
MUNICIPAL DISTRICT OF RANGLAND NO. 66

Consolidated Financial Statements

Year Ended December 31, 2017

MUNICIPAL DISTRICT OF RANGLAND NO. 66

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Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Municipal District of Ranchland No. 66, which comprise the statement of financial position as at December 31, 2017, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Municipal District of Ranchland No. 66 as at December 31, 2017 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Acuity L.L.P.

Nanton, Alberta
March 16, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS

MANAGEMENT REPORT

The accompanying consolidated financial statements and other information contained in this Financial Report are the responsibility of the management of the Municipal District of Ranchland No. 66 (the MD).

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 MD 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 MD's assets are properly accounted for and adequately safeguarded.

The elected Council of the MD is responsible for ensuring that management fulfils its responsibilities for consolidated financial statements.

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 reappointment of the external auditors. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Acuity 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 MD. Acuity LLP Chartered Professional Accountants has full and free access to the Council.



Mr. Greg Brkich, CAO

Nanton, AB
March 16, 2018

MUNICIPAL DISTRICT OF RANGLAND NO. 66

Consolidated Statement of Financial Position

Year Ended December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 3,780,345	\$ 4,743,423
Receivables <i>(Note 3)</i>		
Taxes and grants in place of taxes receivable	1,240	-
Trade and other receivables	43,595	43,355
Due from other governments	7,781	439,210
Investments <i>(Note 4)</i>	3,812,828	2,681,681
	<u>7,645,789</u>	<u>7,907,669</u>
LIABILITIES		
Accounts payable and accrued liabilities	117,079	92,910
Deferred revenue <i>(Note 5)</i>	767,600	1,125,300
Employee benefit obligations <i>(Note 6)</i>	55,671	34,871
	<u>940,350</u>	<u>1,253,081</u>
NET FINANCIAL ASSETS	<u>6,705,439</u>	<u>6,654,588</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Schedule 2) (Note 9)</i>	9,024,896	9,244,549
Inventory for consumption <i>(Note 10.)</i>	608,899	646,201
Prepaid expenses	32,018	31,995
	<u>9,665,813</u>	<u>9,922,745</u>
ACCUMULATED SURPLUS <i>(Schedule 1) (Note 11)</i>	<u>\$ 16,371,252</u>	<u>\$ 16,577,333</u>

Contingencies - *(Note 14)*

Approved on behalf of Council:


_____, Reeve

_____, Councilor

MUNICIPAL DISTRICT OF RANGLAND NO. 66

Consolidated Statement of Operations

Year Ended December 31, 2017

	Budget (Unaudited) 2017	2017	2016
REVENUE			
Net municipal taxes <i>(Schedule 3)</i>	\$ 1,037,590	\$ 1,036,978	\$ 1,130,719
Government transfers for operating <i>(Schedule 4)</i>	172,644	170,661	242,679
User fees and sales of goods	26,531	62,244	25,968
Investment income	125,000	96,282	26,384
Rentals	43,815	59,976	63,072
Other	53,861	47,412	45,058
Penalties and costs of taxes	100	417	65
Gain on disposal of tangible capital assets	-	-	4,095
	1,459,541	1,473,970	1,538,040
EXPENSES			
Legislative	114,475	102,159	108,400
Administration	371,600	351,112	464,815
Protective services	97,000	75,251	28,457
Roads, streets, walks, lighting	757,050	651,900	601,324
Environmental use and protection	7,120	9,592	5,997
Public health and welfare	5,511	5,130	4,138
Planning and development	26,825	24,971	32,599
Agricultural service board & economic development	379,200	351,046	320,998
Parks and recreation	1,675	1,701	1,897
Amortization of tangible capital assets	295,000	289,318	283,219
Loss on disposal of assets	-	104,688	-
Write down of tangible capital assets	-	129,612	-
	2,055,456	2,096,480	1,851,844
DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS	(595,915)	(622,510)	(313,804)
OTHER INCOME			
Government transfers for capital <i>(Schedule 4)</i>	531,270	416,429	378,435
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(64,645)	(206,081)	64,631
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
	16,577,333	16,577,333	16,512,702
ACCUMULATED SURPLUS, END OF YEAR	16,512,688	\$ 16,371,252	\$ 16,577,333

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

MUNICIPAL DISTRICT OF RANGLAND NO. 66
Consolidated Statement of Change in Net Financial Assets
Year Ended December 31, 2017

	Budget (Unaudited) 2017	2017	2016
EXCESS OF REVENUES OVER EXPENSES	\$ (64,645)	\$ (206,081)	\$ 64,631
Acquisition of tangible capital assets	(535,000)	(535,193)	(358,645)
Proceeds on disposal of tangible capital assets	185,000	231,229	53,020
Amortization of tangible capital assets	295,000	289,318	283,219
Loss (gain) on disposal of tangible capital assets	-	234,300	(4,095)
	(55,000)	219,654	(26,501)
Acquisition of supplies inventories		(36,080)	(79,707)
Acquisition of prepaid assets		(32,018)	(31,995)
Use of supplies inventories		73,384	63,482
Use of prepaid assets		31,992	28,617
		37,278	(19,603)
	(55,000)	256,932	(46,104)
INCREASE IN NET FINANCIAL ASSETS	(119,645)	50,851	18,527
NET FINANCIAL ASSETS, BEGINNING OF YEAR	6,654,588	6,654,588	6,636,061
NET FINANCIAL ASSETS, END OF YEAR	6,534,943	\$ 6,705,439	\$ 6,654,588

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

MUNICIPAL DISTRICT OF RANGLAND NO. 66

Consolidated Statement of Cash Flows

Year Ended December 31, 2017

	2017	2016
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (206,081)	\$ 64,631
Items not affecting cash:		
Amortization of tangible capital assets	289,318	283,219
Write down of tangible capital asset	129,612	-
Gains (losses) on disposal of tangible assets	104,688	(4,095)
	317,537	343,755
Non-cash changes to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(1,240)	-
Decrease (increase) in trade and other receivables	(240)	(12,285)
Decrease (increase) in due from other governments	431,429	391,384
Decrease (increase) in accounts payable	24,167	32,864
Decrease (increase) in deferred income	(357,699)	138,263
Decrease (increase) in employee benefit obligations	20,800	5,427
Decrease (increase) in inventory for consumption	37,302	(16,225)
Decrease (increase) in prepaid expenses	(23)	(3,378)
	154,496	536,050
Cash provided by operating activities	472,033	879,805
CAPITAL		
Acquisition of tangible capital assets	(535,193)	(358,645)
Sale of tangible capital assets	231,229	53,020
Cash applied to capital transactions	(303,964)	(305,625)
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	356,668	(134,756)
Decrease (increase) in investments	(1,131,147)	1,976,570
Cash provided by (applied to) investing transactions	(774,479)	1,841,814
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(606,410)	2,415,994
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,621,630	1,205,636
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,015,220	\$ 3,621,630
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash and temporary investments (Note 2)	\$ 3,780,345	\$ 4,743,423
Less: restricted portion of cash (Note 2)	(765,125)	(1,121,793)
	\$ 3,015,220	\$ 3,621,630

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

MUNICIPAL DISTRICT OF RANGLAND NO.66
Schedule of Changes in Accumulated Surplus (Schedule 1)
Year Ended December 31, 2017

				2017	2016
	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	Total	Total
COST:					
BALANCE, BEGINNING OF YEAR	\$ 5,401,931	\$ 1,930,853	\$ 9,244,549	\$ 16,577,333	\$ 16,512,702
Excess (deficiency) of revenues over expenses	(206,081)	-	-	(206,081)	64,631
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	(535,193)	-	535,193	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets	465,529	-	(465,529)	-	-
Annual amortization expense	289,318	-	(289,318)	-	-
Long term debt repaid	-	-	-	-	-
Change in accumulated surplus	13,573	-	(219,654)	(206,081)	64,631
BALANCE, END OF YEAR	5,415,504	1,930,853	9,024,895	16,371,252	16,577,333

The accompanying notes are an integral part of these financial statements

MUNICIPAL DISTRICT OF RANCLANDS NO.66
Schedule of Tangible Capital Assets (Schedule 2)
Year Ended December 31, 2017

							2017	2016
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Total	Total
COST:								
BALANCE, BEGINNING OF YEAR	\$ 423,258	\$ 31,640	\$ 1,399,500	\$ 11,126,071	\$ 1,787,087	\$ 371,884	\$ 15,139,440	\$ 14,911,269
Acquisition of tangible capital assets	-	-	32,575	-	462,128	40,490	535,193	137,480
Construction-in-progress	-	-	-	-	-	-	-	221,165
Disposal of tangible capital assets	-	-	-	-	(416,478)	(35,743)	(452,221)	(130,474)
Write-down of tangible capital assets	-	-	-	(129,612)	-	-	(129,612)	-
BALANCE, END OF YEAR	423,258	31,640	1,432,075	10,996,459	1,832,737	376,631	15,092,800	15,139,440
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	22,299	379,212	4,973,270	369,668	150,442	5,894,891	5,693,222
Annual amortization	-	1,233	28,849	148,276	82,091	28,869	289,318	283,218
Accumulated amortization on disposals	-	-	-	-	(94,860)	(21,445)	(116,305)	(81,549)
BALANCE, END OF YEAR	-	23,532	408,061	5,121,546	356,899	157,866	6,067,904	5,894,891
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 423,258	\$ 8,108	\$ 1,024,014	\$ 5,874,913	\$ 1,475,838	\$ 218,765	\$ 9,024,896	\$ 9,244,549
2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 423,258	\$ 9,341	\$ 1,020,288	\$ 6,152,801	\$ 1,417,419	\$ 221,442	\$ 9,244,549	

The accompanying notes are an integral part of these financial statements

MUNICIPAL DISTRICT OF RANGLAND NO. 66
Consolidated Schedule of Property and Other Taxes (Schedule 3)
Year Ended December 31, 2017

	Budget (Unaudited) 2017	2017	2016
TAXATION			
Linear property taxes		\$ 1,309,884	\$ 1,441,700
Non-linear property taxes		359,339	369,433
Government grants in place of property taxes		7,138	7,842
	\$ 1,676,973	1,676,361	1,818,975
REQUISITIONS			
Alberta School Foundation Fund	617,246	617,246	664,692
Seniors Lodge	22,137	22,137	23,564
	639,383	639,383	688,256
NET MUNICIPAL TAXES	\$ 1,037,590	\$ 1,036,978	\$ 1,130,719

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

MUNICIPAL DISTRICT OF RANGLAND NO. 66
Consolidated Schedule of Government Transfers (Schedule 4)
Year Ended December 31, 2017

	Budget (Unaudited) 2017	2017	2016
TRANSFERS FOR OPERATING			
Provincial Government	\$ 172,644	\$ 170,661	\$ 242,679
TRANSFERS FOR CAPITAL			
Provincial Government	531,270	416,429	378,435
TOTAL GOVERNMENT TRANSFERS	\$ 703,914	\$ 587,090	\$ 621,114

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, 2017

	Budget (Unaudited) 2017	2017	2016
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 771,650	\$ 766,841	\$ 763,433
Contracted and general services	712,095	567,993	532,272
Materials, goods, supplies and utilities	266,200	228,119	211,515
Transfers to local boards and agencies	10,011	8,887	10,258
Amortization of tangible capital assets	295,000	289,318	283,219
Other expenses	500	1,022	51,147
Losses on disposal of assets	-	104,688	-
Write down of tangible capital assets	-	129,612	-
	\$ 2,055,456	\$ 2,096,480	\$ 1,851,844

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

MUNICIPAL DISTRICT OF RANGLANDS NO.66
Schedule of Segmented Disclosure (Schedule 6)
Year Ended December 31, 2017

	General Government	Protective Services	Transportation Services	Planning & Development	Agricultural Services	Recreation & Culture	Environmental Services	Other	Total \$
REVENUE									
Net Municipal taxes	\$ 1,036,978	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,036,978
Government transfers	22,675	-	-	-	145,017	-	-	2,969	170,661
User fees and sales of goods	1,262	2,100	56,078	972	1,832	-	-	-	62,244
Investment income	96,282	-	-	-	-	-	-	-	96,282
Contributed assets	-	-	-	-	-	-	-	-	-
Other revenues	3,062	-	42,670	-	45,402	-	-	16,671	107,805
	1,160,259	2,100	98,748	972	192,251	-	-	19,640	1,473,970
EXPENSES									
Contract and general services	139,081	67,022	254,078	11,141	84,459	1,256	9,538	1,418	567,993
Salaries and wages	280,955	-	247,894	13,830	224,162	-	-	-	766,841
Goods and supplies	32,213	6,230	149,930	-	39,250	444	52	-	228,119
Transfers to local boards	-	2,000	-	-	3,175	-	-	3,712	8,887
Other expenses	1,022	-	-	-	-	-	-	-	1,022
BALANCE, END OF YEAR	453,271	75,252	651,902	24,971	351,046	1,700	9,590	5,130	1,572,862
NET REVENUE, BEFORE AMORTIZATION	706,988	(73,152)	(553,154)	(23,999)	(158,795)	(1,700)	(9,590)	14,510	(98,892)
Amortization expense	(35,554)	(3,115)	(234,913)	-	(11,455)	(1,442)	(2,415)	(424)	(289,318)
NET REVENUE (EXPENDITURE)	\$ 671,434	\$ (76,267)	\$ (788,067)	\$ (23,999)	\$ (170,250)	\$ (3,142)	\$ (12,005)	\$ 14,086	\$ (388,210)

The accompanying notes are an integral part of these financial statements

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:

Reporting entity

The consolidated 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. Included with the MD is the following:

- Nanton Health Centre Management Committee

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.

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 estimated yards of gravel. Amortization is based on the estimated useful lives of tangible capital assets.

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.

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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.

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.

Contaminated sites liability

Contaminated sites are a result of contamination being introduced into the 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 recognised when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

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. Inventories

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 Consolidated Financial Statements

Year Ended December 31, 2017

2. CASH AND TEMPORARY INVESTMENTS

	2017	2016
Cash	\$ 3,581,359	\$ 4,056,311
Investment cash account	198,986	687,112
	\$ 3,780,345	\$ 4,743,423

Included in cash is a restricted amount of \$765,125 (2016 - \$1,121,793) received from various programs and initiatives to be held for capital and other projects but are deferred as disclosed in Note 5.

3. RECEIVABLES

	2017	2016
Property taxes		
Arrears	\$ 173,000	\$ 170,565
Allowance for Uncollectible Taxes	(171,760)	(170,565)
	\$ 1,240	\$ -
Other		
Trade accounts	\$ 27,173	\$ 30,106
Interest	19,778	16,095
Underlevy of school taxes	166	676
Allowance for doubtful accounts	(3,522)	(3,522)
	\$ 43,595	\$ 43,355
Due from Other Governments		
Goods and Services Tax	\$ 7,781	\$ 20,891
Disaster Recovery Program for 2013 flood	-	418,319
	\$ 7,781	\$ 439,210

4. LONG TERM INVESTMENTS

	2017		2016	
	Cost	Market Value	Cost	Market Value
Government and government guaranteed bonds	\$ 3,812,828	\$ 3,836,251	\$ 2,681,681	\$ 2,558,125

Government and government guaranteed bonds have effective rates of interest of 1.5% to 5.6% (2016 - 1.5% to 5.6%) with maturity dates from March 7, 2018 to December 1, 2048.

Council has designated funds of \$1,048,858 (2016 - \$1,048,858) included in the above amounts for equipment replacement.

MUNICIPAL DISTRICT OF RANGLAND NO. 66

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

5. DEFERRED REVENUE

	2017	2016
Municipal Sustainability Initiative Capital Grant	\$ 684,836	\$ 1,091,999
Federal Gas Tax Fund	50,222	-
Bridge Grants	30,067	29,794
Carnivore Conflict Reduction Initiative	2,475	3,507
	\$ 767,600	\$ 1,125,300

Municipal Sustainability Initiative Capital Grant

Funding in the amount of \$0 was received in 2017 (2016 - \$337,156). 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 \$684,836 held exclusively for these projects.

Federal Gas Tax Fund

Funding in the amount of \$50,222 was received in 2017 (2016 - nil). 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 \$50,222 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 \$30,067 held exclusively for these projects.

Carnivore Conflict Reduction Initiative

Funding in the amount of \$5,000 was received in 2015. The use of these funds is to provide the MD for funding of deadstock pickup within the MD until the amount is depleted.

6. EMPLOYEE BENEFIT OBLIGATIONS

	2017	2016
Vacation Accrual	\$ 51,248	\$ 33,996
Overtime Accrual	4,423	875
	\$ 55,671	\$ 34,871

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.

MUNICIPAL DISTRICT OF RANGLAND NO. 66

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

7. CONTAMINATED SITES LIABILITY

The MD has adopted PS3260 Liability for Contaminated Sites. The MD did not identify any financial liabilities in 2017 (2016 - \$0) as a result of this standard.

8. 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:

	2017	2016
Total debt limit	\$ 2,210,952	\$ 2,307,061
Total debt	-	-
Amount of debt limit not used	\$ 2,210,952	\$ 2,307,061
Debt servicing limit	\$ 368,492	\$ 384,510
Debt servicing limit used	-	-
Amount of debt servicing limit not used	\$ 368,492	\$ 384,510

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.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2017	2016
Tangible capital assets (Schedule 2)	\$ 15,092,800	\$ 15,139,440
Accumulated amortization (Schedule 2)	(6,067,904)	(5,894,891)
	\$ 9,024,896	\$ 9,244,549

10. INVENTORY FOR CONSUMPTION

	2017	2016
Gravel inventory	\$ 536,181	\$ 585,721
Other inventory	72,718	60,480
	\$ 608,899	\$ 646,201

MUNICIPAL DISTRICT OF RANGLAND NO. 66

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

11. ACCUMULATED SURPLUS

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

	2017	2016
Unrestricted surplus	\$ 5,415,503	\$ 5,401,931
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	9,024,896	9,244,549
	\$ 16,371,252	\$ 16,577,333

12. 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 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 Segmented Disclosure (Schedule 6)

13. SALARIES 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	2017	2016
Councillor 1	\$ 28,590	\$ 281	\$ 28,871	\$ 27,370
Councillor 2	28,415	281	28,696	29,450
Councillor 3	23,885	281	24,166	24,135
Chief administrative officer	96,441	7,055	103,496	103,862
Board members (6 members, 2016 - 8)	10,950		10,950	14,790
	\$ 188,281	\$ 7,898	\$ 196,179	\$ 199,607

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.

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.

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.

15. 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.

16. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

The disclosed budget information has been approved by the Reeve and Council of the MD on May 2, 2017.