

**Municipal District of Ranchland No.66**

**CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**M.D. OF RANCLAND No. 66**  
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## Management's Responsibility for Reporting

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The Municipal District (MD) of Ranchland's management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying consolidated financial statements and the notes thereto. Management believes that the consolidated financial statements present fairly the MD's financial position as at December 31, 2022 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The MD's Council is responsible for overseeing management in the performance of its reporting responsibilities, and for approving the consolidated financial statements. Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the MD's external auditors.

The consolidated financial statements have been audited by the independent firm of BDO Canada LLP. Their report to the Members of Council of the MD of Ranchland, stating the scope of their examination and opinion on the financial statements, follow.

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Robert Strauss, CAO  
April 18, 2023



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Lethbridge AB T1J 4E1 Canada

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## Independent Auditor's Report

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To the Reeve and Council of Municipal District of Ranchland No. 66

### Qualified Opinion

We have audited the consolidated financial statements of Municipal District of Ranchland No.66 and its controlled entities (the MD), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of operations, the consolidated changes in net financial assets and the consolidated cashflows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the MD as at December 31, 2022, and its consolidated result of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

### Basis for Qualified Opinion

As disclosed in Note 15, the MD has entered into surface lease agreements to use various gravel pits which the MD has a responsibility in part or full to eventually reclaim. The MD has not completed an estimate on the liability in respect of reclamation of these pits and therefore has recorded no provision for this liability in either the current or prior year. The effects of this deviation from PSAS on the financial position and result of operations of the MD for both 2022 and 2021 have not been determined as it is impracticable to do so and the effects could be material. Our audit opinion on the financial statements for the year end December 31, 2022 was modified accordingly because of this departure from PSAS.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the MD'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 MD or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MD'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 MD's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the MD to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the MD to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

*BDO Canada LP*

Chartered Professional Accountants

Lethbridge, Alberta

April 18, 2023

**Municipal District of Ranchland No.66**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2022**

	2022	2021
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash (note 2)	3,724,879	3,813,183
Receivables		
Taxes and grants in place of taxes (note 3)	8,330	6,475
Trade and other receivables (note 3)	61,169	194,643
Due from other governments (note 3)	128,737	156,802
Investments (note 4)	4,473,188	3,698,182
	<u>8,396,303</u>	<u>7,869,285</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	272,621	329,700
Capital lease obligation (note 15)	38,980	48,103
Employee benefit obligations (note 5)	39,470	57,871
Deferred revenue (note 6)	854,458	885,150
	<u>1,205,529</u>	<u>1,320,824</u>
<b>NET FINANCIAL ASSETS</b>	<u>7,190,774</u>	<u>6,548,461</u>
<b>NON - FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 2)	9,418,816	9,315,966
Prepaid expenses	47,483	40,858
Inventory for consumption (note 9)	615,684	637,605
	<u>10,081,983</u>	<u>9,994,429</u>
<b>ACCUMULATED SURPLUS (schedule 1, note 10)</b>	<u>17,272,757</u>	<u>16,542,890</u>

Contingencies - (note 14)

APPROVED BY:

The accompanying notes and supporting schedules to which the consolidated financial statements are cross-referenced are an integral part of these financial statements.

**Municipal District of Ranchland No.66**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2022**

	Budget (note 18) \$	2022 \$	2021 \$
<b>REVENUE</b>			
Net municipal taxes (schedule 3)	2,034,426	2,189,126	1,670,334
User fees and sales of goods and services	310,610	410,982	402,857
Penalties and cost of taxes	-	860	1,482
Government transfers (schedule 4)	205,923	182,581	163,051
Investment income	122,000	170,654	120,962
Rentals	44,350	75,037	74,703
Other	5,600	13,086	114,768
Gains on disposal of tangible capital assets	-	112,374	43,409
<b>TOTAL REVENUE</b>	<b>2,722,909</b>	<b>3,154,700</b>	<b>2,591,566</b>
<b>EXPENSES</b>			
Legislative	407,234	383,042	372,981
General administration	527,287	470,712	591,904
Protective services	195,546	169,507	121,604
Roads, streets, walks, lighting	1,254,171	1,323,171	1,396,227
Environmental use and protection	8,165	7,959	7,749
Public health and welfare	5,587	32,634	13,018
Planning and development	28,841	24,132	18,314
Agricultural service board and economic development	634,690	606,947	492,234
Parks and recreation	155,740	121,747	107,013
<b>TOTAL EXPENSES</b>	<b>3,217,261</b>	<b>3,139,851</b>	<b>3,121,044</b>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER</b>	<b>(494,352)</b>	<b>14,849</b>	<b>(529,478)</b>
<b>OTHER</b>			
Government transfers for capital (schedule 4)	755,950	715,018	1,039,384
<b>ANNUAL SURPLUS</b>	<b>261,598</b>	<b>729,867</b>	<b>509,906</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>16,542,890</b>	<b>16,542,890</b>	<b>16,032,984</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>16,804,488</b>	<b>17,272,757</b>	<b>16,542,890</b>

The accompanying notes and supporting schedules to which the consolidated financial statements are cross-referenced are an integral part of these financial statements.



**Municipal District of Ranchland No.66**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**YEAR ENDED DECEMBER 31, 2022**

	Budget \$	2022 \$	2021 \$
<b>Annual Surplus</b>	<b>261,598</b>	<b>729,867</b>	<b>509,906</b>
Acquisition of tangible capital assets	(1,102,850)	(1,057,245)	(1,127,976)
Proceeds on disposal of tangible capital assets (Note 19)	288,400	743,442	93,553
Amortization of tangible capital assets	300,000	323,328	308,440
Loss (Gain) on disposal of tangible capital assets	-	(112,374)	156,090
	<b>(514,450)</b>	<b>(102,849)</b>	<b>(569,893)</b>
Change in inventory	85,000	21,920	68,986
Acquisition of prepaid expenses	-	(47,483)	(40,858)
Use of prepaid assets	-	40,858	33,977
	<b>85,000</b>	<b>15,295</b>	<b>62,105</b>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>(167,852)</b>	<b>642,313</b>	<b>2,118</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>6,548,461</b>	<b>6,548,461</b>	<b>6,546,343</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>6,380,609</b>	<b>7,190,774</b>	<b>6,548,461</b>

The accompanying notes and supporting schedules to which the consolidated financial statements are cross-referenced are an integral part of these financial statements.

**Municipal District of Ranchland No.66**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus	729,867	509,906
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization	323,328	308,440
Loss on disposal of tangible capital assets	-	199,499
Gain on disposal of tangible capital assets	(112,374)	(43,409)
Gain on disposal of investments	2,871	(2,962)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	(1,855)	14,552
Increase (decrease) in trade and other receivables	133,474	(114,383)
Decrease (increase) in due from other governments	28,065	20,726
Decrease in inventory consumption	21,921	68,985
Increase in prepaid expenses	(6,625)	(6,881)
Increase (decrease) in accounts payable and accrued liabilities	(57,079)	55,612
Increase (decrease) in capital lease obligation	(9,122)	48,103
Increase (decrease) in employee benefit obligation	(18,401)	12,255
Increase (decrease) in deferred revenue	(30,692)	(69,410)
	<u>1,003,378</u>	<u>1,001,033</u>
Cash provided by operating transactions		
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,057,245)	(1,127,976)
Proceeds on disposal of tangible capital assets (Note 19)	743,442	93,553
	<u>(313,803)</u>	<u>(1,034,423)</u>
Cash applied to capital transactions		
<b>INVESTING</b>		
Purchase of investments	(1,177,879)	(147,291)
Proceeds from sales/redemptions of investments	400,000	700,000
	<u>(777,879)</u>	<u>552,709</u>
Cash applied to financing transactions		
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	<b>(88,304)</b>	<b>519,319</b>
<b>CASH, BEGINNING OF YEAR</b>	<u><b>3,813,183</b></u>	<u><b>3,293,864</b></u>
<b>CASH, END OF YEAR</b>	<u><b>3,724,879</b></u>	<u><b>3,813,183</b></u>

The accompanying notes and supporting schedules to which the consolidated financial statements are cross-referenced are an integral part of these financial statements.

**Municipal District of Ranchland No.66**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**YEAR ENDED DECEMBER 31, 2022**  
**SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets (note 8)	2022 \$	2021 \$
<b>BALANCE, BEGINNING OF YEAR</b>	5,191,617	2,083,410	9,267,863	16,542,890	16,032,984
Annual surplus	729,867	-	-	729,867	509,906
Restricted funds designated for future use	(614,228)	614,228	-	-	-
Funds from operations designated for future use (Nanton Health Centre)	(3,666)	3,666	-	-	-
Current year funds used for tangible capital assets	(1,057,245)	-	1,057,245	-	-
Disposal of tangible capital assets	631,067	-	(631,067)	-	-
Annual amortization expense	323,328	-	(323,328)	-	-
Capital lease repayment	(9,123)	-	9,123	-	-
<b>Change in accumulated surplus</b>	-	617,894	111,973	729,867	509,906
<b>BALANCE, END OF YEAR</b>	5,191,617	2,701,304	9,379,836	17,272,757	16,542,890

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Municipal District of Ranchland No.66**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**YEAR ENDED DECEMBER 31, 2022**  
**SCHEDULE 2**

	Land	Land Improvements	Buildings	Engineered Structures Road & Streets	Machinery & Equipment	Vehicles	2022 \$	2021 \$
<b>COST</b>								
BALANCE, BEGINNING OF YEAR	423,258	31,640	1,448,006	11,565,965	2,111,513	426,283	16,006,665	15,412,737
Transfer	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	-	33,968	248,941	715,757	58,579	1,057,245	1,127,976
Additions to construction-in-progress	-	-	-	-	-	-	-	-
Disposition of tangible capital assets	-	-	-	-	(777,360)	(61,357)	(838,717)	(534,048)
<b>BALANCE, END OF YEAR</b>	<b>423,258</b>	<b>31,640</b>	<b>1,481,974</b>	<b>11,814,906</b>	<b>2,049,910</b>	<b>423,505</b>	<b>16,225,193</b>	<b>16,006,665</b>
<b>ACCUMULATED AMORTIZATION</b>								
BALANCE, BEGINNING OF YEAR	-	26,648	525,808	5,494,226	533,671	110,346	6,690,699	6,666,663
Transfer	-	-	-	-	-	-	-	-
Annual amortization	-	779	29,780	156,026	95,272	41,471	323,328	308,440
Accumulated amortization on disposal	-	-	-	-	(167,926)	(39,724)	(207,650)	(284,404)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>27,427</b>	<b>555,588</b>	<b>5,650,252</b>	<b>461,017</b>	<b>112,093</b>	<b>6,806,377</b>	<b>6,690,699</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>423,258</b>	<b>4,213</b>	<b>926,386</b>	<b>6,164,654</b>	<b>1,588,893</b>	<b>311,412</b>	<b>9,418,816</b>	<b>9,315,966</b>
<b>2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>423,258</b>	<b>4,992</b>	<b>922,198</b>	<b>6,071,739</b>	<b>1,577,842</b>	<b>315,937</b>	<b>9,315,966</b>	

Included in vehicles are capital assets under lease with a cost of \$53,957 and accumulated amortization of \$5,396.

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Municipal District of Ranchland No.66**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**YEAR ENDED DECEMBER 31, 2022**  
**SCHEDULE 3**

	Budget \$	2022 \$	2021 \$
<b>TAXATION</b>			
Municipal property taxes	2,664,863	2,844,924	2,296,906
Government grants in place of property taxes	3,124	6,729	5,995
	<u>2,667,987</u>	<u>2,851,653</u>	<u>2,302,901</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	591,145	628,528	590,038
Seniors' Lodge	27,098	18,435	27,098
Designated Industrial Property	15,318	15,564	15,431
	<u>633,561</u>	<u>662,527</u>	<u>632,567</u>
<b>NET MUNICIPAL TAXES</b>	<u>2,034,426</u>	<u>2,189,126</u>	<u>1,670,334</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Municipal District of Ranchland No.66**  
**SCHEDULE OF GOVERNMENT TRANSFERS**  
**YEAR ENDED DECEMBER 31, 2022**  
**SCHEDULE 4**

	Budget \$	2022 \$	2021 \$
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	205,923	182,581	163,051
Federal Government	-	-	-
	<u>205,923</u>	<u>182,581</u>	<u>163,051</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	605,950	498,344	800,645
Federal Government	150,000	216,674	238,739
	<u>755,950</u>	<u>715,018</u>	<u>1,039,384</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>961,873</u>	<u>897,599</u>	<u>1,202,435</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Municipal District of Ranchland No.66**  
**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT**  
**YEAR ENDED DECEMBER 31, 2022**  
**SCHEDULE 5**

<b>EXPENSES</b>	<b>Budget</b> <b>\$</b>	<b>2022</b> <b>\$</b>	<b>2021</b> <b>\$</b>
Salaries, wages and benefits	1,473,323	1,396,132	1,352,572
Contracted and general services	828,536	980,245	828,411
Materials, goods and utilities	402,434	355,349	346,542
Transfers to local boards, agencies and other governments	204,539	47,070	73,237
Other expenses	8,429	37,727	12,343
Amortization of tangible capital assets	300,000	323,328	308,440
Loss on disposal of tangible capital assets	-	-	199,499
	<b>3,217,261</b>	<b>3,139,851</b>	<b>3,121,044</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Municipal District of Ranchland No.66**  
**SCHEDULE OF CONSOLIDATED SEGMENT DISCLOSURE**  
**YEAR ENDED DECEMBER 31, 2022**  
**SCHEDULE 6**

	General Government	Protective Services	Transportation Services	Planning and Development	Agricultural Services	Parks and Health	Environmental Services	Total \$
<b>REVENUE</b>								
Net municipal taxes	\$ 2,189,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,189,126
Government transfers	58,402	-	715,018	-	121,210	2,969	-	897,599
User fees and sales of goods and services	1,100	-	117,375	543	129,894	162,070	-	410,982
Investment income	168,611	-	-	-	-	2,043	-	170,654
Gain on disposal of tangible capital assets	-	5,194	101,882	-	5,298	-	-	112,374
Other revenues	10,508	1,138	46,060	-	420	30,857	-	88,983
	<u>2,427,747</u>	<u>6,332</u>	<u>980,335</u>	<u>543</u>	<u>256,822</u>	<u>197,939</u>	<u>-</u>	<u>3,869,718</u>
<b>EXPENSES</b>								
Salaries, wages and benefits	\$ 485,590	\$ 11,521	\$ 451,705	\$ 12,399	\$ 347,202	\$ 87,715	\$ -	\$ 1,396,132
Contracted and general services	296,664	126,370	345,222	1,064	193,885	11,724	5,316	980,245
Materials, goods and utilities	34,699	2,561	254,875	-	45,298	17,688	228	355,349
Transfers to local boards and agencies	2,600	26,590	-	10,669	3,500	3,711	-	47,070
Other expenses	10,621	-	-	-	-	27,106	-	37,727
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-
	<u>830,174</u>	<u>167,042</u>	<u>1,051,802</u>	<u>24,132</u>	<u>589,885</u>	<u>147,944</u>	<u>5,544</u>	<u>2,816,523</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE AMORTIZATION</b>	<u>1,597,573</u>	<u>(160,710)</u>	<u>(71,467)</u>	<u>(23,589)</u>	<u>(333,063)</u>	<u>49,995</u>	<u>(5,544)</u>	<u>1,053,195</u>
Amortization expense	23,580	2,465	271,369	-	17,062	6,437	2,415	323,328
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>1,573,993</u>	<u>(163,175)</u>	<u>(342,836)</u>	<u>(23,589)</u>	<u>(350,125)</u>	<u>43,558</u>	<u>(7,959)</u>	<u>729,867</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.



**Municipal District of Ranchland No.66**  
**SCHEDULE OF CONSOLIDATED SEGMENT DISCLOSURE**  
**YEAR ENDED DECEMBER 31, 2021**  
**SCHEDULE 6**

	General Government	Protective Services	Transportation Services	Planning and Development	Agricultural Services	Parks and Health	Environmental Services	Total \$
<b>REVENUE</b>								
Net municipal taxes	\$ 1,670,334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,670,334
Government transfers	21,684	500	1,039,383	-	137,898	2,970	-	1,202,435
User fees and sales of goods	4,150	15,000	111,904	1,140	108,593	162,070	-	402,857
Investment income	120,962	-	-	-	-	-	-	120,962
Gain on disposal of tangible capital assets	-	-	43,409	-	-	-	-	43,409
Other revenues	112,502	42	44,572	-	-	33,837	-	190,953
	<u>1,929,632</u>	<u>15,542</u>	<u>1,239,268</u>	<u>1,140</u>	<u>246,491</u>	<u>198,877</u>	<u>-</u>	<u># 3,630,950</u>
<b>EXPENSES</b>								
Salaries, wages and benefits	\$ 588,397	\$ 538	\$ 373,822	\$ 690	\$ 310,799	\$ 78,326	\$ -	\$ 1,352,572
Contracted and general services	315,085	59,426	306,919	4,376	122,207	15,064	5,334	828,411
Materials, goods and utilities	33,016	4,057	249,066	2,579	44,185	13,639	-	346,542
Transfers to local boards and agencies	1,000	54,468	-	10,669	3,389	3,711	-	73,237
Other expenses	-	-	199,499	-	-	-	-	199,499
	<u>941,592</u>	<u>118,489</u>	<u>1,129,306</u>	<u>18,314</u>	<u>480,580</u>	<u>118,989</u>	<u>5,334</u>	<u>2,812,604</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE AMORTIZATION</b>	<u>988,040</u>	<u>(102,947)</u>	<u>109,962</u>	<u>(17,174)</u>	<u>(234,089)</u>	<u>79,888</u>	<u>(5,334)</u>	<u>818,346</u>
Amortization expense	23,293	3,115	266,921	-	11,654	1,042	2,415	308,440
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>964,747</u>	<u>(106,062)</u>	<u>(156,959)</u>	<u>(17,174)</u>	<u>(245,743)</u>	<u>78,846</u>	<u>(7,749)</u>	<u>509,906</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# Municipal District of Ranchland No.66

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

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### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated 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 Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the MD are as follows:

#### a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in net financial assets and cash flows of the reporting entity. This entity is comprised of the MD operations plus all of the entities that are owned or controlled by the MD and are, therefore, accountable to MD's Council for the administration of their financial affairs and resources. They include the following:

Nanton Health Centre Management Committee (NHCMC) 1/3 portion held by the MD

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

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

#### b) Basis of Accounting

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

Contributions and other amounts received from third parties pursuant to legislation, regulation or agreement may only be used for certain programs, in the completion of specific work, or the purchase of capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed or goods yet to be provided. 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 public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the the date of the financial statements, and the reported amounts of revenue and expenses 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. The MD has estimates in respect of accounts payable and accrued liabilities, employee obligations, deferred revenue, inventory for consumption and tangible capital assets.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where necessary. Provisions are made for slow moving and obsolete inventory and gravel inventory is recognized based on yards of gravel. Amortization is based on the estimated useful life of tangible capital assets.

**Municipal District of Ranchland No.66**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

d) Cash and Cash Equivalents

Cash and cash equivalents include cash and investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition, or are redeemable, and are held for the purpose of meeting short-term cash commitments rather than for investing.

e) 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 recognize the loss.

f) 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.

g) Tax Revenue

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

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

h) Government Transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

# Municipal District of Ranchland No.66

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) 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 revenue 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 attributed 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	25-50
Engineered structures - roads	60-75
Land improvements	20
Machinery and equipment	5-25
Vehicles	10-25

ii. Contributions on Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also 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, with cost determined by the average cost method.

k) Contaminated Sites Liability

A contaminated site is a site at which substances occur in concentrations that exceed the maximum

Unless otherwise noted, the fair value of the financial instrument approximates their carrying value and it is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from financial instruments.

l) Contributed Materials and Services

Contributed materials and services which are used in the normal course of the MD's operations and would otherwise have been purchased at their fair value at the date of the contribution if fair value can be reasonably estimated.

**Municipal District of Ranchland No.66**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**2. CASH**

	<u>2022</u>	<u>2021</u>
	\$	\$
Cash	3,637,269	3,038,879
Investment cash account	<u>87,610</u>	<u>774,304</u>
	<u>3,724,879</u>	<u>3,813,183</u>

Included in cash is a restricted amount of \$854,458 (2021 - \$885,150) received from various programs and initiatives to be held for capital and other projects but are deferred as disclosed in Note 6.

Included in cash is held is the MD's 1/3 portion in the Nanton Health Centre of \$127,718.

Interest is earned on bank accounts at 4.15% (2021 - 0.65%).

**3. RECEIVABLES**

	<u>2022</u>	<u>2021</u>
	\$	\$
Arrears taxes	<u>8,330</u>	<u>6,475</u>
Trade accounts	24,951	172,145
Interest	<u>36,218</u>	<u>22,498</u>
	<u>61,169</u>	<u>194,643</u>
GST receivable	26,439	19,148
Grant receivable	<u>102,298</u>	<u>137,654</u>
	<u>128,737</u>	<u>156,802</u>

The MD's exposure to credit risk arises from the possibility that taxpayers may fail to meet their obligations. Taxes and grants in lieu receivable includes \$8,330 (2021 - \$6,475). The MD manages this risk by following the methods of recovering taxes in arrears as prescribed in section 411 of the Municipal Government Act, which includes the right of the MD to offer up for sale at a public auction those properties with taxes in arrears.

**Municipal District of Ranchland No.66**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**4. INVESTMENTS**

	2022 - \$		2021
	<u>Market Value</u>	<u>Amortized Cost</u>	<u>\$</u>
Government and government guaranteed bonds	3,813,498	4,028,285	3,698,182
Canadian GIC's and T-bills	447,377	444,903	-
	<u>4,260,875</u>	<u>4,473,188</u>	<u>3,698,182</u>

Government and government guaranteed bonds have an effective interest rate of 1.55% to 5.60% (2021 - 0.37% to 5.53%) with maturity dates from June 2023 to December 2048.

**5. EMPLOYEE BENEFIT OBLIGATIONS**

Employee benefit obligations include accrued wages and vacation. Employees have either earned the benefits or are entitled to these within the next budgetary year.

**6. DEFERRED REVENUE**

	Opening balance	Received	Recognized	Ending balance
	<u>\$</u>		<u>\$</u>	<u>\$</u>
Municipal Sustainability Initiative - Capital	835,665	367,378	502,795	700,248
Canada Community Building Fund	16,026	200,648	216,674	-
Bridge Grants	31,736	531	32,267	-
ACP Intermunicipal Collaboration	-	151,697	-	151,697
Carnivore Conflict Resolution Initiative	1,723	5,000	4,210	2,513
	<u>885,150</u>	<u>725,254</u>	<u>755,946</u>	<u>854,458</u>

**Alberta Community Partnership (ACP) Intermunicipal Collaboration**  
Funding in the amount of \$150,000 plus interest earned to assist with the MD developing an infrastructure plan.

**Canada Community Building Fund**  
The Government of Canada provides Alberta Transportation with a grant restricted to eligible expenditures as approved under the funding agreement. During the year, the MD received \$150,000 plus interest earned and spent \$216,674 on eligible projects. A grant receivable in the amount of \$48,815 has been recorded (note 3).

**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 was completed in 2023.

**Carnivore Conflict Reduction Initiative**  
The use of these funds is to provide the MD for funding of deadstock pickup within the MD until the amount is depleted.

**MD of Ranchland No.66**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**6. DEFERRED REVENUE (CONTINUED)**

**Strategic Transportation Infrastructure Program (STIP)**

The Local Bridge Program is one of 4 funding streams of the program. The agreement provides for funding up to 75% of eligible projects related to local bridge projects. The use of these funds is restricted to eligible expenditures as approved under the funding agreement. During the year, the MD received \$40,295 was recognized as revenue in 2021. A grant receivable in the amount of \$53,484 from 2021 is still outstanding as of December 31, 2022 (note 3).

**Agricultural Service Board Grant Program**

The Province provides conditional grant funding through this program to assist with various agriculture expenditures in the MD. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

**7. CONTAMINATED SITES LIABILITY**

The MD has adopted PS3260 Liability for Contaminated Sites. The MD did not identify any financial liabilities in 2022 (2021-\$nil) as a result of this standard.

**8. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2022</b>	<b>2021</b>
	<u>\$</u>	<u>\$</u>
Tangible capital assets (schedule 2)	16,225,193	16,006,665
Accumulated amortization (schedule 2)	(6,806,377)	(6,690,699)
Capital lease obligation	<u>(38,980)</u>	<u>(48,103)</u>
	<u><b>9,379,836</b></u>	<u><b>9,267,863</b></u>

**9. INVENTORIES FOR CONSUMPTION**

	<b>2022</b>	<b>2021</b>
	<u>\$</u>	<u>\$</u>
Gravel inventories	492,316	535,732
Other inventories	123,368	101,873
	<u><b>615,684</b></u>	<u><b>637,605</b></u>

**MD of Ranchland No.66**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**10. ACCUMULATED SURPLUS**

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

	<u>2022</u>	<u>2021</u>
	\$	\$
Unrestricted surplus	<u>5,191,617</u>	<u>5,191,617</u>
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	386,489	167,261
Capital - administration reserve	12,391	12,391
Capital - fleet vehicle reserve	65,000	25,000
Capital - fleet heavy equipment reserve	355,000	-
Nanton Health Centre reserve	131,223	127,557
	<u>2,701,304</u>	<u>2,083,410</u>
Equity in tangible capital assets (note 8)	<u>9,379,836</u>	<u>9,267,863</u>
	<u>17,272,757</u>	<u>16,542,890</u>

**11. SALARY AND BENEFITS DISCLOSURE**

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

	<u>2022</u>		<u>2021</u>	
	\$		\$	
	<u>Salary <sup>1</sup></u>	<u>Benefits <sup>2</sup></u>	<u>Total</u>	<u>Total</u>
<b>COUNCILLORS</b>				
Harry Streeter	27,868	6,682	34,550	29,063
Cameron Gardner	20,243	5,559	25,802	23,848
Ron Davis	26,313	6,905	33,218	28,693
Chief Administrative Officer	123,811	24,148	147,959	141,395
Assessor	12,600	-	12,600	12,600

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

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



**MD of Ranchland No.66**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**12. SEGMENT 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 allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Refer to the Schedule of Segment Disclosure (schedule 6).

General Government

Included in this segment are revenues and expenses associated with legislative, general administration and finance.

Protective Services

Included in this segment are revenues and expenses associated with policing, fire protection, emergency management including disaster services.

Transportation Services

Included in this segment are revenues and expenses associated with common services and roads.

Planning and Development

Included in this segment are revenues and expenses associated with land use, planning, zoning and development, and economic development.

Agricultural Services

Included in this segment are revenues and expenses associated with agriculture, chemical, weed and pest control.

Parks and Health

Included in this segment are revenues and expenses associated with parks, recreation, culture and family and community support services (FCSS) and public health and welfare.

Environmental Services

Included in this segment are revenues and expenses associated with waste management and recycling.

**13. 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 MD be disclosed as follows:

	2022	2021
	\$	\$
Total debt limit	4,563,489	3,822,236
Total debt	-	-
Amount total debt limit unused	4,563,489	3,822,236
Debt servicing limit	760,582	637,039
Debt servicing	-	-
Amount of debt servicing limit unused	760,582	637,039

**MD of Ranchland No.66**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**13. DEBT LIMITS (CONTINUED)**

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

**14. 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.

**15. COMMITMENTS AND CONTRACTUAL OBLIGATIONS**

The MD has entered into the following contracts with third party agencies to provide services on behalf of the MD:

- a) MD of Willow Creek. This agreement is to provide emergency services to the MD expiring December 31, 2025. The agreement contains the following agreed upon amounts:
  - 2023 - \$19,250 plus GST plus 2022's annual inflation factor
  - 2024 - 2023 costs plus GST plus 2023's annual inflation factor
  - 2025 - 2024 costs plus GST plus 2024's annual inflation factor
  
- b) The MD has entered into surface lease agreements to use various gravel pits. The MD is responsible in part or in full for any costs associated with the eventual site reclamation of these gravel pits. The MD has not finalized their estimation of the costs of reclamations; however, the MD has engaged engineers to assist with determining the cost to reclaim the gravel pits. The estimated costs to reclaim as of December 31, 2021 are \$633,000. The costs of reclamation considering the timing of such expenditures has not been estimated and consequently no liability has been accrued in the accompanying financial statements. No reclamation estimation occurred for the December 31, 2022 year.
  
- c) During the year the MD signed agreements to purchase new capital assets for \$535,407 plus GST which comprises of the following:
  - 17 Wheel Wobbly on November 17 for \$35,767
  - Wheel Loader on November 28, 2022 for \$354,000
  - Toyota Tundra on November 29, 2022 for \$62,952
  - Ford F250 4x4 on December 12, 2022 for \$82,688The agreements stipulate that payment is due when the equipment is delivered and is anticipated to be paid in 2023.
  
- d) The MD has entered into a contract with the MD of Willow Creek. This agreement is to provide Community Peace Officer services to the the MD expiring December 31, 2024. The Agreement contains the following agreed upon amounts:
  - 2023 - \$81,592
  - 2024 - \$83,631

**MD of Ranchland No.66**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**15. COMMITMENTS AND CONTRACTUAL OBLIGATIONS (continued)**

e) The MD entered in to a lease obligation that is capital in nature.

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
	<hr/>	<hr/>
Enterprise Fleet Management - monthly payments for \$928 for 60 months at 4.58%, secured by specific tangible capital assets with net book value of \$55,690, due May 2026.	<b>38,980</b>	<b>48,103</b>
	<hr/>	<hr/>

The following is a schedule of minimum lease payments:

	2023	11,136	
	2024	11,136	
	2025	11,136	
	2026	9,107	
		<hr/>	
		42,515	
	less: imputed interest	<hr/>	
		(3,535)	
		<hr/>	
		38,980	
		<hr/>	

**16. FINANCIAL INSTRUMENTS**

The MD's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, and employee benefit obligations. 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 taxpayers and customers minimizes the credit risk.

**MD of Ranchland No.66**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**17. NANTON HEALTH CENTRE MANAGEMENT COMMITTEE**

The MD of Ranchlands participates in a Joint Venture with the MD of Willow Creek and the Town of Nanton in operating the Nanton Health Centre Management Committee (o/a the Nanton Health Centre). The three stakeholders share responsibilities for 1/3 of the operating revenues, operating costs and net operating revenues of the Centre. The Joint Venture is proportionately consolidated with the MD of Ranchland's financial statements at year-end on a line by line basis.

The following table presents condensed financial information for the Nanton Health Management Committee business partnerships:

	Nanton Health Centre	
	2022	2021
	\$	\$
Financial position		
Cash	169,600	365,725
Other	227,117	15,032
Trade and other receivables	3,060	641
<b>Total assets</b>	<b>399,777</b>	<b>381,398</b>
Accounts payable	7,382	-
<b>Total liabilities</b>	<b>7,382</b>	<b>-</b>
Accumulated surplus	<b>392,395</b>	<b>381,398</b>
Result of operations		
Revenues	90,807	88,254
Expenses	79,810	23,321
<b>Net income</b>	<b>10,997</b>	<b>64,933</b>

**18. BUDGETED INFORMATION**

Budgeted information was prepared under the modified accrual method. This note provides a reconciliation between the approved budget figures and the budget figures disclosed in the financial statements.

	2022
	\$
Budgeted surplus reported in financial statements	261,598
Net transfers from reserves	167,852
Capital projects	(1,102,850)
Proceeds on sale of tangible capital assets	288,400
Non cash item budgeted for - amortization	300,000
Inventory change	85,000
Financial plan bylaw surplus for the year	-

**19 PROCEEDS ON DISPOSAL OF TANGIBLE CAPITAL ASSETS**

Included in the \$743,442 of proceeds on disposal of tangible capital assets is insurance proceeds of \$355,000 for the write-off of the wheel loader that was struck by lightning in 2022.

**20 COMPARATIVE FIGURES**

Certain prior year figures have been reclassified to conform to current year's financial statement presentation.