

**Municipal District of Ranchland No.66**

**CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

# Municipal District of Ranchland No.66

## CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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# MUNICIPAL DISTRICT OF RANCHLAND 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, 2021 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  
May 3, 2022



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Lethbridge, Alberta  
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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, 2021, 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, 2021, 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 2021 and 2020 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, 2020 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

May 3, 2022

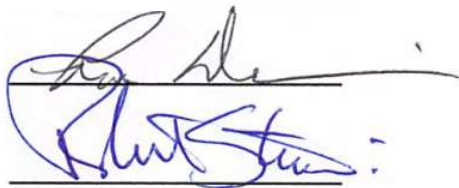
# Municipal District of Ranchland No.66

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	2021	2020
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash (note 2)	3,813,183	3,293,864
Receivables		
Taxes and grants in place of taxes (note 3)	6,475	21,027
Trade and other receivables (note 3)	332,297	217,914
Due from other governments (note 3)	19,148	39,874
Investments (note 4)	3,698,182	4,247,928
	<u>7,869,285</u>	<u>7,820,607</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	329,700	274,088
Capital lease obligation (note 15)	48,103	-
Employee benefit obligations (note 5)	57,871	45,616
Deferred revenue (note 6)	885,150	954,560
	<u>1,320,824</u>	<u>1,274,264</u>
<b>NET FINANCIAL ASSETS</b>	<u>6,548,461</u>	<u>6,546,343</u>
<b>NON - FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 2)	9,315,966	8,746,074
Prepaid expenses	40,858	33,977
Inventory for consumption (note 9)	637,605	706,590
	<u>9,994,429</u>	<u>9,486,641</u>
<b>ACCUMULATED SURPLUS</b> (schedule 1, note 10)	<u>16,542,890</u>	<u>16,032,984</u>

Contingencies - (note 14)

APPROVED BY:



# Municipal District of Ranchland No.66

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021

	Budget (note 18) \$	2021 \$	2020 \$
<b>REVENUE</b>			
Net municipal taxes (schedule 3)	1,671,325	1,670,334	1,283,214
User fees and sales of goods	350,360	240,787	308,671
Penalties and cost of taxes	-	1,482	-
Government transfers (schedule 4)	220,923	163,051	191,616
Investment income	158,000	120,962	192,271
Rentals	39,880	45,285	73,455
Other	20,500	306,256	98,649
Gains on disposal of tangible capital assets	-	43,409	11,682
<b>TOTAL REVENUE</b>	<b>2,460,988</b>	<b>2,591,566</b>	<b>2,159,558</b>
<b>EXPENSES</b>			
Legislative	336,619	372,981	405,079
General administration	630,778	591,904	701,318
Protective services	211,050	121,604	153,575
Roads, streets, walks, lighting	1,044,170	1,396,227	1,065,405
Environmental use and protection	8,132	7,749	7,819
Public health and welfare	5,587	11,486	20,453
Planning and development	16,769	19,846	23,751
Agricultural service board and economic development	570,817	492,234	427,969
Parks and recreation	150,363	107,013	2,308
<b>TOTAL EXPENSES</b>	<b>2,974,285</b>	<b>3,121,044</b>	<b>2,807,677</b>
<b>DEFICIENCY OF REVENUE OVER EXPENSES BEFORE OTHER</b>	<b>(513,297)</b>	<b>(529,478)</b>	<b>(648,119)</b>
<b>OTHER</b>			
Government transfers for capital (schedule 4)	866,010	1,039,384	760,021
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>352,713</b>	<b>509,906</b>	<b>111,902</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>16,032,984</b>	<b>16,032,984</b>	<b>15,921,082</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>16,385,697</b>	<b>16,542,890</b>	<b>16,032,984</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, 2021**

	Budget \$	2021 \$	2020 \$
<b>EXCESS OF REVENUES OVER EXPENSES</b>	352,713	<b>509,906</b>	111,902
Acquisition of tangible capital assets	(990,951)	<b>(1,127,976)</b>	(704,381)
Proceeds on disposal of tangible capital assets	67,741	<b>93,553</b>	286,739
Amortization of tangible capital assets	300,000	<b>308,440</b>	285,910
Loss (Gain) on disposal of tangible capital assets	-	<b>156,090</b>	100,778
	<b>(623,210)</b>	<b>(569,893)</b>	(30,954)
Change in inventory	40,000	<b>68,986</b>	(296,772)
Acquisition of prepaid expenses	-	<b>(40,858)</b>	(33,977)
Use of prepaid assets	-	<b>33,977</b>	39,187
	<b>40,000</b>	<b>62,105</b>	(291,562)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(230,497)	<b>2,118</b>	(210,614)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	6,546,343	<b>6,546,343</b>	6,756,957
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	6,315,846	<b>6,548,461</b>	6,546,343

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, 2021

	2021	2020
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (Deficiency) of revenue over expenses	509,906	111,902
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization	308,440	285,910
Loss on disposal of tangible capital assets	199,499	100,778
Gain on disposal of tangible capital assets	(43,409)	
Gain on disposal of investments	(2,962)	(53,681)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	14,552	(13,703)
Increase in trade and other receivables	(114,383)	(173,535)
Decrease (increase) in due from other governments	20,726	(28,935)
Decrease (increase) in inventory consumption	68,985	(296,772)
Decrease (increase) in prepaid expenses	(6,881)	5,210
Increase in accounts payable and accrued liabilities	55,612	131,679
Increase (decrease) in capital lease obligation	48,103	-
Increase (decrease) in employee benefit obligation	12,255	(11,811)
Increase (decrease) in deferred revenue	(69,410)	163,361
	<u>1,001,033</u>	<u>220,403</u>
Cash provided by operating transactions		
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,127,976)	(704,381)
Proceeds on disposal of tangible capital assets	93,553	286,739
	<u>(1,034,423)</u>	<u>(417,642)</u>
Cash applied to capital transactions		
<b>INVESTING</b>		
Purchase of investments	(147,291)	(795,498)
Proceeds from sales/redemptions of investments	700,000	567,738
	<u>552,709</u>	<u>(227,760)</u>
Cash applied to financing transactions		
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	<b>519,319</b>	<b>(424,999)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>3,293,864</b>	<b>3,718,863</b>
<b>CASH, END OF YEAR</b>	<b>3,813,183</b>	<b>3,293,864</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**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**YEAR ENDED DECEMBER 31, 2021**  
**SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets (note 8)	2021	2020
				\$	\$
<b>BALANCE, BEGINNING OF YEAR</b>	5,250,569	2,036,341	8,746,074	<b>16,032,984</b>	15,921,082
Excess of revenues over expenses	509,906	-	-	<b>509,906</b>	111,902
Restricted funds designated for future use	(25,000)	25,000	-	-	-
Unrestricted funds designated for future use	-	-	-	-	-
Funds from operations designated for future use (Nanton Health Centre)	(22,069)	22,069	-	-	-
Contributed tangible capital assets	-	-	-	-	-
Restricted funds used for tangible capital assets	-	-	-	-	-
Current year funds used for tangible capital assets	(1,127,976)	-	1,127,976	-	-
Disposal of tangible capital assets	249,644	-	(249,644)	-	-
Annual amortization expense	308,440	-	(308,440)	-	-
Capital lease obligation	53,957	-	(53,957)	-	-
Capital lease repayment	(5,854)	-	5,854	-	-
Change in accumulated surplus	(58,952)	47,069	521,789	<b>509,906</b>	111,902
<b>BALANCE, END OF YEAR</b>	<b>5,191,617</b>	<b>2,083,410</b>	<b>9,267,863</b>	<b>16,542,890</b>	<b>16,032,984</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 TANGIBLE CAPITAL ASSETS

YEAR ENDED DECEMBER 31, 2021

### SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures Road & Streets	Machinery & Equipment	Vehicles	2021 \$	2020 \$
<b>COST</b>								
BALANCE, BEGINNING OF YEAR	423,258	31,640	1,448,006	11,094,554	2,062,262	353,017	<b>15,412,737</b>	15,223,245
Transfer					49,251	(49,251)	-	-
Acquisition of tangible capital assets	-	-	-	918,983	-	208,993	<b>1,127,976</b>	678,567
Additions to construction-in-progress	-	-	-	-	-	-	-	25,814
Disposition of tangible capital assets	-	-	-	(447,572)	-	(86,476)	<b>(534,048)</b>	(514,889)
BALANCE, END OF YEAR	423,258	31,640	1,448,006	11,565,965	2,111,513	426,283	<b>16,006,665</b>	15,412,737
<b>ACCUMULATED AMORTIZATION</b>								
BALANCE, BEGINNING OF YEAR	-	25,869	496,315	5,566,375	419,886	158,218	<b>6,666,663</b>	6,508,125
Transfer					16,743	(16,743)	-	-
Annual amortization	-	779	29,493	150,111	97,042	31,015	<b>308,440</b>	285,910
Accumulated amortization on disposal	-	-	-	(222,260)	-	(62,144)	<b>(284,404)</b>	(127,372)
BALANCE, END OF YEAR	-	26,648	525,808	5,494,226	533,671	110,346	<b>6,690,699</b>	6,666,663
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>								
	423,258	4,992	922,198	6,071,739	1,577,842	315,937	<b>9,315,966</b>	8,746,074
<b>2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>								
	423,258	5,771	951,691	5,528,179	1,642,376	194,799	<b>8,746,074</b>	

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

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, 2021

### SCHEDULE 3

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	Budget	2021	2020
	\$	\$	\$
<b>TAXATION</b>			
Municipal property taxes	2,298,007	2,296,906	1,906,913
Government grants in place of property taxes	6,879	5,995	4,713
	<u>2,304,886</u>	<u>2,302,901</u>	<u>1,911,626</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	591,145	590,038	591,145
Seniors' Lodge	27,098	27,098	25,946
Designated Industrial Property	15,318	15,431	11,321
	<u>633,561</u>	<u>632,567</u>	<u>628,412</u>
<b>NET MUNICIPAL TAXES</b>	<u>1,671,325</u>	<u>1,670,334</u>	<u>1,283,214</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, 2021

### SCHEDULE 4

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	Budget	2021	2020
	\$	\$	\$
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	220,923	163,051	145,941
Federal Government	-	-	45,675
	<u>220,923</u>	<u>163,051</u>	<u>191,616</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	866,010	800,645	760,021
Federal Government	-	238,739	-
	<u>866,010</u>	<u>1,039,384</u>	<u>760,021</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>1,086,933</u>	<u>1,202,435</u>	<u>951,637</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, 2021

### SCHEDULE 5

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	Budget	2021	2020
	\$	\$	\$
<b>EXPENSES</b>			
Salaries, wages and benefits	1,443,423	<b>1,352,572</b>	1,130,185
Contracted and general services	710,559	<b>828,411</b>	972,102
Materials, goods and utilities	325,984	<b>346,542</b>	249,777
Transfers to local boards, agencies and other governments	185,403	<b>73,237</b>	27,543
Other expenses	8,916	<b>12,343</b>	29,700
Amortization of tangible capital assets	300,000	<b>308,440</b>	285,910
Loss on disposal of tangible capital assets	-	<b>199,499</b>	112,460
	<u>2,974,285</u>	<u><b>3,121,044</b></u>	<u>2,807,677</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	-	-		240,787
Investment income	120,962	-	-	-	-	-	-		120,962
Gain on disposal of tangible capital assets	-	-	43,409	-	-	-	-		43,409
Other revenues	112,502	42	44,572	-	-	195,907	-		353,023
	1,929,632	15,542	1,239,268	1,140	246,491	198,877	-		3,630,950
<b>EXPENSES</b>									
Salaries, wages and benefits	\$ 588,397	\$ 538	\$ 373,822	\$ 2,090	\$ 310,799	\$ 76,926	\$ -		\$ 1,352,572
Contracted and general services	315,085	59,426	306,919	4,508	122,207	14,932	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	4,094	-	-	-	-	8,249	-		12,343
Loss on disposal of tangible capital assets	-	-	199,499	-	-	-	-		199,499
	941,592	118,489	1,129,306	19,846	480,580	117,457	5,334		2,812,604
<b>EXCESS (DEFICIENCY) OF REVENUE, BEFORE AMORTIZATION</b>	988,040	(102,947)	109,962	(18,706)	(234,089)	81,420	(5,334)		818,346
Amortization expense	23,293	3,115	266,921	-	11,654	1,042	2,415		308,440
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	964,747	(106,062)	(156,959)	(18,706)	(245,743)	80,378	(7,749)		509,906

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 \$
<b>REVENUE</b>								
Net municipal taxes	\$ 1,283,214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,283,214
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
	1,528,998	-	1,135,783	2,546	220,188	32,064	-	2,919,579
<b>EXPENSES</b>								
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	9,687	-	10,669	1,675	3,712	-	27,543
Other expenses	28,764	-	112,460	-	-	936	-	142,160
	1,083,104	150,460	820,947	23,751	416,382	21,719	5,404	2,521,767
<b>EXCESS (DEFICIENCY) OF REVENUE, BEFORE AMORTIZATION</b>	445,894	(150,460)	314,836	(21,205)	(196,194)	10,345	(5,404)	397,812
Amortization expense	23,293	3,115	244,458	-	11,587	1,042	2,415	285,910
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	422,601	(153,575)	70,378	(21,205)	(207,781)	9,303	(7,819)	111,902

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, 2021

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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.

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, 2021

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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, 2021

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### 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.

# Municipal District of Ranchland No.66

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

### 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

	2021	2020
	\$	\$
Cash	3,038,879	3,154,444
Investment cash account	774,304	139,420
	<u>3,813,183</u>	<u>3,293,864</u>

Included in cash is a restricted amount of \$885,150 (2020 - \$954,560) 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 \$121,908.

Interest is earned on bank accounts at 0.65% (2020 - 0.65%).

# Municipal District of Ranchland No.66

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

3. RECEIVABLES	2021 \$	2020 \$
Arrears taxes	6,475	21,027
Trade accounts	172,145	155,110
Interest	22,498	23,054
Grants receivable	137,654	39,750
	332,297	217,914
GST receivable	19,148	39,874

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 \$6,475 (2020 - \$21,027). 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	2021 - \$		2020 \$
	Market Value	Amortized Cost	
Government and government guaranteed bonds	3,897,913	3,698,182	4,247,928

Government and government guaranteed bonds have an effective interest rate of 0.37% to 5.53% (2020 - 0.37% to 5.53%) 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

	Opening balance \$	Received	Recognized \$	Ending balance \$
Municipal Sustainability Initiative - Capital	652,446	303,618	120,399	835,665
Federal Gas Tax Fund	253,116	1,650	238,740	16,026
Bridge Grants	31,530	206	-	31,736
Municipal Stimulus Program	17,468	67	17,535	-
Carnivore Conflict Resolution Initiative	-	10,000	8,277	1,723
	954,560	315,541	384,951	885,150

**MD of Ranchland No.66**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**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.

Federal Gas Tax Fund

The Government of Canada provides Alberta Transportation with a grant restricted to eligible expenditures as approved under the funding agreement.

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.

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.

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 \$568,931 and spent \$918,985 on an eligible project of which \$662,709 related to the STIP grant. A grant receivable in the amount of \$93,779 has been recorded (note 3).

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.

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 2021 (2020-\$nil) as a result of this standard.

**8. EQUITY IN TANGIBLE CAPITAL ASSETS**

	2021 \$	2020 \$
Tangible capital assets (schedule 2)	16,006,665	15,412,737
Accumulated amortization (schedule 2)	(6,690,699)	(6,666,663)
Capital lease obligation	(48,103)	-
	9,267,863	8,746,074

**9. INVENTORIES FOR CONSUMPTION**

	2021 \$	2020 \$
Gravel inventories	535,732	629,666
Other inventories	101,873	76,924
	637,605	706,590

**MD of Ranchland No.66**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**10. ACCUMULATED SURPLUS**

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

	2021 \$	2020 \$
Unrestricted surplus	<b>5,191,617</b>	5,250,569
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
Capital - fleet vehicle reserve	25,000	-
Nanton Health Centre reserve	127,557	105,488
	<b>2,083,410</b>	2,036,341
 Equity in tangible capital assets (note 8)	<b>9,267,863</b>	8,746,074
	<b>16,542,890</b>	16,032,984

**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:

	2021 \$		2020 \$	
	Salary <sup>1</sup>	Benefits <sup>2</sup>	Total	Total
<b>COUNCILLORS</b>				
Harry Streeter	24,285	4,778	<b>29,063</b>	28,743
Cameron Gardner	19,070	4,778	<b>23,848</b>	22,913
Ron Davis	23,615	5,078	<b>28,693</b>	31,073
Chief Administrative Officer #1	-	-	-	61,540
Chief Administrative Officer #2	122,648	18,747	<b>141,395</b>	35,102
Interim Chief Administrative Officer	-	-	-	159,292
Assessor	12,600	-	<b>12,600</b>	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, 2021**

**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 fire and disaster, 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:

	2021 \$	2020 \$
Total debt limit	3,822,236	3,143,759
Total debt	-	-
Amount total debt limit unused	<u>3,822,236</u>	<u>3,143,759</u>
Debt servicing limit	637,039	523,960
Debt servicing	-	-
Amount of debt servicing limit unused	<u>637,039</u>	<u>523,960</u>

# MD of Ranchland No.66

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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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.

The MD has two claims against them in 2021 in relation to the Speers Creek project due to the contractor defaulting on the project, by claiming bankruptcy. The estimated amount is \$65,392; however, the occurrence of the future event is not determinable.

### 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 response support services expiring December 31, 2022 for \$39,690 plus GST.
- 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 reclamation 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.
- c) The MD signed an agreement to purchase a new grader on November 3, 2021 for \$585,375. The agreement stipulates that payment is due when the equipment is delivered.
- d) Subsequent to year end, the MD 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:
  - 2022- \$59,701
  - 2023 - \$81,592
  - 2024 - \$83,631

**MD of Ranchland No.66**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

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

	<b>2021</b>	<b>2020</b>
	<u>\$</u>	<u>\$</u>
Enterprise Fleet Management - monthly payments for \$928 for 60 months at 4.58%, secured by specific tangible capital assets with net book value of \$53,957, due May 2026.	48,103	-
	<u>48,103</u>	<u>-</u>

The following is a schedule of minimum lease payments:

	2022	11,136
	2023	11,136
	2024	11,136
	2025	11,136
	2026	9,107
		<u>53,651</u>
less:		(5,548)
imputed interest		<u>48,103</u>

**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, 2021**

**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	
	2021	2020
	\$	\$
Financial position		
Cash	365,725	294,526
Other assets	15,673	20,938
Total assets	381,398	315,464
Accumulated surplus	381,398	316,465
Result of operations		
Revenues	88,254	87,284
Expenses	23,321	51,670
Net income	64,933	35,614

**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.

	2021
	\$
Budgeted surplus reported in financial statements	352,713
Net transfers from reserves	173,297
Capital projects	(866,010)
Non cash item budgeted for - amortization	300,000
Inventory change	40,000
Financial plan bylaw surplus for the year	-

**19. COMPARATIVE FIGURES**

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