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**MUNICIPAL DISTRICT OF RANGLAND NO. 66**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2012**

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## INDEPENDENT AUDITOR'S REPORT

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To the Council Members of Municipal District of Ranchland No. 66

*Report on the Consolidated Financial Statements*

We have audited the accompanying financial statements of Municipal District of Ranchland No. 66, which comprise the statement of financial position as at December 31, 2012, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Municipal District of Ranchland No. 66 as at December 31, 2012, 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.

Nanton, Alberta

June 7, 2013

*Acuity LLP*

PROFESSIONAL ACCOUNTANTS

## MUNICIPAL DISTRICT OF RANGLAND NO. 66

## Statement of Financial Position

Year Ended December 31, 2012

	2012	2011
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments <i>(Note 2)</i>	\$ 2,239,169	\$ 2,575,991
Receivables		
Taxes and grants in place of taxes receivable <i>(Note 3)</i>	317	-
Trade and other receivables	34,595	41,037
Due from other governments	103,745	12,143
Investments <i>(Note 4)</i>	4,498,987	4,226,345
	<b>6,876,813</b>	<b>6,855,516</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	85,937	83,504
Deferred revenue <i>(Note 5)</i>	186,763	301,216
Employee benefit obligations <i>(Note 6)</i>	32,100	35,915
	<b>304,800</b>	<b>420,635</b>
<b>NET FINANCIAL ASSETS</b>	<b>6,572,013</b>	<b>6,434,881</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Schedule 2)</i>	8,576,202	8,452,521
Inventory for consumption	304,437	342,287
Prepaid expenses	34,975	28,499
	<b>8,915,614</b>	<b>8,823,307</b>
<b>ACCUMULATED SURPLUS <i>(Schedule 1) (Note 9)</i></b>	<b>\$ 15,487,627</b>	<b>\$ 15,258,188</b>

Contingencies - *(Note 12)*

## MUNICIPAL DISTRICT OF RANGLAND NO. 66

Statement of Operations  
Year Ended December 31, 2012

	Budget (Unaudited) 2012	2012	2011
<b>REVENUE</b>			
Net municipal taxes <i>(Schedule 3)</i>	\$ 1,048,108	\$ 1,121,238	\$ 1,120,060
Government transfers for operating <i>(Schedule 4)</i>	445,264	503,625	455,123
User fees and sales of goods	236,050	199,168	252,404
Investment income	180,000	190,872	190,931
Rentals	41,700	40,333	41,139
Other	16,250	44,509	18,326
Sales to other governments	6,000	7,290	3,265
Penalties and costs of taxes	250	9,195	-
Licenses and permits	100	75	111
	1,973,722	2,116,305	2,081,359
<b>EXPENSES</b>			
Legislative	81,800	80,355	80,147
Administration	304,600	322,309	329,397
Protective services	145,980	138,754	127,084
Roads, streets, walks, lighting	504,866	512,101	494,254
Environmental use and protection	6,275	6,249	5,606
Public health and welfare	1,500	1,723	974
Planning and development	13,600	28,935	43,041
Agricultural service board & economic development	528,090	509,603	461,903
Parks and recreation	182,070	163,985	158,228
Amortization of tangible capital assets	260,000	262,647	251,957
Loss on disposal of tangible capital assets	46,580	46,582	39,300
	2,075,361	2,073,243	1,991,891
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	(101,639)	43,062	89,468
<b>OTHER INCOME</b>			
Government transfers for capital <i>(Schedule 4)</i>	170,000	186,377	610,338
<b>EXCESS OF REVENUE OVER EXPENSES</b>	68,361	229,439	699,806
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>			
	15,258,188	15,258,188	14,558,382
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	15,326,549	\$ 15,487,627	\$ 15,258,188

The accompanying notes are an integral part of these financial statements.

MUNICIPAL DISTRICT OF RANGLAND NO. 66

Statement of Change in Net Financial Assets

Year Ended December 31, 2012

	Budget (Unaudited) 2012	2012	2011
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 68,361	\$ 229,439	\$ 699,806
Acquisition of tangible capital assets		(652,911)	(741,307)
Proceeds on disposal of tangible capital assets		220,000	-
Amortization of tangible capital assets	260,000	262,647	251,957
Loss on disposal of tangible capital assets	46,580	46,582	39,300
	306,580	(123,682)	(450,050)
Acquisition of supplies inventories		(16,940)	(5,400)
Acquisition of prepaid assets		(26,184)	(28,498)
Use of supplies inventories		54,790	43,312
Use of prepaid assets		19,709	19,476
		31,375	28,890
	306,580	(92,307)	(421,160)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	374,941	137,132	278,646
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	6,434,881	6,434,881	6,156,235
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	6,809,822	\$ 6,572,013	\$ 6,434,881

The accompanying notes are an integral part of these financial statements.

## MUNICIPAL DISTRICT OF RANGLAND NO. 66

Statement of Cash Flows  
Year Ended December 31, 2012

	2012	2011
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 229,439	\$ 699,806
Items not affecting cash:		
Amortization of tangible capital assets	262,647	251,957
Loss on disposal of tangible capital assets	46,582	39,300
	<u>538,668</u>	<u>991,063</u>
Non-cash changes to operations (net change):		
Decrease (increase) in trade and other receivables	6,442	18,599
Decrease (increase) in taxes and grants in lieu receivable	(317)	12,271
Decrease (increase) in due from other governments	(91,602)	279,977
Decrease (increase) in inventory for consumption	37,850	37,912
Decrease (increase) in prepaid expenses	(6,474)	(9,023)
Decrease (increase) in accounts payable	2,432	(36,286)
Decrease (increase) in employee benefit obligations	(3,815)	6,396
Decrease (increase) in deferred income	(114,453)	55,827
	<u>(169,937)</u>	<u>365,673</u>
Cash flow from operating activities	<u>368,731</u>	<u>1,356,736</u>
<b>CAPITAL</b>		
Proceeds on disposal of tangible capital assets	220,000	-
Acquisition of tangible capital assets	(652,911)	(741,307)
Cash flow used by capital transactions	<u>(432,911)</u>	<u>(741,307)</u>
<b>INVESTING ACTIVITY</b>		
Increase in investments	(272,642)	(112,713)
Decrease (increase) in restricted cash or cash equivalents	114,453	(55,827)
Cash flow used by investing activity	<u>(158,189)</u>	<u>(168,540)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<u>(222,369)</u>	<u>446,889</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>2,274,775</u>	<u>1,827,887</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 2,052,406</u>	<u>\$ 2,274,776</u>
<b>CASH CONSISTS OF:</b>		
Cash and cash equivalents	\$ 2,239,169	\$ 2,575,991
Less: restricted portion of cash (Note 2)	(186,763)	(301,216)
	<u>\$ 2,052,406</u>	<u>\$ 2,274,775</u>

The accompanying notes are an integral part of these financial statements.

**MUNICIPAL DISTRICT OF RANCHLAND NO.66**  
**Schedule of Changes in Accumulated Surplus (Schedule 1)**  
**Year Ended December 31, 2012**

	2012		2011	
	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	Total
<b>COST:</b>				
BALANCE, BEGINNING OF YEAR	\$ 4,874,814	\$ 1,930,853	\$ 8,452,521	\$ 14,558,382
Excess of revenues over expenses	229,439	-	-	229,439
Unrestricted funds designated for future use	-	-	-	-
Restricted funds used for operations	-	-	-	-
Restricted funds used for tangible capital assets	-	-	-	-
Current year funds used for tangible capital assets	(652,910)	-	652,910	-
Contributed tangible capital assets	-	-	-	-
Disposal of tangible capital assets	266,582	-	(266,582)	-
Annual amortization expense	262,647	-	(262,647)	-
Long term debt repaid	-	-	-	-
Change in accumulated surplus	105,758	-	123,681	229,439
<b>BALANCE, END OF YEAR</b>	<b>4,980,572</b>	<b>1,930,853</b>	<b>8,576,202</b>	<b>15,258,188</b>

The accompanying notes are an integral part of these financial statements



MUNICIPAL DISTRICT OF RANGLANDS NO.66  
 Schedule of Tangible Capital Assets (Schedule 2)  
 Year Ended December 31, 2012

	2012						2011							
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Total	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Total
<b>COST:</b>														
BALANCE, BEGINNING OF YEAR	\$ 273,340	\$ 25,276	\$ 1,178,335	\$ 9,957,581	\$ 1,521,062	\$ 414,818	\$ 13,370,412	\$ 273,340	\$ 25,276	\$ 1,178,335	\$ 9,957,581	\$ 1,521,062	\$ 414,818	\$ 12,702,437
Acquisition of tangible capital assets	143,932	-	-	-	402,023	42,037	587,992	-	-	-	-	-	-	655,064
Construction-in-progress	-	-	-	64,918	-	-	64,918	-	-	-	-	-	-	86,243
Disposal of tangible capital assets	-	-	-	-	(333,228)	-	(333,228)	-	-	-	-	-	-	(73,332)
Write-down of tangible capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	417,272	25,276	1,178,335	10,022,499	1,589,857	456,855	13,690,094	417,272	25,276	1,178,335	10,022,499	1,589,857	456,855	13,370,412
<b>ACCUMULATED AMORTIZATION</b>														
BALANCE, BEGINNING OF YEAR	-	15,484	258,713	4,265,253	246,447	131,994	4,917,891	-	-	-	-	-	-	4,699,965
Annual amortization	-	1,264	24,100	133,275	68,250	35,758	262,647	-	-	-	-	-	-	251,958
Accumulated amortization on disposals	-	-	-	-	(66,646)	-	(66,646)	-	-	-	-	-	-	(34,032)
BALANCE, END OF YEAR	-	16,748	282,813	4,398,528	248,051	167,752	5,113,892	-	-	-	-	-	-	4,917,891
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	\$ 417,272	\$ 8,528	\$ 895,522	\$ 5,623,971	\$ 1,341,806	\$ 289,103	\$ 8,576,202	\$ 417,272	\$ 8,528	\$ 895,522	\$ 5,623,971	\$ 1,341,806	\$ 289,103	\$ 8,452,521
<b>2011 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	\$ 273,340	\$ 9,792	\$ 919,622	\$ 5,692,328	\$ 1,274,615	\$ 282,824	\$ 8,452,521	\$ 273,340	\$ 9,792	\$ 919,622	\$ 5,692,328	\$ 1,274,615	\$ 282,824	\$ 8,452,521

The accompanying notes are an integral part of these financial statements

**MUNICIPAL DISTRICT OF RANGLAND NO. 66**  
**Schedule of Property and Other Taxes (Schedule 3)**  
**Year Ended December 31, 2012**

	Budget (Unaudited) 2012	2012	2011
<b>TAXATION</b>			
Linear property taxes		\$ 1,590,523	\$ 1,661,128
Non-linear property taxes		310,417	241,156
Government grants in place of property taxes		11,036	10,665
	\$ 1,838,845	1,911,976	1,912,949
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	773,215	773,216	776,538
Seniors Lodge	17,522	17,522	16,351
	790,737	790,738	792,889
<b>NET MUNICIPAL TAXES</b>	\$ 1,048,108	\$ 1,121,238	\$ 1,120,060

The accompanying notes are an integral part of these financial statements.

**MUNICIPAL DISTRICT OF RANGLAND NO. 66**  
**Schedule of Government Transfers (Schedule 4)**  
**Year Ended December 31, 2012**

	Budget (Unaudited) 2012	2012	2011
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	\$ 443,664	\$ 482,959	\$ 451,873
Federal Government	1,600	2,570	3,250
Other Municipal Governments	-	18,096	-
	445,264	503,625	455,123
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	170,000	186,377	610,338
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 615,264</b>	<b>\$ 690,002</b>	<b>\$ 1,065,461</b>

The accompanying notes are an integral part of these financial statements.

MUNICIPAL DISTRICT OF RANGLAND NO. 66

Consolidated Expenses by Object (Schedule 5)

Year Ended December 31, 2012

	Budget (Unaudited) 2012	2012	2011
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 784,851	\$ 769,212	\$ 646,524
Contracted and general services	624,190	704,015	649,679
Materials, goods, supplies and utilities	339,490	270,405	371,424
Transfers to local boards and agencies	4,250	3,000	2,500
Transfers to other governments	16,000	17,382	30,507
Amortization of tangible capital assets	260,000	262,647	251,957
Loss on disposal of tangible capital assets	46,580	46,582	39,300
	\$ 2,075,361	\$ 2,073,243	\$ 1,991,891

The accompanying notes are an integral part of these financial statements.

MUNICIPAL DISTRICT OF RANGLANDS NO.66  
 Schedule of Segmented Disclosure (Schedule G)  
 Year Ended December 31, 2012

	General Government	Protective Services	Transportation Services	Planning & Development	Agricultural Services	Recreation & Culture	Environmental Services	Other	Total
									\$
<b>REVENUE</b>									
Net Municipal taxes	1,121,238	-	-	-	-	-	-	-	1,121,238
Government transfers	26,851	82,772	100,209	16,964	275,259	1,570	-	-	503,625
User fees and sales of goods	2,902	-	44,265	-	-	146,325	-	-	193,492
Investment income	190,872	-	-	-	-	-	-	-	190,872
Contributed assets	-	-	-	-	-	-	-	-	-
Other revenues	11,013	7,290	38,908	-	47,695	2,172	-	-	107,078
	1,352,876	90,062	183,382	16,964	322,954	150,067	-	-	2,116,305
<b>EXPENSES</b>									
Contract and general services	153,862	91,977	170,119	27,337	233,569	19,217	6,210	1,722	704,014
Salaries and wages	221,352	29,765	177,951	1,597	258,534	80,014	-	-	769,212
Goods and supplies	27,450	15,012	163,676	-	16,501	47,372	39	356	270,406
Transfers to local boards	-	2,000	-	-	1,000	-	-	-	3,000
Other expenses	-	-	46,582	-	-	17,382	-	-	63,964
BALANCE, END OF YEAR	402,665	138,754	558,328	28,935	509,603	163,985	6,249	2,078	1,810,596
<b>NET REVENUE, BEFORE AMORTIZATION</b>	\$ 950,211	\$ (48,692)	\$ (374,947)	\$ (11,971)	\$ (186,649)	\$ (13,918)	\$ (6,249)	\$ (2,078)	\$ 305,709
Amortization expense	\$ 22,090	\$ 1,931	\$ 213,679	\$ -	\$ 15,002	\$ 7,529	\$ 2,416	\$ -	\$ 262,647
<b>NET REVENUE</b>	\$ 928,121	\$ (50,623)	\$ (588,626)	\$ (11,971)	\$ (201,651)	\$ (21,447)	\$ (8,665)	\$ (2,078)	\$ 43,061

The accompanying notes are an integral part of these financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Municipal District of Ranchland No.66 (the "MD") 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 Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the MD are as follows:

Reporting entity

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

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

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 it is 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 specified work, or for the purchases 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.

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 revenues and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from these estimates.

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the straight-line 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 reflect the loss.

*(continues)*

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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. When 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.

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 the revenue in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria has been met, and reasonable estimates of the amounts can be determined.

*(continues)*

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**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 the 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	20 years
Buildings	25-50 years
Engineered structures	60-75 years
Machinery and equipment	5-25 years
Vehicles	10-25 years

One-half of the annual amortization is charged in the year of acquisition and 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 the 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 of 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. Inventory**

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

**v. Cultural and historical tangible capital assets**

The MD owns various artworks and pictures on permanent display at the administrative building. These items were donated to the MD and have significant cultural and historical value in perpetuity. These items are not recorded as tangible capital assets in the financial statements and they are not amortized.



MUNICIPAL DISTRICT OF RANGLAND NO. 66

Notes to Financial Statements  
Year Ended December 31, 2012

2. CASH AND TEMPORARY INVESTMENTS

	2012		2011	
Cash	\$	2,156,029	\$	2,378,864
Investment cash account		83,140		197,127
	\$	2,239,169	\$	2,575,991

Included in cash is a restricted amount of \$186,763 (2011 - \$301,216) received from various programs and initiatives to be held for capital and other projects but are deferred as disclosed in Note 5.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2012		2011	
Arrears taxes	\$	1,467	\$	1,150
Allowance for Uncollectible Taxes		(1,150)		(1,150)
	\$	317	\$	-

4. LONG TERM INVESTMENTS

	2012		2011	
	Cost	Market Value	Cost	Market Value
Government and government guaranteed bonds	\$ 4,298,987	\$ 4,504,666	\$ 4,026,345	\$ 4,496,765
Note receivable	200,000	200,000	200,000	200,000
	\$ 4,498,987	\$ 4,704,666	\$ 4,226,345	\$ 4,696,765

Government and government guaranteed bonds have effective rates of interest of 2% to 5.69% (2011 - 2% to 5.69%) with maturity dates from June 3, 2013 to June 18, 2037.

Council has designated funds of \$1,048,858 (2011 - \$1,048,858) included in the above amounts for equipment replacement.

The note receivable is due from the Mosquito Creek Foundation, bears interest at 5% per annum and is due January 2013.

**5. DEFERRED REVENUE**

	2012	2011
Municipal Sustainability Initiative	\$ -	\$ 138,642
Federal Gas Tax Fund	100,501	-
Bridge Grants	71,029	104,544
Victims of Crime Program	8,788	8,931
Rural Community Adaptation Grant	-	46,099
Alberta Sustainable Resource Development	-	3,000
CWG Deadstock Pickup Grant	5,000	-
Over levy of School Taxes: Non-residential	1,445	-
	<b>\$ 186,763</b>	<b>\$ 301,216</b>

**Federal Gas Tax Fund**

Funding in the amount of \$100,501 was received in 2012. The use of these funds is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled to be completed in 2013. Unexpended funds related to the advance are secured by cash in the amount of \$100,501 held exclusively for these projects.

**Bridge Grants**

Funding in the amount of \$600,000 was received in 2011. The use of these funds is restricted to eligible capital projects, as approved under the funding agreement, which are scheduled to be completed in future years. Unexpended funds related to the advance are secured by cash in the amount of \$71,029 held exclusively for these projects.

**Victims of Crime Program**

Funding in the amount of \$56,303 was received in 2012. The use of these funds is restricted to the Crowsnest-Livingstone Victim Services Unit which is operated by the MD, as approved under the joint venture agreement. Unexpended funds related to the advance are secured by cash in the amount of \$8,788 held exclusively for this project.

**CWG Deadstock Pickup Grant**

Funding in the amount of \$5,000 was received in 2012. The use of these funds is restricted to eligible projects, as approved under the funding agreement. Unexpended funds related to the advance are secured by cash in the amount of \$5,000 held exclusively for this project.

**6. EMPLOYEE BENEFIT OBLIGATIONS**

	2012	2011
Vacation Accrual	\$ 27,792	\$ 27,439
Overtime Accrual	4,308	8,476
	<b>\$ 32,100</b>	<b>\$ 35,915</b>

**Vacation and overtime**

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

**7. 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 Municipal District of Ranchland No. 66 be disclosed as follows:

	2012	2011
Total debt limit	\$ 3,134,969	\$ 3,122,039
Total debt		
Amount of debt limit not used	\$ 3,134,969	\$ 3,122,039
Debt servicing limit	\$ 522,495	\$ 520,340
Debt servicing		
Amount of debt servicing limit not used	\$ 522,495	\$ 520,340

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

**8. EQUITY IN TANGIBLE CAPITAL ASSETS**

	2012	2011
Tangible capital assets (Schedule 2)	\$ 13,690,094	\$ 13,370,412
Accumulated amortization (Schedule 2)	(5,113,892)	(4,917,891)
	<b>\$ 8,576,202</b>	<b>\$ 8,452,521</b>

**9. ACCUMULATED SURPLUS**

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

	2012	2011
Unrestricted surplus	\$ 4,980,572	\$ 4,874,814
Restricted surplus		
Operating - general reserve	880,694	880,694
Operating - education reserve	1,301	1,301
Capital - transportation reserve	869,206	869,206
Capital - general reserve	167,261	167,261
Capital - administration reserve	12,391	12,391
Tangible capital assets	8,576,202	8,452,521
	<b>\$ 15,487,627</b>	<b>\$ 15,258,188</b>

**10. SEGMENTED DISCLOSURE**

The MD 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 directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6)

**11. SALARY AND BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for municipal officials and the chief administrative officer as required by Alberta Regulation 313/2000 is as follows.

	Salary	Benefits	2012	2011
Councillor 1	\$ 21,184	\$ 59	\$ 21,243	\$ 20,459
Councillor 2	18,559	59	18,618	16,734
Councillor 3	16,334	59	16,393	13,684
Chief administrative officer	85,957	10,295	96,252	95,750
Board members (6 members, 2011 - 7)	10,300		10,300	8,900
	<b>\$ 152,334</b>	<b>\$ 10,472</b>	<b>\$ 162,806</b>	<b>\$ 155,527</b>

Salaries include regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

Employer's share of benefits includes mileage allowances and the employer portion of RRSP contributions.

**12. CONTINGENCIES**

The MD is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the MD could become liable for its proportional share of any losses in excess of the funds held by the exchange. Any liability would be accounted for as a current transaction in the year the losses are determined.

The MD has entered into agreements to use certain gravel pits. The MD is contingently liable for any reclamation costs associated with the eventual site restoration of these gravel pits. Neither the costs of restoration nor the timing of such expenditures can be reasonably estimated and consequently they have not been accrued in the accompanying financial statements. These costs will be expensed when they can be reasonably determined.

**13. FINANCIAL INSTRUMENTS**

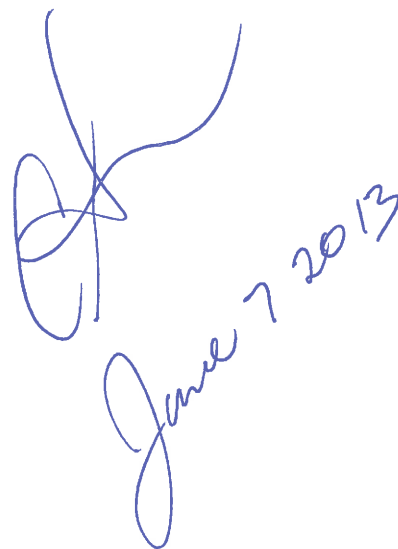
The MD's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, and requisition over-levy. It is management's opinion that the MD is not exposed to significant interest or currency risks arising from these financial statements.

The MD 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 MD provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of tax payers and customers minimizes the credit risk.

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

**14. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.



A handwritten signature in blue ink, followed by the date "June 7 2013" written in a cursive style.