

VILLAGE OF ROCKYFORD
Consolidated Financial Statements
For the year ended December 31, 2022

VILLAGE OF ROCKYFORD
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For the year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To: The Mayor and Members of Council of
the Village of Rockyford

Opinion

We have audited the consolidated financial statements of the Village of Rockyford which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Rockyford as at December 31, 2022, 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 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.

Emphasis of Matter

We draw your attention to note 20 to the financial statements which describes the amendments made to the prior year's figures. Our audit opinion is not qualified in respect to this matter.

Responsibilities of Management and Those Charged with Governance for the 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 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 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 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:

INDEPENDENT AUDITOR'S REPORT, continued

- 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 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 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 company 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.

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 15.
- 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 16.

Lethbridge, Alberta

April 12, 2023



Chartered Professional Accountants

MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of the Village of Rockyford.

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Village maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Village's assets are properly accounted for and adequately safeguarded.

The elected Council of the Village is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the committee of the whole.

The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Avail LLP Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Village. Avail LLP has full and free access to the Council.

L Miller

Village Administrator

VILLAGE OF ROCKYFORD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2022

	2022	2021 (Restated)
Financial assets		
Cash and temporary investments (note 2)	\$ 1,150,762	\$ 1,597,325
Taxes and grants in place of taxes receivable (note 3)	281,450	205,562
Trade and other receivables (note 4)	615,550	657,019
Land held for resale	62,075	62,075
Investments (note 5)	1,521	1,521
	2,111,358	2,523,502
Liabilities		
Line of credit (note 6)	-	93,467
Accounts payable and accrued liabilities	451,048	908,366
Deferred revenue (note 7)	1,043,145	817,416
Long-term debt (note 8)	438,466	475,980
Other liabilities	19,271	11,689
	1,951,930	2,306,918
Net financial assets	159,428	216,584
Non-financial assets		
Inventory for consumption	20,008	-
Tangible capital assets (schedule 2)	26,850,817	36,726,437
	26,870,825	36,726,437
Accumulated surplus (note 9 and schedule 1)	\$ 27,030,253	\$ 36,943,021

Commitment (note 19)

Approved on behalf of Council:

Councillor 

Councillor 

VILLAGE OF ROCKYFORD
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2022

	Budget (Unaudited)	2022	2021 (Restated)
Revenue			
Net municipal property taxes (note 12)	\$ 356,747	\$ 356,184	\$ 358,777
User fees and sales of goods	583,604	576,903	530,969
Government transfers for operating (note 13)	34,269	33,219	84,269
Investment income	5,263	40,458	10,702
Penalties and costs of taxes	30,173	46,561	37,886
Licenses and permits	3,400	3,580	4,642
Franchise and concession contracts	48,000	49,834	46,521
Other	45,788	99,721	36,671
	<u>1,107,244</u>	<u>1,206,460</u>	<u>1,110,437</u>
Expenses (note 14)			
Legislative	21,600	25,905	25,167
Administration	189,211	244,859	186,545
Protective services	148,931	172,977	105,809
Common and equipment pool	75,144	87,186	58,552
Roads, streets, walks and lighting	145,310	164,646	131,028
Storm sewers and drainage	2,700	1,181	2,638
Water supply and distribution	1,084,601	1,270,438	1,366,045
Wastewater treatment and disposal	39,628	32,588	41,585
Waste management	40,420	36,574	41,618
Public health and welfare services	2,715	3,510	2,715
Planning and development	71,849	81,249	79,291
Parks and recreation	48,305	50,007	60,517
Culture - libraries, museums, halls	7,100	7,097	7,072
	<u>1,877,514</u>	<u>2,178,217</u>	<u>2,108,582</u>
Deficiency of revenue over expenses before other	<u>(770,270)</u>	<u>(971,757)</u>	<u>(998,145)</u>
Other			
Government transfers for capital (note 13)	482,857	632,112	886,430
Contributed assets	-	(9,573,123)	-
	<u>482,857</u>	<u>(8,941,011)</u>	<u>886,430</u>
Deficiency of revenue over expenses	<u>(287,413)</u>	<u>(9,912,768)</u>	<u>(111,715)</u>
Accumulated surplus, beginning of year			
As previously stated	36,992,388	36,992,388	37,054,736
Prior period adjustment (note 20)	-	(49,367)	-
As restated	<u>36,992,388</u>	<u>36,943,021</u>	<u>37,054,736</u>
Accumulated surplus, end of year	<u>\$ 36,704,975</u>	<u>\$ 27,030,253</u>	<u>\$ 36,943,021</u>

VILLAGE OF ROCKYFORD
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2022

	Budget (Unaudited)	2022	2021 (Restated)
Deficiency of revenue over expenses	\$ (287,413)	\$ (9,912,768)	\$ (111,715)
Acquisition of tangible capital assets	(482,857)	(514,614)	(952,817)
Amortization of tangible capital assets	817,111	817,111	1,038,408
Contributed assets	-	9,573,123	-
	334,254	9,875,620	85,591
Net change in inventory for consumption	-	(20,008)	-
Net change in prepaid expense	-	-	4,599
Increase in net financial assets	46,841	(57,156)	(21,525)
Net financial assets, beginning of year	216,584	216,584	238,109
Net financial assets, end of year	\$ 263,425	\$ 159,428	\$ 216,584

VILLAGE OF ROCKYFORD
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2022

	2022	2021 (Restated)
Operating transactions		
Deficiency of revenue over expenses	\$ (9,912,768)	\$ (111,715)
Adjustments for items which do not affect cash		
Amortization of tangible capital assets	817,111	1,038,408
Contributed assets	9,573,123	-
	477,466	926,693
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(75,888)	(24,177)
Trade and other receivables	41,469	477,582
Inventory for consumption	(20,008)	-
Prepaid expenses	-	4,599
Accounts payable and accrued liabilities	(457,318)	(680,209)
Deferred revenue	225,729	(556,324)
Line of credit	(93,467)	93,467
Other liabilities	7,582	(4,752)
	105,565	236,879
Capital transactions		
Acquisition of tangible capital assets	(514,614)	(952,817)
Financing transactions		
Repayment of long-term debt	(37,514)	(45,098)
Decrease in cash and temporary investments	(446,563)	(761,036)
Cash and temporary investments, beginning of year	1,597,325	2,358,361
Cash and temporary investments, end of year	\$ 1,150,762	\$ 1,597,325

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. Significant accounting policies

The consolidated financial statements of the Village of Rockyford 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 are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Village and are, therefore, accountable to the Council for the administration of their financial affairs and resources. These financial statements include the proportionate ownership of the Wheatland Regional Corporation.

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of accounting

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

(c) 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 expense 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.

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. Significant accounting policies, continued

(d) 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.

(e) Land held for resale
Land held for resale is recorded at the lower of cost and 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 waste water services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

(f) Tax revenue
Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

(g) 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.

(h) 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.

(i) 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.

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. Significant accounting policies, continued

(j) 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 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
Buildings	50
Engineered structures	15-75
Machinery and equipment	10-25
Vehicles	10-25

A full year of amortization is charged in the year of acquisition and no amortization 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 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) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(v) Cultural and historical tangible capital assets

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

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

2. Cash and temporary investments

	2022	2021
Cash	\$ 111,129	\$ 98,266
Temporary investments	1,039,633	1,499,059
	\$ 1,150,762	\$ 1,597,325

Temporary investments are comprised of T-bill savings accounts with interest rates earning an average of 2.3% (2021 - 0.6%).

3. Taxes and grants in place of taxes receivables

	2022	2021
Taxes and grants in place of taxes receivable	\$ 45,477	\$ 37,549
Arrears	235,973	168,013
	\$ 281,450	\$ 205,562

4. Trade and other receivables

	2022	2021 (Restated)
Wheatland Regional Corporation	\$ 422,228	\$ 458,276
Municipal Sustainable Initiative (MSI) grant	72,488	-
GST	34,596	43,301
Rockyford Rural Fire Association	33,933	28,216
Trade receivables	43,686	33,759
Municipal Asset Management Program	8,619	-
Rockyford Ag Society	-	93,467
	\$ 615,550	\$ 657,019

5. Investments

	2022		2021	
	Cost	Market value	Cost	Market value
UFA - patronage reserves	\$ 1,481	\$ 1,481	\$ 1,481	\$ 1,481
Treasury Board and Finance	10	10	10	10
Alberta Association of Municipal Districts & Counties	30	30	30	30
	\$ 1,521	\$ 1,521	\$ 1,521	\$ 1,521

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

6. Line of credit

A secured line of credit was obtained during the prior year with ATB for a maximum of \$120,000, bearing interest at 3.45%, and was to be repaid over no longer than five years.

As at December 31, 2022, there was no outstanding balance (2021 - \$93,467).

All repayments were be made by the Rockyford Agricultural Society.

7. Deferred revenue

	2022	2021
Canada Community Building Fund (formerly Federal Gas Tax Fund)	\$ 331,957	\$ 303,175
Wheatland County Infrastructure Services Program (CRISP)	297,721	185,556
Wheatland County - Water for Life	233,590	233,590
Municipal Sustainability Initiative (MSI) - Capital	143,125	70,637
Alberta Community Partnership Grant	20,000	20,000
Services not yet provided	14,827	2,533
Prepaid cemetery lots	1,925	1,925
	\$ 1,043,145	\$ 817,416

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

8. Long-term debt

	2022	2021
Tax supported debentures - capital	\$ 438,466	\$ 475,980
Current portion	\$ 39,128	\$ 37,514

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2023	\$ 39,128	\$ 15,136	\$ 54,264
2024	40,813	13,451	54,264
2025	42,573	11,691	54,264
2026	28,808	9,853	38,661
2027	14,003	9,055	23,058
Thereafter	273,141	72,722	345,863
	\$ 438,466	\$ 131,908	\$ 570,374

Debenture debt is repayable to Treasury Board and Finance and bears interest at rates ranging from 3.192% to 4.752% per annum and matures in periods 2026 through 2042. The average annual interest rate is 3.97% for 2022 (3.97% for 2021).

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

Interest on long-term debt amounted to \$16,750 (2021 - \$18,855).

The Village's total cash payments for interest in 2022 were \$16,750 (2021 - \$18,855).

9. Accumulated surplus

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

	2022	2021 (Restated)
Unrestricted surplus	\$ 611,570	\$ 686,232
Internally restricted surplus (reserves) (note 10)	6,332	6,332
Equity in tangible capital assets (note 11)	26,412,351	36,250,457
	\$ 27,030,253	\$ 36,943,021

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

10. Reserves

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

Police funding reserve

This reserve funds will be used to fund the future payments for the RCMP requisition.

	2022	2021
Operating		
Police funding reserve	\$ 6,332	\$ 6,332

11. Equity in tangible capital assets

	2022	2021
Tangible capital assets (schedule 2)	\$ 33,865,932	\$ 44,538,292
Accumulated amortization (schedule 2)	(7,015,115)	(7,811,855)
Long-term debt (note 8)	(438,466)	(475,980)
	\$ 26,412,351	\$ 36,250,457

12. Net municipal property taxes

	Budget (Unaudited)		2022		2021
Taxation					
Real property taxes	\$ 434,776	\$	434,190	\$	435,777
Linear property taxes	9,176		8,614		7,831
	443,952		442,804		443,608
Requisitions					
Alberta School Foundation Fund	85,000		84,075		82,626
Wheatland Housing Management Body	2,205		2,545		2,205
	87,205		86,620		84,831
	\$ 356,747	\$	356,184	\$	358,777

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

13. Government transfers

	Budget (Unaudited)	2022	2021 (Restated)
Transfers for operating:			
Provincial government	\$ 31,119	\$ 31,119	\$ 81,119
Federal government	3,150	2,100	3,150
	34,269	33,219	84,269
Transfers for capital:			
Provincial government	482,857	179,210	886,430
Other local government	-	452,902	-
	482,857	632,112	886,430
	\$ 517,126	\$ 665,331	\$ 970,699

14. Expenses by object

	Budget (Unaudited)	2022	2021
Salaries, wages and benefits	\$ 290,703	\$ 280,349	\$ 263,777
Contracted and general services	499,421	574,388	508,087
Materials, goods, supplies and utilities	231,425	454,590	233,123
Transfers to organizations and others	16,604	25,441	35,631
Interest on long term debt	16,750	16,750	18,855
Bank charges and short term interest	1,000	3,041	1,255
Other expenditures	4,500	6,547	9,446
Amortization of tangible capital assets	817,111	817,111	1,038,408
	\$ 1,877,514	\$ 2,178,217	\$ 2,108,582

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

15. 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 be disclosed as follows:

	2022	2021
Total debt limit	\$ 1,809,690	\$ 1,665,656
Total debt	438,466	475,980
	\$ 1,371,224	\$ 1,189,676
Debt servicing limit	\$ 301,615	\$ 277,609
Debt servicing	54,264	54,264
	\$ 247,351	\$ 223,345

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 which 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 ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

16. Salary and benefits disclosure

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

	(1) Salary	(2) Benefits & allowances	2022	2021
Council				
Burke, Darcy	\$ 7,875	\$ 249	\$ 8,124	\$ 5,575
Smith, Leah	5,155	131	5,286	3,491
Goodfellow, William	1,561	-	1,561	2,071
Henke, Tyler	1,483	5	1,488	406
Geeraert, April	825	-	825	694
Cheshire, Dalia	-	-	-	1,819
Morin, Kathleen	-	-	-	369
Macdonald, Elaine	28,004	442	28,446	78,099
Miller, Lori	\$ 45,833	\$ 3,197	\$ 49,030	-

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances include the 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.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

17. Segmented disclosure

The Village 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 3).

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

18. Budget amounts

The 2022 budget for the Village was approved by Council and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

The approved budget did not contain an amount for amortization expense. In order to enhance comparability, the actual amortization expense has been included as a budget amount.

Budgeted deficit per financial statements	\$ (287,413)
Less: Long-term debt repayments	(39,982)
Capital expenditures	(482,857)
Transfer to reserves	(5,159)
Add: Amortization	817,112
<hr/>	
Equals: Surplus budget	\$ 1,701
<hr/>	

19. Commitment

The Village of Rockyford is a member of the Alberta Municipal Insurance Exchange (MUNIX) which provides liability insurance. The investment in this program is not reflected as an asset in the accompanying financial statements. Under the terms of 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.

20. Prior period adjustment

The prior year balances have been adjusted to reflect a decrease in accounts receivable and revenues in the amount of \$49,367 related to an incorrectly recorded inter-entity loan balance. The result is a decrease in accounts receivable and opening unrestricted surplus in the current year.

21. Contaminated sites liability

The Village has adopted PS3260 liability for contaminated sites. The Village did not identify any financial liabilities in 2022 (2021 - nil) as a result of this standard.

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

22. Financial instruments

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Village is not exposed to significant interest or currency risk arising from these financial instruments.

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

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

23. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

VILLAGE OF ROCKYFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

24. Investment in government partnership

The Village purchased 25 class B common shares in Wheatland Regional Corporation (WRC) for 25% ownership in the amount of \$2.50.

WRC was formed in partnership with the Village of Rockyford, Village of Hussar, Village of Standard, and the Wheatland County. WRC is responsible for distribution of water to its partnering municipalities.

WRC is accounted for using the proportionate consolidation method. Below is a financial summary of the Corporation's financial statements as at December 31, 2022 and for the year then ended as follows:

	2022 Total	2022 75% share	2022 25% share	2021 25% share
Financial assets	505,767	379,325	126,442	110,627
Liabilities	671,228	503,421	167,807	192,093
Net financial debt	(165,461)	(124,096)	(41,365)	(81,466)
Non-financial assets	12,523,019	9,392,264	3,130,755	23,546
Accumulated surplus	12,357,558	9,268,168	3,089,390	(57,920)
Total revenue	13,828,485	10,371,364	3,457,121	220,071
Total expenses	1,239,249	929,437	309,812	210,984
Excess of revenue over expenses	12,589,236	9,441,927	3,147,309	9,087

The following amounts pertain to transactions and balances between the Village and WRC. They have been adjusted using the proportionate consolidation method.

- Revenues \$306,647 (2021 - \$259,322)
- Expenses \$nil (2021 - \$2,093)
- Due to shareholders \$562,971 (2021 - \$627,489)
- Accounts payable \$16,561 (2021 - \$14,694)
- Share capital \$2.50 (2021 - \$2.50)

25. Approval of financial statements

These financial statements were approved by Council and Management.

VILLAGE OF ROCKYFORD
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

Schedule of changes in accumulated surplus	Schedule 1				
	Unrestricted	Restricted	Equity in tangible capital assets	2022	2021 (Restated)
Balance, beginning of year					
As previously stated	\$ 735,599	\$ 6,332	\$ 36,250,457	\$ 36,992,388	\$ 37,054,736
Prior period adjustment (note 20)	(49,367)	-	-	(49,367)	-
As restated	686,232	6,332	36,250,457	36,943,021	37,054,736
Deficiency of revenue over expenses	(9,912,768)	-	-	(9,912,768)	(111,715)
Current year funds used for tangible capital assets	(514,614)	-	514,614	-	-
Contributed tangible capital assets	9,573,123	-	(9,573,123)	-	-
Amortization of tangible capital assets	817,111	-	(817,111)	-	-
Long-term debt repaid	(37,514)	-	37,514	-	-
Change in accumulated surplus	(74,662)	-	(9,838,106)	(9,912,768)	(111,715)
Balance, end of year	\$ 611,570	\$ 6,332	\$ 26,412,351	\$ 27,030,253	\$ 36,943,021

VILLAGE OF ROCKYFORD
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

Schedule of tangible capital assets

	Land	Buildings	Engineered structures	Machinery and equipment	Vehicles	2022	2021
Schedule 2							
Cost:							
Balance, beginning of year	\$ 80,696	\$ 689,275	\$ 41,982,323	\$ 803,897	\$ 982,102	\$ 44,538,292	\$ 43,585,475
Acquisitions	-	-	3,191,041	14,166	500,448	3,705,655	952,817
Disposals	-	-	(14,359,685)	-	(18,330)	(14,378,015)	-
Balance, end of year	80,696	689,275	30,813,679	818,063	1,464,220	33,865,932	44,538,292
Accumulated amortization:							
Balance, beginning of year	-	263,716	6,336,943	580,102	631,094	7,811,854	6,773,446
Annual amortization	-	18,572	713,559	24,030	60,951	817,112	1,038,409
Disposals	-	-	(1,595,521)	-	(18,330)	(1,613,851)	-
Balance, end of year	-	282,288	5,454,981	604,132	673,715	7,015,115	7,811,855
Net book value	\$ 80,696	\$ 406,987	\$ 25,358,698	\$ 213,931	\$ 790,505	\$ 26,850,817	\$ 36,726,437
2021 net book value	\$ 80,696	\$ 425,559	\$ 35,645,380	\$ 223,795	\$ 351,008	\$ 36,726,438	

VILLAGE OF ROCKYFORD
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

Schedule of segmented disclosure

Schedule 3

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net municipal property taxes	\$ 356,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 356,184
User fees and sales of goods	1,915	-	-	517,590	-	-	57,398	576,903
Government transfers for operating	31,119	-	-	-	-	-	2,100	33,219
Investment income	40,458	-	-	-	-	-	-	40,458
Penalties and costs of taxes	46,561	-	-	-	-	-	-	46,561
Licenses and permits	-	2,950	-	-	-	630	-	3,580
Franchise and concession contracts	49,834	-	-	-	-	-	-	49,834
Other	20,923	66,307	-	-	5,436	7,055	-	99,721
	546,994	69,257	-	517,590	5,436	7,685	59,498	1,206,460
Expenses								
Salaries, wages and benefits	126,601	-	62,552	83,853	-	-	7,343	280,349
Contracted and general services	123,604	49,483	48,978	304,316	645	46,967	395	574,388
Materials, goods, supplies and utilities	7,366	62,411	46,549	275,322	150	33,633	29,159	454,590
Bank charges and short term interest	-	-	-	3,041	-	-	-	3,041
Interest on long term debt	-	-	5,645	11,105	-	-	-	16,750
Other expenditures	191	168	-	2,538	-	650	3,000	6,547
Transfers to organizations and others	-	2,528	-	13,101	2,715	-	7,097	25,441
Amortization of tangible capital assets	13,001	58,387	89,290	646,323	-	-	10,110	817,111
	270,763	172,977	253,014	1,339,599	3,510	81,250	57,104	2,178,217
Excess (deficiency) of revenue over expenses before other	276,231	(103,720)	(253,014)	(822,009)	1,926	(73,565)	2,394	(971,757)
Other								
Government transfers for capital	-	452,902	21,218	157,992	-	-	-	632,112
Contributed assets	-	-	-	(9,573,123)	-	-	-	(9,573,123)
	-	452,902	21,218	(9,415,131)	-	-	-	(8,941,011)
Excess (deficiency) of revenue over expenses	\$ 276,231	\$ 349,182	\$ (231,796)	\$ (10,237,140)	\$ 1,926	\$ (73,565)	\$ 2,394	\$ (9,912,768)

VILLAGE OF ROCKYFORD
Non-Consolidated Financial Statements
For the year ended December 31, 2022

VILLAGE OF ROCKYFORD
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For the year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To: The Mayor and Members of Council of
the Village of Rockyford

Opinion

We have audited the non-consolidated financial statements of the Village of Rockyford which comprise the non-consolidated statement of financial position as at December 31, 2022, and the non-consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Village of Rockyford as at December 31, 2022, 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 non-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.

Emphasis of Matter

We draw your attention to note 21 to the financial statements which described the amendments made to the prior year's figures. Our audit opinion is not modified in respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-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 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:

INDEPENDENT AUDITOR'S REPORT, continued

- 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 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 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 municipality 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.

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 15.
- 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 16.

Lethbridge, Alberta

April 12, 2023



Chartered Professional Accountants

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The non-consolidated financial statements are the responsibility of the management of the Village of Rockyford.

These non-consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the non-consolidated financial statements are presented fairly, in all material respects.

The Village maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Village's assets are properly accounted for and adequately safeguarded.

The elected Council of the Village is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the committee of the whole.

The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

The non-consolidated financial statements have been audited by Avail LLP Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Village. Avail LLP has full and free access to the Council.

L Miller

Village Administrator

VILLAGE OF ROCKYFORD
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 As at December 31, 2022

	2022	2021 (Restated)
Financial assets		
Cash and temporary investments (note 2)	\$ 1,075,507	\$ 1,528,640
Taxes and grants in place of taxes receivable (note 3)	281,450	205,562
Trade and other receivables (note 4)	709,247	787,965
Land held for resale	62,075	62,075
Investments (note 5)	1,523	1,523
	2,129,802	2,585,765
Liabilities		
Line of credit (note 6)	-	93,467
Accounts payable and accrued liabilities	448,704	901,311
Deferred revenue (note 7)	1,041,838	816,958
Long-term debt (note 8)	438,466	475,980
	1,929,008	2,287,716
Net financial assets	200,794	298,049
Non-financial assets		
Inventory for consumption	20,008	-
Tangible capital assets (schedule 2)	23,720,063	36,702,892
	23,740,071	36,702,892
Accumulated surplus (note 9 and schedule 1)	\$ 23,940,865	\$ 37,000,941

Commitment (note 19)

Approved on behalf of Council:

Councillor _____ 

Councillor _____ 

VILLAGE OF ROCKYFORD
NON-CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2022

	Budget (Unaudited)	2022	2021 (Restated)
Revenue			
Net municipal property taxes (note 12)	\$ 356,747	\$ 356,184	\$ 358,777
User fees and sales of goods	369,484	391,907	378,491
Government transfers for operating (note 13)	34,269	33,219	84,269
Investment income	4,900	36,036	8,060
Penalties and costs of taxes	30,173	46,561	37,886
Licenses and permits	3,400	3,580	4,642
Franchise and concession contracts	48,000	49,834	46,521
Other	45,788	99,721	37,090
	892,761	1,017,042	955,736
Expenses (note 14)			
Legislative	21,600	25,905	25,167
Administration	181,711	240,239	184,666
Protective services	148,931	171,042	105,730
Common and equipment pool	75,144	87,186	58,552
Roads, streets, walks and lighting	145,310	164,646	131,028
Storm sewers and drainage	2,700	1,181	2,638
Water supply and distribution	812,153	1,043,842	1,222,389
Wastewater treatment and disposal	39,628	32,588	41,585
Waste management	40,420	36,574	41,618
Public health and welfare services	2,715	3,510	2,715
Planning and development	71,849	81,249	79,291
Parks and recreation	48,305	50,007	60,517
Culture - libraries, museums, halls	7,100	7,097	7,072
	1,597,566	1,945,066	1,962,968
Deficiency of revenue over expenses before other	(704,805)	(928,024)	(1,007,232)
Other			
Government transfers for capital (note 13)	482,857	632,112	886,430
Contributed assets	-	(12,764,164)	-
	482,857	(12,132,052)	886,430
Deficiency of revenue over expenses	(221,948)	(13,060,076)	(120,802)
Accumulated surplus, beginning of year			
As previously stated	37,050,308	37,050,308	37,121,743
Prior period adjustment (note 21)	-	(49,367)	-
As restated	37,050,308	37,000,941	37,121,743
Accumulated surplus, end of year	\$ 36,828,360	\$ 23,940,865	\$ 37,000,941

VILLAGE OF ROCKYFORD
NON-CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2022

	Budget (Unaudited)	2022	2021 (Restated)
Deficiency of revenue over expenses	\$ (221,948)	\$ (13,060,076)	\$ (120,802)
Acquisition of tangible capital assets	(482,857)	(514,614)	(952,817)
Amortization of tangible capital assets	733,279	733,279	1,034,351
Contributed assets	-	12,764,164	-
	250,422	12,982,829	81,534
Net change in inventory for consumption	-	(20,008)	-
Net change in prepaid expense	-	-	4,598
Increase in net financial assets	28,474	(97,255)	(34,670)
Net financial assets, beginning of year	298,049	298,049	332,719
Net financial assets, end of year	\$ 326,523	\$ 200,794	\$ 298,049

VILLAGE OF ROCKYFORD
NON-CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2022

	2022	2021 (Restated)
Operating transactions		
Deficiency of revenue over expenses	\$ (13,060,076)	\$ (120,802)
Adjustments for items which do not affect cash		
Amortization of tangible capital assets	733,279	1,034,351
Contributed assets	12,764,164	-
	437,367	913,549
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(75,888)	(24,177)
Trade and other receivables	78,718	447,495
Inventory for consumption	(20,008)	-
Prepaid expenses	-	4,598
Accounts payable and accrued liabilities	(452,607)	(680,462)
Deferred revenue	224,880	(556,198)
Line of credit	(93,467)	93,467
	98,995	198,272
Capital transactions		
Acquisition of tangible capital assets	(514,614)	(952,817)
Financing transactions		
Repayment of long-term debt	(37,514)	(45,098)
Decrease in cash and temporary investments	(453,133)	(799,643)
Cash and temporary investments, beginning of year	1,528,640	2,328,283
Cash and temporary investments, end of year	\$ 1,075,507	\$ 1,528,640

VILLAGE OF ROCKYFORD
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. Significant accounting policies

The non-consolidated financial statements of the Village of Rockyford 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 are as follows:

(a) Reporting entity

The non-consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity.

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of accounting

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

(c) 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 expense 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.

(d) 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.

VILLAGE OF ROCKYFORD
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. Significant accounting policies, continued

(e) Land held for resale

Land held for resale is recorded at the lower of cost and 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 waste water services, roads, sidewalks, and street lighting are recorded as physical assets under their respective function.

(f) Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

(g) 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.

(h) 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.

(i) 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.

(j) 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 for the year.

VILLAGE OF ROCKYFORD
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. Significant accounting policies, continued

(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
Buildings	50
Engineered structures	15-75
Machinery and equipment	10-25
Vehicles	10-25

A full year of amortization is charged in the year of acquisition and no amortization 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 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) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(v) Cultural and historical tangible capital assets

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

VILLAGE OF ROCKYFORD
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

2. Cash and temporary investments

	2022	2021
Cash	\$ 35,874	\$ 29,581
Temporary investments	1,039,633	1,499,059
	\$ 1,075,507	\$ 1,528,640

Temporary investments are comprised of T-bill savings accounts with interest rates earning an average of 2.3% (2021 - 0.6%).

3. Taxes and grants in place of taxes receivables

	2022	2021
Taxes and grants in place of taxes receivable	\$ 45,477	\$ 37,549
Arrears	235,973	168,013
	\$ 281,450	\$ 205,562

4. Trade and other receivables

	2022	2021 (Restated)
Wheatland Regional Corporation (note 22)	\$ 562,971	\$ 627,489
MSI Capital	72,488	-
Rockyford Rural Fire Association	33,933	28,217
GST	31,236	38,792
Municipal Asset Management Program	8,619	-
Rockyford Ag Society	-	93,467
	\$ 709,247	\$ 787,965

VILLAGE OF ROCKYFORD
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

5. Investments

	2022		2021	
	Cost	Market value	Cost	Market value
UFA - patronage reserves	\$ 1,481	\$ 1,481	\$ 1,481	\$ 1,481
Treasury Board and Finance	10	10	10	10
Alberta Association of Municipal Districts & Counties	30	30	30	30
Wheatland Regional Corporation	2	2	2	2
	<u>\$ 1,523</u>	<u>\$ 1,523</u>	<u>\$ 1,523</u>	<u>\$ 1,523</u>

The Village purchased 25 class B common shares in Wheatland Regional Corporation (WRC) for 25% ownership in the amount of \$2.50.

WRC was formed in partnership with the Villages of Rockyford, Hussar, Standard, and Wheatland County. WRC is responsible for distribution of water to residents in the partnership municipalities.

6. Line of credit

A secured line of credit was obtained during the prior year with ATB for a maximum of \$120,000, bearing interest at 3.45%, and was to be repaid over no longer than five years.

As at December 31, 2022, there was no outstanding balance (2021 - \$93,467).

All repayments were be made by the Rockyford Agricultural Society.

7. Deferred revenue

	2022	2021
Canada Community Building Fund (formerly Federal Gas Tax Fund)	\$ 331,957	\$ 303,175
Wheatland County Infrastructure Services Program (CRISP)	297,721	185,556
Wheatland County - Water for Life	233,590	233,590
Municipal Sustainability Initiative (MSI) - Capital	143,125	70,637
Alberta Community Partnership Grant	20,000	20,000
Services not yet provided	13,520	2,075
Prepaid cemetery lots	1,925	1,925
	<u>\$ 1,041,838</u>	<u>\$ 816,958</u>

VILLAGE OF ROCKYFORD
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

8. Long-term debt

	2022	2021
Tax supported debentures - capital	\$ 438,466	\$ 475,980
Current portion	\$ 39,128	\$ 37,514

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2023	\$ 39,128	\$ 15,136	\$ 54,264
2024	40,813	13,451	54,264
2025	42,573	11,691	54,264
2026	28,808	9,853	38,661
2027	14,003	9,055	23,058
Thereafter	273,141	72,722	345,863
	\$ 438,466	\$ 131,908	\$ 570,374

Debenture debt is repayable to Treasury Board and Finance and bears interest at rates ranging from 3.192% to 4.752% per annum and matures in periods 2026 through 2042. The average annual interest rate is 3.97% for 2022 (3.97% for 2021).

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

Interest on long-term debt amounted to \$16,750 (2021 - \$18,855).

The Village's total cash payments for interest in 2022 were \$16,750 (2021 - \$18,855).

9. Accumulated surplus

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

	2022	2021 (Restated)
Unrestricted surplus	\$ 652,936	\$ 767,697
Internally restricted surplus (reserves) (note 10)	6,332	6,332
Equity in tangible capital assets (note 11)	23,281,597	36,226,912
	\$ 23,940,865	\$ 37,000,941

VILLAGE OF ROCKYFORD
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

10. Reserves

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

Police funding reserve

This reserve funds will be used to fund the future payments for the RCMP requisition.

	2022	2021
Operating		
Police funding reserve	\$ 6,332	\$ 6,332

11. Equity in tangible capital assets

	2022	2021
Tangible capital assets (schedule 2)	\$ 30,634,329	\$ 44,497,730
Accumulated amortization (schedule 2)	(6,914,266)	(7,794,838)
Long-term debt (note 8)	(438,466)	(475,980)
	\$ 23,281,597	\$ 36,226,912

12. Net municipal property taxes

	Budget (Unaudited)		2022		2021
Taxation					
Real property taxes	\$ 434,776	\$	434,190	\$	435,777
Linear property taxes	9,176		8,614		7,831
	443,952		442,804		443,608
Requisitions					
Alberta School Foundation Fund	85,000		84,075		82,626
Wheatland Housing Management Body	2,205		2,545		2,205
	87,205		86,620		84,831
	\$ 356,747	\$	356,184	\$	358,777

VILLAGE OF ROCKYFORD
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

13. Government transfers

	Budget (Unaudited)	2022	2021 (Restated)
Transfers for operating:			
Provincial government	\$ 31,119	\$ 31,119	\$ 81,119
Federal government	3,150	2,100	3,150
	34,269	33,219	84,269
Transfers for capital:			
Provincial government	482,857	179,210	886,430
Other local government	-	452,902	-
	482,857	632,112	886,430
	\$ 517,126	\$ 665,331	\$ 970,699

14. Expenses by object

	Budget (Unaudited)	2022	2021
Salaries, wages and benefits	\$ 200,736	\$ 196,496	\$ 184,547
Contracted and general services	461,282	588,544	517,849
Materials, goods, supplies and utilities	164,416	380,548	168,085
Interest on long term debt	16,750	16,750	18,855
Other expenditures	4,500	4,008	3,650
Transfers to organizations and others	16,603	25,441	35,631
Amortization of tangible capital assets	733,279	733,279	1,034,351
	\$ 1,597,566	\$ 1,945,066	\$ 1,962,968

VILLAGE OF ROCKYFORD
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

15. 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 be disclosed as follows:

	2022	2021
Total debt limit	\$ 1,525,562	\$ 1,433,604
Total debt	438,466	475,980
	\$ 1,087,096	\$ 957,624
Debt servicing limit	\$ 254,260	\$ 238,934
Debt servicing	54,264	54,264
	\$ 199,996	\$ 184,670

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 which 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 ROCKYFORD
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

16. Salary and benefits disclosure

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

	(1) Salary	(2) Benefits & allowances	2022	2021
Council				
Burke, Darcy	\$ 7,875	\$ 249	\$ 8,124	\$ 5,575
Smith, Leah	5,155	131	5,286	3,491
Goodfellow, William	1,561	-	1,561	2,071
Henke, Tyler	1,483	5	1,488	406
Geeraert, April	825	-	825	694
Cheshire, Dalia	-	-	-	1,819
Morin, Kathleen	-	-	-	369
Macdonald, Elaine	28,004	442	28,446	78,099
Miller, Lori	\$ 45,833	\$ 3,197	\$ 49,030	-

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances include the 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.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

17. Segmented disclosure

The Village 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 3).

VILLAGE OF ROCKYFORD
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

18. Budget amounts

The 2022 budget for the Village was approved by Council and has been reported in the non-consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the non-consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

The approved budget did not contain an amount for amortization expense. In order to enhance comparability, the actual amortization expense has been included as a budget amount.

Budgeted deficit per financial statements	\$ (221,948)
Less: Capital expenditures	(482,857)
Long-term debt repayments	(37,514)
Add: Amortization	733,279
<hr/>	
Equals: Budgeted deficit	<u>\$ (9,040)</u>

19. Commitment

The Village of Rockyford is a member of the Alberta Municipal Insurance Exchange (MUNIX) which provides liability insurance. The investment in this program is not reflected as an asset in the accompanying financial statements. Under the terms of 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.

20. Contaminated sites liability

The Village has adopted PS3260 liability for contaminated sites. The Village did not identify any financial liabilities in 2022 (2021 - nil) as a result of this standard.

21. Prior period adjustment

The prior year balances have been adjusted to reflect a decrease in accounts receivable and revenues in the amount of \$49,367 related to an incorrectly recorded inter-entity loan balance. The result is a decrease in accounts receivable and opening unrestricted surplus in the current year.

VILLAGE OF ROCKYFORD
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

22. Related party transactions

During the year the Village entered into the following transactions with Wheatland Regional Corporation (WRC):

- (a) The WRC charges the Village to make water available for distribution at the water connect point per cubic meter and for the water operator's services based on manpower per hour and mileage at approved rates.
- (b) The WRC signed an Operation and Service Agreement with the Village of Rockyford to take over utility billing on behalf of the Village. The Agreement was signed September 2017 and the WRC will bill the residents of Rockyford and remit fees for garbage and debentures to the Village based on rates from 2022. Effective January 1, 2019, the WRC agreed the fees for water and sewer would also be remitted to the Village.
- (c) This resulted in \$306,647 (2021 - \$259,322) of expenses paid to the WRC for water operator services, usage of water at the water connect point, and major capital expenditures to water lines.
- (d) Included in accounts receivable is \$562,971 (2021 - \$627,489) due from WRC. The funds advanced are non-interest bearing and has no specific terms of repayment.
- (e) Included in accounts payable is \$16,259 (2021 - \$14,694) due to WRC.
- (f) As at December 31, 2022, the Village of Rockyford has ownership of the water treatment plant and related water line infrastructure. The Government of Canada and Government of Alberta has approved multiple cost-shared grant funding agreements for the water treatment plant upgrade and waterline to various municipalities. The agreements stipulate the Village of Rockyford is to retain ownership of the assets for 5 years after the agreement end date for each project. Upon expiration of the agreements, the assets will be transferred to the WRC. Phase 1 of the water treatment plant was transferred during the year at a net book value of \$12,764,164.

VILLAGE OF ROCKYFORD
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

23. Financial instruments

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Village is not exposed to significant interest or currency risk arising from these financial instruments.

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

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

24. Comparative figures

Where necessary the comparative figures for the 2021 year have been reclassified to conform with 2022 financial statement presentation.

25. Approval of financial statements

These financial statements were approved by Council and Management.

VILLAGE OF ROCKYFORD
SCHEDULES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

	Schedule of changes in accumulated surplus			Schedule 1	
	Unrestricted	Restricted	Equity in tangible capital assets	2022	2021 (Restated)
Balance, beginning of year					
As previously stated	\$ 817,065	\$ 6,332	\$ 36,226,911	\$ 37,050,308	\$ 37,121,743
Prior period adjustment (note 21)	(49,367)	-	-	(49,367)	-
As restated	767,698	6,332	36,226,911	37,000,941	37,121,743
Deficiency of revenue over expenses	(13,060,076)	-	-	(13,060,076)	(120,802)
Current year funds used for tangible capital assets	(514,615)	-	514,615	-	-
Contributed tangible capital assets	12,764,164	-	(12,764,164)	-	-
Amortization of tangible capital assets	733,279	-	(733,279)	-	-
Long-term debt repaid	(37,514)	-	37,514	-	-
Change in accumulated surplus	(114,762)	-	(12,945,314)	(13,060,076)	(120,802)
Balance, end of year	\$ 652,936	\$ 6,332	\$ 23,281,597	\$ 23,940,865	\$ 37,000,941

VILLAGE OF ROCKYFORD
SCHEDULE TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

Schedule of segmented disclosure

Schedule 3

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net municipal property taxes	\$ 356,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 356,184
User fees and sales of goods	1,915	-	-	332,594	-	-	57,398	391,907
Government transfers for operating	31,119	-	-	-	-	-	2,100	33,219
Investment income	36,036	-	-	-	-	-	-	36,036
Penalties and costs of taxes	46,561	-	-	-	-	-	-	46,561
Licenses and permits	-	2,950	-	-	-	630	-	3,580
Franchise and concession contracts	49,834	-	-	-	-	-	-	49,834
Other	20,923	66,307	-	-	5,436	7,055	-	99,721
	542,572	69,257	-	332,594	5,436	7,685	59,498	1,017,042
Expenses								
Salaries, wages and benefits	126,601	-	62,552	-	-	-	7,343	196,496
Contracted and general services	118,983	47,549	48,978	325,027	645	46,967	395	588,544
Materials, goods, supplies and utilities	7,368	62,411	46,549	201,278	150	33,633	29,159	380,548
Interest on long term debt	-	-	5,645	11,105	-	-	-	16,750
Other expenditures	190	168	-	-	-	650	3,000	4,008
Transfers to organizations and others	-	2,528	-	13,101	2,715	-	7,097	25,441
Amortization of tangible capital assets	13,001	58,387	89,290	562,491	-	-	10,110	733,279
	266,143	171,043	253,014	1,113,002	3,510	81,250	57,104	1,945,066
Excess (deficiency) of revenue over expenses before other	276,429	(101,786)	(253,014)	(780,408)	1,926	(73,565)	2,394	(928,024)
Other								
Government transfers for capital	-	452,902	21,218	157,992	-	-	-	632,112
Contributed assets	-	-	-	(12,764,164)	-	-	-	(12,764,164)
	-	452,902	21,218	(12,606,172)	-	-	-	(12,132,052)
Excess (deficiency) of revenue over expenses	\$ 276,429	\$ 351,116	\$ (231,796)	\$ (13,386,580)	\$ 1,926	\$ (73,565)	\$ 2,394	\$ (13,060,076)