson, Former Mayor	7,383	243	7,626	10,489
N. Lee, Mayor, Former Councillor	2,693	542	3,235	3,969
N. Herrik, Deputy Mayor	1,725	100	1,825	-
B. Ducherer, Councillor	9,310	596	9,906	8,390
S. Reid, Councillor	1,465	381	1,846	-
A. Short, Councillor	1,855	257	2,112	-
C. Heslin, Former Councillor	12,646	595	13,241	12,930
M. Kowalski, Former Councillor	7,863	270	8,133	6,046
Interim Chief Administrative Officers	43,337	-	43,337	-
Former Chief Administrative Officer	99,282	19,477	118,759	122,879

- i. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- ii. Benefits and allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and employer's share of the costs of additional taxable benefits.

13. Local Authorities Pension Plan

Employees of the Village participate in the Local Authorities Pension Plan ("LAPP"), which is one of the plans covered by the *Alberta Public Sector Pension Plans Act*. The LAPP serves approximately 275,863 people and 433 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenses in the year in which they become due.

The Village is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2021 were \$28,211 (2020 - \$32,886). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2021 were \$25,394 (2020 - \$29,617).

At December 31, 2020, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial surplus of \$4,961,337,000 (2019 - \$7,913,261,000).

14. Segments

The Village provides a range of services to its ratepayers. For each reported segment, the revenue 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 consolidated financial statements as disclosed in Note 1.

Refer to Schedule VI - Schedule of Segmented Disclosure.

15. Contingencies

In the normal course of business there may be pending claims by and against the Village. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information provided by its legal counsel, final determination of these litigations will not materially affect the Village's financial position or results of operations.

Within Claystone Waste Limited Partnership, there are contingencies disclosed as follows:

Under the Technology Innovation and Emissions Reduction Regulation, a landfill site can become a registered and regulated facility when the estimated equivalent carbon dioxide emissions exceed 100,000 tonnes based on the regulation's prescribed method. The prescribed method calculated that the landfill site had emissions in excess of the threshold. Field tests completed using emission detection equipment measured carbon dioxide below the 100,000 tonne threshold and therefore a request was submitted to have the landfill site removed from the registry of regulated facilities and to have payments made returned. The request was successful. The landfill site will continue to be monitored to ensure the threshold is not reached.

Should the partnership be added to the registry in the future, annual payments would be required based partially on emissions for waste accepted at the landfill site up to December 31, 2021. An estimate of the total of these annual payments or the likelihood of becoming registered in the future cannot be made and therefore an estimate of its financial effect cannot be measured.

The Limited Partnership contracted a vendor to construct certain property and equipment. The vendor is claiming an additional \$412,096 is payable which is disputed by the Limited Partnership. It is the opinion of management that the success of the Limited Partnership is not determinable in this dispute. Nothing has been recorded in respect of the disputed amount.

16. Commitments

Capital commitments are not reflected in the consolidated financial statements. These capital commitments were included in the Village's capital budget and will be funded from government transfers for capital, reserves, and debt in future years.

The Village has entered into agreements related to cost shares and other contracts. The commitments over the next four years are as follows:

2022	\$11,526
2023	\$9,546
2024	\$9,546
2025	\$2,592

Within Claystone Waste Limited Partnership, there are commitments disclosed as follows:

The Limited Partnership has entered into a commitment to purchase equipment for cash consideration of \$875,000 of which no amount was paid or payable as at December 31, 2021.

17. Budget information

The disclosed budget information was approved by Council on May 18, 2021.

18. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

19. Correction of errors

During the year, the following errors were identified and corrected related to the investment in and revenue related to subsidiary operations of Claystone Waste Limited Partnership that were not recorded in the year ended December 31, 2020, as well as grant revenue that was recognized in the wrong period related to ACP funding. These errors resulted in the following adjustments:

- i. Prior year capital contribution in Claystone Waste Limited Partnership was incorrectly excluded in the Village's assets. This error resulted in an increase to the Investment in Claystone Waste Limited Partnership and a decrease to revenue over expenses and opening accumulated surplus in the amount \$155.
- ii. Prior year share of net income from partnership operations of Claystone Waste Limited Partnership was incorrectly excluded in the Village's excess of revenue over expenses. This error resulted in an increase to the Investment in Claystone Waste Limited Partnership and an increase to revenue over expenses and resulting opening accumulated surplus of \$308,255.
- iii. Prior year ACP revenue was recognized but the expenses related to the grant were not expended but rather recorded as prepaid expenses. This error resulted in an increase in government transfers for operating and a decrease in opening accumulated surplus in the amount of \$169,435.

20. Significant event

In March 2020, the World Health Organization declared the outbreak of COVID-19 (coronavirus) a pandemic. This has had a significant impact on municipal government operations through the restrictions put in place by the Canadian and provincial governments as well as municipal governments regarding travel, isolation/quarantine orders, closures of Village facilities, cancellation/postponement of programs and tax and utility deferral programs. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Village as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus, and the duration of the outbreak, including the duration of Village facility closures, program and service disruptions, and isolation/quarantine measures that are currently, or may be put, in place by Canada and other countries to fight the virus.