

Municipal District of Ranchland No.66

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Municipal District of Ranchland No.66
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

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MUNICIPAL DISTRICT OF RANCHLAND NO. 66

P.O. Box 1060, NANTON, ALBERTA T0L 1R0 • Ph. 403-646-3131 Fax 403-646-3141

Management's Responsibility for Reporting

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, 2020 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.

Robert Strauss, CAO
April 20, 2021



Tel: 403-328-5292
Fax: 403-328-9534
www.bdo.ca

BDO Canada LLP
600 Melcor Centre
400 - 4 Avenue South
Lethbridge, Alberta
T1J 4E1

Independent Auditor's Report

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, 2020, 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, 2020, 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

We were not able to observe the counting of the gravel inventories as at January 1, 2019 or satisfy ourselves concerning these quantities by alternate means. Since opening inventories affect the results of operations and cash flows from operations for the year ended December 31, 2019, we were unable to determine whether adjustments to the comparative gravel expense included in the results of operations and cash flows might be necessary for the year ended December 31, 2019 and opening accumulated surplus as at January 1, 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 undertaken to estimate 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 2020 and 2019 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, 2019 was is 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 LLP

Chartered Professional Accountants

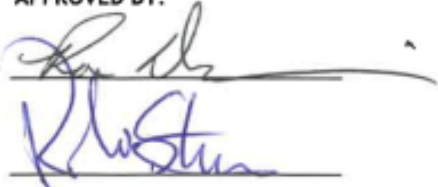
Lethbridge, Alberta
April 20, 2021

Municipal District of Ranchland No.66
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	2020 \$	2019 \$
FINANCIAL ASSETS		
Cash (note 2)	3,293,864	3,718,863
Receivables		
Taxes and grants in place of taxes (note 3)	21,027	7,324
Trade and other receivables (note 3)	217,914	44,379
Due from other governments (note 3)	39,874	10,939
Investments (note 4)	4,247,928	3,966,487
	7,820,607	7,747,992
 LIABILITIES		
Accounts payable and accrued liabilities	274,088	142,409
Deferred revenue (note 6)	954,560	791,199
Employee benefit obligations (note 5)	45,616	57,427
	1,274,264	991,035
 NET FINANCIAL ASSETS	6,546,343	6,756,957
 NON - FINANCIAL ASSETS		
Tangible capital assets (schedule 2)	8,746,074	8,715,120
Prepaid expenses	33,977	39,187
Inventory for consumption (note 9)	706,590	409,818
	9,486,641	9,164,125
 ACCUMULATED SURPLUS (schedule 1, note 10)	16,032,984	15,921,082

Contingencies - (note 14)

APPROVED BY:



Municipal District of Ranchland No.66

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2020

	Budget (note 18) \$	2020 \$	2019 \$
REVENUE			
Net municipal taxes (schedule 3)	1,280,909	1,276,852	1,308,394
User fees and sales of goods	121,250	308,671	10,347
Penalties and cost of taxes	100	-	1,793
Government transfers (schedule 4)	314,980	191,616	173,173
Investment income	135,000	192,271	158,114
Rentals	74,350	73,455	72,628
Other	170	98,649	75,060
Gains (Loss) on disposal of tangible capital assets	-	11,682	17,494
TOTAL REVENUE	1,926,759	2,153,196	1,817,003
EXPENSES			
Legislative	110,140	405,079	104,913
General administration	643,075	701,318	459,513
Protective services	167,440	147,213	117,687
Roads, streets, walks, lighting	1,021,475	1,065,405	964,354
Environmental use and protection	8,495	7,819	9,518
Public health and welfare	31,490	20,453	33,337
Planning and development	11,710	23,751	22,466
Agricultural service board and economic development	459,380	427,969	428,920
Parks and recreation	4,284	2,308	6,781
TOTAL EXPENSES	2,457,489	2,801,315	2,147,489
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	(530,730)	(648,119)	(330,486)
OTHER			
Government transfers for capital (schedule 4)	-	760,021	94,709
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(530,730)	111,902	(235,777)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	15,921,082	15,921,082	16,156,859
ACCUMULATED SURPLUS, END OF YEAR	15,390,352	16,032,984	15,921,082

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, 2020

	Budget \$	2020 \$	2019 \$
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(530,730)	111,902	(235,777)
Acquisition of tangible capital assets	(1,167,170)	(704,381)	(61,804)
Proceeds on disposal of tangible capital assets	-	286,739	18,315
Amortization of tangible capital assets	298,850	285,910	297,492
Loss (Gain) on disposal of tangible capital assets	-	100,778	(17,494)
	(868,320)	(30,954)	236,509
Change in inventory	-	(296,772)	129,846
Acquisition of prepaid expenses	-	(33,977)	(39,187)
Use of prepaid assets	-	39,187	31,946
	-	(291,562)	122,605
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(1,399,050)	(210,614)	123,337
NET FINANCIAL ASSETS, BEGINNING OF YEAR	6,756,957	6,756,957	6,633,620
NET FINANCIAL ASSETS, END OF YEAR	5,357,907	6,546,343	6,756,957

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, 2020

	2020 \$	2019 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (Deficiency) of revenue over expenses	111,902	(235,777)
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization	285,910	297,492
Loss (Gain) on disposal of tangible capital assets	100,778	(17,494)
Gain on disposal of investments	(53,681)	(23,830)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	(13,703)	(5,288)
Decrease (increase) in trade and other receivables	(173,535)	19,322
Decrease (increase) in due from other governments	(28,935)	28,483
Decrease (increase) in inventory consumption	(296,772)	129,846
Decrease (increase) in prepaid expenses	5,210	(7,241)
Increase (decrease) in accounts payable and accrued liabilities	131,679	(4,427)
Increase (decrease) in employee benefit obligation	(11,811)	362
Increase (decrease) in deferred revenue	163,361	(72,533)
Cash provided by operating transactions	<u>220,403</u>	<u>108,915</u>
CAPITAL		
Acquisition of tangible capital assets	(704,381)	(61,804)
Proceeds on disposal of tangible capital assets	<u>286,739</u>	<u>18,315</u>
Cash applied to capital transactions	<u>(417,642)</u>	<u>(43,489)</u>
INVESTING		
Purchase of investments	(795,498)	(1,460,248)
Proceeds from sales/redemptions of investments	<u>567,738</u>	<u>1,651,958</u>
Cash applied to financing transactions	<u>(227,760)</u>	<u>191,710</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	(424,999)	257,136
CASH, BEGINNING OF YEAR	<u>3,718,863</u>	<u>3,461,727</u>
CASH, END OF YEAR	<u><u>3,293,864</u></u>	<u><u>3,718,863</u></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, 2020

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets (note 8)	2020 \$	2019 \$
BALANCE, BEGINNING OF YEAR	5,181,979	2,023,983	8,715,120	15,921,082	16,156,859
Excess (Deficiency) of revenues over expenses	111,902	-	-	111,902	(235,777)
Funds from operations designated for future use (Nanton Health Centre)	(12,358)	12,358	-	-	-
Current year funds used for tangible capital assets	(704,381)	-	704,381	-	-
Disposal of tangible capital assets	387,517	-	(387,517)	-	-
Annual amortization expense	285,910	-	(285,910)	-	-
Change in accumulated surplus	<u>68,590</u>	<u>12,358</u>	<u>30,954</u>	<u>111,902</u>	<u>(235,777)</u>
BALANCE, END OF YEAR	<u>5,250,569</u>	<u>2,036,341</u>	<u>8,746,074</u>	<u>16,032,984</u>	<u>15,921,082</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 TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2020
SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures Road & Streets	Machinery & Equipment	Vehicles	2020 \$	2019 \$
COST								
BALANCE, BEGINNING OF YEAR	423,258	31,640	1,448,006	10,996,459	1,937,060	386,822	15,223,245	15,212,414
Acquisition of tangible capital assets	-	-	-	72,281	581,500	24,786	678,567	61,804
Additions to construction-in-progress	-	-	-	25,814	-	-	25,814	-
Disposition of tangible capital assets	-	-	-	-	(456,298)	(58,591)	(514,889)	(50,973)
BALANCE, END OF YEAR	423,258	31,640	1,448,006	11,094,554	2,062,262	353,017	15,412,737	15,223,245
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	25,090	466,822	5,418,099	431,793	166,321	6,508,125	6,260,785
Annual amortization	-	779	29,493	148,276	83,826	23,536	285,910	297,492
Accumulated amortization on disposal	-	-	-	-	(95,733)	(31,639)	(127,372)	(50,152)
BALANCE, END OF YEAR	-	25,869	496,315	5,566,375	419,886	158,218	6,666,663	6,508,125
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	423,258	5,771	951,691	5,528,179	1,642,376	194,799	8,746,074	8,715,120
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	423,258	6,550	981,184	5,578,360	1,505,267	220,501	8,715,120	

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, 2020

SCHEDULE 3

	Budget	2020	2019
	\$	\$	\$
TAXATION			
Municipal property taxes	1,906,668	1,906,913	1,866,051
Government grants in place of property taxes	4,147	4,713	8,003
	<u>1,910,815</u>	<u>1,911,626</u>	<u>1,874,054</u>
REQUISITIONS			
Alberta School Foundation Fund	591,145	591,145	530,097
Seniors' Lodge	25,946	25,946	23,773
Designated Industrial Property	11,328	11,321	11,790
Policing	-	6,362	-
Underlevy Receivable	1,487	-	-
	<u>629,906</u>	<u>634,774</u>	<u>565,660</u>
NET MUNICIPAL TAXES	<u>1,280,909</u>	<u>1,276,852</u>	<u>1,308,394</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, 2020

SCHEDULE 4

	Budget	2020	2019
	\$	\$	\$
TRANSFERS FOR OPERATING			
Provincial Government	314,980	145,941	173,173
Federal Government	-	45,675	-
	<u>314,980</u>	<u>191,616</u>	<u>173,173</u>
TRANSFERS FOR CAPITAL			
Provincial Government	-	760,021	94,709
TOTAL GOVERNMENT TRANSFERS	<u>314,980</u>	<u>951,637</u>	<u>267,882</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, 2020

SCHEDULE 5

	Budget	2020	2019
	\$	\$	\$
EXPENSES			
Salaries, wages and benefits	985,805	1,130,185	932,496
Contracted and general services	731,164	972,102	592,183
Materials, goods and utilities	286,835	249,777	303,151
Transfers to local boards and agencies	149,595	21,181	18,415
Other expenses	5,240	29,700	3,752
Amortization of tangible capital assets	298,850	285,910	297,492
Loss on disposal of tangible capital assets	-	112,460	-
	<u>2,457,489</u>	<u>2,801,315</u>	<u>2,147,489</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, 2020
SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Agricultural Services	Parks and Health	Environmental Services	Total \$
REVENUE								
Net municipal taxes	\$ 1,276,852	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,276,852
Government transfers	52,240	-	775,246	-	121,182	2,969	-	951,637
User fees and sales of goods	450	-	305,005	796	2,420	-	-	308,671
Investment income	192,271	-	-	-	-	-	-	192,271
Gain on disposal of tangible capital assets	-	-	11,682	-	-	-	-	11,682
Other revenues	823	-	43,850	1,750	96,586	29,095	-	172,104
	<u>1,522,636</u>	<u>-</u>	<u>1,135,783</u>	<u>2,546</u>	<u>220,188</u>	<u>32,064</u>	<u>-</u>	<u>2,913,217</u>
EXPENSES								
Salaries, wages and benefits	\$ 577,385	\$ -	\$ 325,300	\$ 3,100	\$ 224,400	\$ -	\$ -	\$ 1,130,185
Contracted and general services	447,596	139,583	200,414	9,982	152,052	17,071	5,404	972,102
Materials, goods and utilities	27,559	1,190	182,773	-	38,255	-	-	249,777
Transfers to local boards and agencies	1,800	3,325	-	10,669	1,675	3,712	-	21,181
Other expenses	28,764	-	112,460	-	-	936	-	142,160
	<u>1,083,104</u>	<u>144,098</u>	<u>820,947</u>	<u>23,751</u>	<u>416,382</u>	<u>21,719</u>	<u>5,404</u>	<u>2,515,405</u>
EXCESS (DEFICIENCY) OF REVENUE, BEFORE AMORTIZATION	<u>439,532</u>	<u>(144,098)</u>	<u>314,836</u>	<u>(21,205)</u>	<u>(196,194)</u>	<u>10,345</u>	<u>(5,404)</u>	<u>397,812</u>
Amortization expense	23,293	3,115	244,458	-	11,587	1,042	2,415	285,910
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>416,239</u>	<u>(147,213)</u>	<u>70,378</u>	<u>(21,205)</u>	<u>(207,781)</u>	<u>9,303</u>	<u>(7,819)</u>	<u>111,902</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, 2019
SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Agricultural Services	Parks and Health	Environmental Services	Total \$
REVENUE								
Net municipal taxes	\$ 1,308,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,308,394
Government transfers	26,220	-	94,708	-	143,985	2,969	-	267,882
User fees and sales of goods	1,216	-	7,563	68	1,500	-	-	10,347
Investment income	158,114	-	-	-	-	-	-	158,114
Gain on disposal of tangible capital assets	-	-	17,494	-	-	-	-	17,494
Other revenues	3,871	-	43,370	100	74,120	28,020	-	149,481
	1,497,815	-	163,135	168	219,605	30,989	-	1,911,712
EXPENSES								
Salaries, wages and benefits	\$ 350,597	\$ -	\$ 337,806	\$ 10,675	\$ 233,418	\$ -	\$ -	\$ 932,496
Contracted and general services	153,922	109,799	159,883	11,791	115,240	34,445	7,103	592,183
Materials, goods and utilities	29,724	2,274	213,851	-	57,302	-	-	303,151
Transfers to local boards and agencies	2,300	2,500	-	-	9,904	3,711	-	18,415
Other expenses	2,832	-	-	-	-	920	-	3,752
	539,375	114,573	711,540	22,466	415,864	39,076	7,103	1,849,997
EXCESS (DEFICIENCY) OF REVENUE, BEFORE AMORTIZATION	958,440	(114,573)	(548,405)	(22,298)	(196,259)	(8,087)	(7,103)	61,715
Amortization expense	25,051	3,114	252,814	-	13,056	1,042	2,415	297,492
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	933,389	(117,687)	(801,219)	(22,298)	(209,315)	(9,129)	(9,518)	(235,777)

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, 2020

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.

Certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian 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, 2020

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, 2020

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 (deficiency) 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.

Municipal District of Ranchland No.66

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Contaminated Sites Liability

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

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.

2. CASH

	2020	2019
	\$	\$
Cash	3,154,444	3,436,621
Investment cash account	139,420	282,242
	<u>3,293,864</u>	<u>3,718,863</u>

Included in cash is a restricted amount of \$954,560 (2019 - \$791,199) 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 \$98,175.

Interest is earned on bank accounts at 0.65% (2019 - 2.15%).

Municipal District of Ranchland No.66

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

3. RECEIVABLES	2020	2019
	\$	\$
Arrears taxes	21,027	7,324
Trade accounts	155,110	19,638
Interest	23,054	24,741
Grants receivable	39,750	-
	217,914	44,379
GST receivable	39,874	10,939

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 \$21,027 (2019 - \$7,324). 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.

4. INVESTMENTS	2020 - \$		2019
	Market Value	Amortized Cost	\$
Government and government guaranteed bonds	4,658,483	4,247,928	3,966,487

Government and government guaranteed bonds have an effective interest rate of 0.37% to 5.53% (2019 - 1.00% to 5.60%) with maturity dates from December 2021 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

	2020	2019
	\$	\$
Municipal Sustainability Initiative - Capital	652,446	704,640
Federal Gas Tax Fund	253,116	52,236
Bridge Grants	31,530	31,244
Municipal Stimulus Program	17,468	-
Carnivore Conflict Resolution Initiative	-	3,079
	954,560	791,199

MD of Ranchland No.66
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

6. DEFERRED REVENUE (CONTINUED)

Municipal Sustainability Initiative - Capital

The Province provides conditional grant funding through this program to assist with various capital expenditures in the MD. The use of these funds is restricted to eligible expenditures as approved under the funding agreement. During the year \$927,770 (2019 - \$94,474) was spent on eligible capital expenditures.

Federal Gas Tax 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 \$200,000 and expended \$nil (2019 - \$nil) on eligible capital expenditures.

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 \$31,530 held exclusively for these projects. During the year \$nil (2019 - \$nil) was spent on eligible capital expenditures.

Carnivore Conflict Reduction Initiative

Funding in the amount of \$2,500 was received in 2020 (2019- \$5,000). The use of these funds is to provide the MD for funding of deadstock pickup within the MD until the amount is depleted. During the year \$5,957 (2019 - \$3,524) was spent on eligible expenditures.

Municipal Operating Support Transfer

The Government of Canada and the Province are providing funding support to municipalities as relief from impacts of COVID-19. During the year the MD received \$14,316 (2019 - \$nil) and expended \$14,316 (2019 - \$nil) on eligible expenditures.

Municipal Stimulus Program

The Province provides conditional grant funding through this program to assist with various capital expenditures in the MD. The use of these funds is restricted to eligible expenditures as approved under the funding agreement. During the year the MD received \$50,000 (2019 - \$nil) and expended \$32,531 (2019 - \$nil) on eligible capital expenditures.

7. CONTAMINATED SITES LIABILITY

The MD has adopted PS3260 Liability for Contaminated Sites. The MD did not identify any financial liabilities in 2020 (2019-\$nil) as a result of this standard.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2020 \$	2019 \$
Tangible capital assets (schedule 2)	15,412,737	15,223,245
Accumulated amortization (schedule 2)	(6,666,663)	(6,508,125)
	8,746,074	8,715,120

9. INVENTORIES FOR CONSUMPTION

	2020 \$	2019 \$
Gravel inventories	629,666	326,149
Other inventories	76,924	83,669
	706,590	409,818

MD of Ranchland No.66
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

10. ACCUMULATED SURPLUS

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

	2020 \$	2019 \$
Unrestricted surplus	5,250,569	5,181,979
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
Nanton Health Centre reserve (note 17)	105,488	93,130
	2,036,341	2,023,983
 Equity in tangible capital assets (note 8)	 8,746,074	 8,715,120
	16,032,984	15,921,082

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:

	2020 \$		2019 \$	
	Salary ¹	Benefits ²	Total	Total
COUNCILLORS				
Harry Streeter	24,590	4,153	28,743	34,752
Cameron Gardner	18,760	4,153	22,913	24,500
Ron Davis	26,845	4,228	31,073	31,110
Chief Administrative Officer #1	60,335	1,205	61,540	28,725
Chief Administrative Officer #2	30,966	4,136	35,102	-
Interim Chief Administrative Officer	154,126	5,166	159,292	88,800
Assessor	12,600	-	12,600	14,231

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, 2020

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 and general administration.

Protective Services

Included in this segment are revenues and expenses associated with fire and disaster.

Transportation Services

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

Planning and Development

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

Agricultural Services

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

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:

	2020 \$	2019 \$
Total debt limit	3,143,759	2,828,499
Total debt	-	-
Amount total debt limit unused	<u>3,143,759</u>	<u>2,828,499</u>
Debt servicing limit	523,960	471,417
Debt servicing	-	-
Amount of debt servicing limit unused	<u>523,960</u>	<u>471,417</u>

MD of Ranchland No.66
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

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 response support services expiring December 31, 2022. The agreement contains the following agreed upon amounts:

2021 \$37,800 plus GST
2022 \$39,690 plus GST

- b) Government of Alberta. This agreement is to provide fish and wildlife enforcement support services expiring March 31, 2022. This agreement is set out to provide \$80,000 annually to the Fish and Wildlife Dedicated Revenue Initiative.
- c) The MD has entered into surface lease agreements to use various gravel pits. The MD is responsible in part or in full for any reclamation costs associated with the eventual site reclamation of these gravel pits. Neither the costs of reclamation nor the timing of such expenditures have been estimated and consequently they have not been accrued in the accompanying financial statements.

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, 2020

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	
	2020	2019
	\$	\$
Financial position		
Cash	294,526	259,780
Other assets	20,938	21,071
Total assets	315,464	280,851
Accumulated surplus	316,465	275,399
Result of operations		
Revenues	87,284	85,357
Expenses	51,670	79,118
Net income	35,614	6,239

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.

	2020
	\$
Budgeted deficit reported in financial statements	(530,730)
Net transfers from reserves	231,880
Non cash item budgeted for - amortization	298,850
Financial plan bylaw surplus for the year	-

19. COVID-19 IMPACT

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020 and has had a significant impact worldwide. As the impacts of COVID-19 continue, there could be further impact on the MD, its residents, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the MD's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the MD is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The MD's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The MD will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its residents.

20. COMPARATIVE FIGURES

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