

Municipal District of Ranchland No.66

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

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M.D. OF RANCHLAND NO. 66

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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, 2024 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 MNP 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 22, 2025

To the 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 "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations, accumulated surplus, changes in net financial assets, cash flows and the related schedules 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 possible effects of the matters 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 Municipality as at December 31, 2024, and the results of its consolidated operations, changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 consolidated financial position and consolidated result of operations of the MD for both 2024 and 2023 have not been determined as it is impracticable to do so and the effects could be material. Our audit opinion on the consolidated financial statements for the year end December 31, 2024 was modified accordingly because of this departure from PSAS.

Effective January 1, 2023, the MD was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of January 1, 2023. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian Public Sector Accounting Standards on expenses and annual surplus for the years ended December 31, 2024 and 2023, tangible capital assets and the asset retirement obligation as at December 31, 2024 and 2023, and accumulated surplus as at January 1 and December 31 for both the 2024 and 2023 years.

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 Municipality 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.

Other Matter

The consolidated financial statements of the Municipal District of Ranchland No. 66 for the year ended December 31, 2023 were audited by BDO Canada LLP of Lethbridge, Alberta, Canada. BDO Canada LLP expressed a qualified opinion on those statements on April 23, 2024 for the reasons described in the Basis for Qualified paragraph.

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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 Municipality'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 Municipality'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 Municipality 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Municipality as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

Lethbridge, Alberta

April 22, 2025

MNP LLP

Chartered Professional Accountants

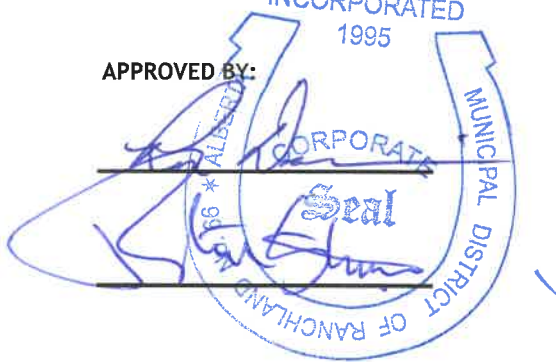
Municipal District of Ranchland No.66

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024

	2024 \$	2023 \$
FINANCIAL ASSETS		
Cash (note 2)	3,233,483	4,388,677
Receivables		
Taxes and grants in place of taxes (note 3)	11,119	3,094
Trade and other receivables (note 3)	118,336	71,197
Due from other governments (note 3)	180,865	24,218
Investments (note 4)	4,184,817	4,623,940
	<u>7,728,620</u>	<u>9,111,126</u>
LIABILITIES		
Accounts payable and accrued liabilities	218,592	164,656
Employee benefit obligations (note 5)	84,736	70,451
Deferred revenue (note 6)	853,039	1,717,324
	<u>1,156,367</u>	<u>1,952,431</u>
NET FINANCIAL ASSETS	<u>6,572,253</u>	<u>7,158,695</u>
NON - FINANCIAL ASSETS		
Tangible capital assets (schedule 2)	10,695,063	9,760,438
Prepaid expenses	61,485	57,230
Inventory for consumption (note 9)	1,287,195	528,119
	<u>12,043,743</u>	<u>10,345,787</u>
ACCUMULATED SURPLUS (schedule 1, note 10)	<u>18,615,996</u>	<u>17,504,482</u>

Contingencies - (note 14)

APPROVED BY:



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

Municipal District of Ranchland No.66

CONSOLIDATED STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2024

	Budget (note 18) \$	2024 \$	2023 \$
REVENUE			
Net municipal taxes (schedule 3)	2,610,793	2,585,221	2,296,221
User fees and sales of goods and services	250,300	283,676	279,191
Penalties and cost of taxes	500	1,063	2,209
Government transfers for operating (schedule 4)	397,718	381,360	292,884
Investment income	171,000	240,677	259,683
Rentals	76,000	77,992	77,345
Other	55,070	18,067	84,783
Gains on disposal of tangible capital assets	60,000	137,663	36,995
TOTAL REVENUE	3,621,381	3,725,719	3,329,311
EXPENSES			
Legislative	575,313	616,675	440,179
General administration	582,862	557,815	484,586
Protective services	275,611	234,116	223,423
Roads Services	1,599,529	1,558,431	1,456,706
Environmental use and protection	8,180	10,440	8,318
Public health and welfare	36,504	19,211	32,803
Planning and development	43,715	44,165	37,544
Agricultural service board and economic development	814,117	760,773	685,439
Parks and recreation	6,808	5,750	15,283
Loss on disposal of tangible capital assets	50,000	5,671	-
TOTAL EXPENSES	3,992,639	3,813,047	3,384,281
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	(371,258)	(87,328)	(54,970)
OTHER			
Government transfers for capital (schedule 4)	1,297,870	1,198,842	286,695
ANNUAL SURPLUS	926,612	1,111,514	231,725
ACCUMULATED SURPLUS, BEGINNING OF YEAR	17,504,482	17,504,482	17,272,757
ACCUMULATED SURPLUS, END OF YEAR	18,431,094	18,615,996	17,504,482

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, 2024

	Budget \$	2024 \$	2023 \$
Annual Surplus	<u>926,612</u>	<u>1,111,514</u>	<u>231,725</u>
Acquisition of tangible capital assets	(2,032,512)	(1,933,483)	(757,069)
Proceeds on disposal of tangible capital assets (Note 18)	770,800	770,800	113,950
Amortization of tangible capital assets	318,791	360,049	338,491
Loss (Gain) on disposal of tangible capital assets	<u>(10,000)</u>	<u>(131,991)</u>	<u>(36,995)</u>
	<u>(952,921)</u>	<u>(934,625)</u>	<u>(341,623)</u>
Change in inventory	(756,700)	(759,076)	88,065
Acquisition of prepaid expenses	-	(61,983)	(57,729)
Use of prepaid assets	<u>-</u>	<u>57,728</u>	<u>47,483</u>
	<u>(756,700)</u>	<u>(763,331)</u>	<u>77,819</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>(783,009)</u>	<u>(586,442)</u>	<u>(32,079)</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>7,158,695</u>	<u>7,158,695</u>	<u>7,190,774</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>6,375,686</u>	<u>6,572,253</u>	<u>7,158,695</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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2024

	2024 \$	2023 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	1,111,514	231,725
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization	360,049	338,491
Gain on disposal of tangible capital assets	(137,663)	(36,995)
Loss on disposal of tangible capital assets	5,671	-
Gain on disposal of investments	(11,867)	(5,898)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place receivable	8,025	3,705
Increase (decrease) in trade and other receivables	(47,139)	(8,997)
Decrease (increase) in due from other governments	(156,647)	104,519
Decrease (Increase) in inventory	(759,076)	88,064
Decrease (Increase) in prepaid expenses	(4,255)	(9,279)
Increase (decrease) in accounts payable and accrued liabilities	53,936	(108,432)
Increase (decrease) in capital lease obligation	-	(38,980)
Increase (decrease) in employee benefit obligation	14,285	30,981
Increase (decrease) in deferred revenue	(864,285)	862,866
Cash provided by operating transactions	(427,452)	1,451,770
CAPITAL		
Acquisition of tangible capital assets	(1,933,483)	(757,069)
Proceeds on disposal of tangible capital assets (Note 18)	770,800	113,950
Cash applied to capital transactions	(1,162,683)	(643,119)
INVESTING		
Purchase of investments	(303,247)	(838,966)
Proceeds from sales/redemptions of investments	738,188	694,113
Cash applied to financing transactions	434,941	(144,853)
INCREASE (DECREASE) IN CASH DURING THE YEAR	(1,155,194)	663,798
CASH, BEGINNING OF YEAR	4,388,677	3,724,879
CASH, END OF YEAR	3,233,483	4,388,677

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, 2024

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets (note 8)	2024 \$	2023 \$
BALANCE, BEGINNING OF YEAR	4,420,171	3,323,873	9,760,438	17,504,482	17,272,757
Adjustment - Nanton Health Centre		-	-	-	-
Annual surplus	1,111,514	-	-	1,111,514	231,725
Restricted funds designated for future use	(3,621,162)	3,621,162	-	-	-
Funds from operations designated for future use (Nanton)	(21,635)	21,635	-	-	-
Current year funds used for tangible capital assets	(1,933,483)	-	1,933,483	-	-
Disposal of tangible capital assets	638,809	-	(638,809)	-	-
Annual amortization expense	360,049	-	(360,049)	-	-
Change in accumulated surplus	(3,465,908)	3,642,797	934,625	1,111,514	231,725
BALANCE, END OF YEAR	954,263	6,966,670	10,695,063	18,615,996	17,504,482

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, 2024
SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures Roads & Streets	Machinery & Equipment	Vehicles	2024 \$	2023 \$
COST								
BALANCE, BEGINNING OF YEAR	423,258	31,640	1,526,103	11,882,117	2,497,372	468,992	16,829,482	16,225,193
Transfer	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	-	95,966	-	1,001,100	161,411	1,258,477	689,858
Additions to construction-in-progress	-	-	-	675,006	-	-	675,006	67,211
Disposition of tangible capital assets	-	-	-	-	(802,235)	(58,579)	(860,814)	(152,780)
BALANCE, END OF YEAR	423,258	31,640	1,622,069	12,557,123	2,696,237	571,824	17,902,151	16,829,482
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	28,207	583,624	5,809,764	541,900	105,549	7,069,044	6,806,377
Transfer	-	-	-	-	-	-	-	-
Annual amortization	-	779	31,295	159,685	115,805	52,485	360,049	338,491
Accumulated amortization on disposal	-	-	-	-	(211,098)	(10,907)	(222,005)	(75,824)
BALANCE, END OF YEAR	-	28,986	614,919	5,969,449	446,607	147,127	7,207,088	7,069,044
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	423,258	2,654	1,007,150	6,587,674	2,249,630	424,697	10,695,063	9,760,438
2023 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	423,258	3,433	942,479	6,072,353	1,955,472	363,443	9,760,438	

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, 2024

SCHEDULE 3

	Budget \$	2024 \$	2023 \$
TAXATION			
Municipal property taxes	3,249,649	3,243,612	2,934,588
Government grants in place of property taxes	6,901	7,644	6,901
	<u>3,256,550</u>	<u>3,251,256</u>	<u>2,941,489</u>
REQUISITIONS			
Alberta School Foundation Fund	611,102	632,100	611,103
Seniors' Lodge	19,000	17,575	18,497
Designated Industrial Property	15,655	16,360	15,668
	<u>645,757</u>	<u>666,035</u>	<u>645,268</u>
NET MUNICIPAL TAXES	<u>2,610,793</u>	<u>2,585,221</u>	<u>2,296,221</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, 2024

SCHEDULE 4

	Budget \$	2024 \$	2023 \$
TRANSFERS FOR OPERATING			
Provincial Government	397,718	381,360	292,884
TRANSFERS FOR CAPITAL			
Provincial Government	1,297,870	1,198,842	286,695
TOTAL GOVERNMENT TRANSFERS	1,695,588	1,580,202	579,579

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, 2024
SCHEDULE 5

	Budget \$	2024 \$	2023 \$
EXPENSES			
Salaries, wages and benefits	1,650,375	1,618,612	1,467,020
Contracted and general services	1,211,353	1,305,408	1,082,028
Materials, goods and utilities	477,595	425,710	400,167
Transfers to local boards, agencies and other governments	273,925	63,221	53,460
Other expenses	10,600	34,376	43,115
Amortization of tangible capital assets	318,791	360,049	338,491
Loss on disposal of tangible capital assets	50,000	5,671	-
	<u>3,992,639</u>	<u>3,813,047</u>	<u>3,384,281</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, 2024

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Agricultural Services	Parks and Health	Environmental Services	Total \$
REVENUE								
Net municipal taxes	\$ 2,585,221	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,585,221
Government transfers	139,334	-	1,256,518	-	181,247	3,103	-	1,580,202
User fees and sales of goods and services	70	4,905	140,112	405	137,546	638	-	283,676
Investment income	236,839	-	-	-	-	3,838	-	240,677
Gain on disposal of tangible capital assets	-	-	133,363	-	4,300	-	-	137,663
Other revenues	2,459	8,351	52,680	-	5,422	28,210	-	97,122
	<u>2,963,923</u>	<u>13,256</u>	<u>1,582,673</u>	<u>405</u>	<u>328,515</u>	<u>35,789</u>	<u>-</u>	<u>4,924,561</u>
EXPENSES								
Salaries, wages and benefits	\$ 583,878	\$ 20,746	\$ 517,691	\$ 24,389	\$ 467,827	\$ 4,081	\$ -	\$ 1,618,612
Contracted and general services	499,710	162,685	450,963	6,159	175,922	1,955	8,014	1,305,408
Materials, goods and utilities	55,354	11,659	285,244	-	70,245	3,197	11	425,710
Transfers to local boards and agencies	7,100	33,126	-	13,617	5,500	3,878	-	63,221
Other expenses	8,326	3,620	-	-	11,622	10,808	-	34,376
Loss on disposal of tangible capital assets	-	-	-	-	5,671	-	-	5,671
	<u>1,154,368</u>	<u>231,836</u>	<u>1,253,898</u>	<u>44,165</u>	<u>736,787</u>	<u>23,919</u>	<u>8,025</u>	<u>3,452,998</u>
ANNUAL SURPLUS (DEFICIT) BEFORE AMORTIZATION	<u>1,809,555</u>	<u>(218,580)</u>	<u>328,775</u>	<u>(43,760)</u>	<u>(408,272)</u>	<u>11,870</u>	<u>(8,025)</u>	<u>1,471,563</u>
Amortization expense	<u>20,122</u>	<u>2,280</u>	<u>304,533</u>	<u>-</u>	<u>29,657</u>	<u>1,042</u>	<u>2,415</u>	<u>360,049</u>
ANNUAL SURPLUS (DEFICIT)	<u>1,789,433</u>	<u>(220,860)</u>	<u>24,242</u>	<u>(43,760)</u>	<u>(437,929)</u>	<u>10,828</u>	<u>(10,440)</u>	<u>1,111,514</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, 2023

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Agricultural Services	Parks and Health	Environmental Services	Total \$
REVENUE								
Net municipal taxes	\$ 2,296,221	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,296,221
Government transfers	87,496	-	302,017	-	186,997	3,069	-	579,579
User fees and sales of goods and services	295	-	141,466	790	135,957	683	-	279,191
Penalties and cost of taxes								-
Investment income	255,973	-	-	-	-	3,710	-	259,683
Gain on disposal of tangible capital assets	-	-	29,272	-	7,723	-	-	36,995
Other revenues	3,278	22,003	101,203	-	9,061	28,792	-	164,337
	<u>2,643,263</u>	<u>22,003</u>	<u>573,958</u>	<u>790</u>	<u>339,738</u>	<u>36,254</u>	<u>-</u>	<u>3,616,006</u>
EXPENSES								
Salaries, wages and benefits	\$ 525,063	\$ 19,185	\$ 488,977	\$ 22,455	\$ 406,090	\$ 5,250	\$ -	\$ 1,467,020
Contracted and general services	326,629	166,800	403,309	2,901	171,412	5,074	5,903	1,082,028
Materials, goods and utilities	44,873	2,925	274,650	83	75,427	2,209	-	400,167
Transfers to local boards and agencies	2,100	31,418	-	12,105	4,000	3,837	-	53,460
Other expenses	4,539	815	-	-	10,872	26,889	-	43,115
	<u>903,204</u>	<u>221,143</u>	<u>1,166,936</u>	<u>37,544</u>	<u>667,801</u>	<u>43,259</u>	<u>5,903</u>	<u>3,045,790</u>
ANNUAL SURPLUS (DEFICIT) BEFORE AMORTIZATION	<u>1,740,059</u>	<u>(199,140)</u>	<u>(592,978)</u>	<u>(36,754)</u>	<u>(328,063)</u>	<u>(7,005)</u>	<u>(5,903)</u>	<u>570,216</u>
Amortization expense	21,561	2,280	289,770	-	17,638	4,827	2,415	338,491
ANNUAL SURPLUS (DEFICIT)	<u>1,718,498</u>	<u>(201,420)</u>	<u>(882,748)</u>	<u>(36,754)</u>	<u>(345,701)</u>	<u>(11,832)</u>	<u>(8,318)</u>	<u>231,725</u>

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

Municipal District of Ranchland No.66

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipal District of Ranchland No.66 (the "M.D.") 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 M.D. 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 M.D. operations plus all of the entities that are owned or controlled by the M.D. and are, therefore, accountable to M.D.'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 M.D.

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 consolidated 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.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Contributions and other amounts received from third parties pursuant to legislation, regulation or agreement may only be used for certain programs, in the completion of specific work, or the purchase of capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed or goods yet to be provided. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c) Use of Estimates

The preparation of consolidated 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 date of the consolidated 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 M.D. has estimates in respect of accounts receivable are stated after evaluation as to their collectability accounts payable and accrued liabilities, employee obligations, deferred revenue, inventory for consumption, tangible capital assets, and asset retirement obligations.

Accounts receivable are stated after evaluation as to their collectability 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.

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.

Municipal District of Ranchland No.66

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks, and street lighting are recorded as physical assets under the respective function.

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 consolidated 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.

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
Roads	60-75
Water systems	60-75
Wastewater systems	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.

Municipal District of Ranchland No.66
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Non-Financial Assets (continued)

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.

j) 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 M.D. 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.

k) Revenue recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the MD has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

l) Contributed Materials and Services

Contributed materials and services which are used in the normal course of the M.D.'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.

m) Asset Retirement Obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the consolidated financial statement date when there is a legal obligation for the M.D. to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end.

The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

Municipal District of Ranchland No.66

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Financial Instruments

Cash, accounts receivable, accounts payable, and accrued liabilities are measured at cost, and long-term debt is measured at amortized cost. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of consolidated financial position.

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transaction costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses. When the investment is disposed of, the accumulated gains and losses are reclassified to the consolidated statement of operations. Investments in interest bearing securities are recorded at amortized cost. Investment premiums are amortized on the net present value 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.

Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

o) Deferred revenues

Deferred revenues represent government transfers, donations, and other amounts which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met. Interest earned on deferred revenues, reserves, and offsite levies are calculated using an average investment earnings monthly.

p) New Accounting Policies Adopted During the Year

i. Revenue

PS3400, Revenue establishes standards on how to account for and report on revenue, specifically in regard to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). This standard is applicable for fiscal years beginning on or after April 1, 2023. The M.D. adopted the standard in the 2024 fiscal year and there were no changes as a result of the adoption.

ii. Public Private Partnerships

PS3160, Public Private Partnerships, establishes standards on how to account for certain arrangements between public and private entities. The standard provides guidance on situations where a public entity acquires infrastructure assets using a private sector partner that designs, builds, or finances the infrastructure asset past the point where it is ready for use. As at year end, The M.D. identified no arrangements of such nature.

Municipal District of Ranchland No.66

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

2. CASH

	2024 \$	2023 \$
Cash	2,696,123	4,326,930
Investment cash account	537,360	61,747
	<u>3,233,483</u>	<u>4,388,677</u>

Included in cash is a restricted amount of \$853,039 (2023 - \$1,717,324) 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 the M.D.'s 1/3 portion in the Nanton Health Centre of \$152,325, earning interest between 2.50% - 5.50%.

Interest earned on the investment cash account is 3.62% (2023 - 5.00%) and interest earned on all other cash accounts at 4.15% (2023 - 5.40%).

3. RECEIVABLES

	2024 \$	2023 \$
Arrears taxes	11,119	3,094
Trade accounts	86,438	28,977
Interest	31,898	42,220
	<u>118,336</u>	<u>71,197</u>
GST receivable	130,870	24,218
Grant receivable	49,995	-
	<u>180,865</u>	<u>24,218</u>

The M.D.'s exposure to credit risk arises from the possibility that taxpayers may fail to meet their obligations. The M.D. 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 M.D. to offer up for sale at a public auction those properties with taxes in arrears.

4. INVESTMENTS

	2024 - \$ Market Value	Amortized Cost	2023 \$
Government and government guaranteed bonds	3,428,789	3,484,817	3,923,940
Canadian GIC's and T-bills	700,000	700,000	700,000
	<u>4,128,789</u>	<u>4,184,817</u>	<u>4,623,940</u>

Government and government guaranteed bonds have an effective interest rate of 1.55% to 5.76% (2023 - 1.55% to 5.76%) with maturity dates from June 2025 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 \$	Receivable \$	Ending balance \$
Municipal Sustainability Initiative - Capital	660,892	739,072	1,086,336	-	313,628
Local Government Fiscal Framework - Operating	-	43,368	43,368	-	-
Canada Community Building Fund	1,644	83	-	-	1,727
ACP Intermunicipal Collaboration	100,083	3,564	153,642	49,995	-
ASB Grant	-	181,247	181,247	-	-
Watercourse Crossing Remediation Project	953,853	255,106	675,005	-	533,954
Carnivore Conflict Resolution Initiative	852	6,000	3,122	-	3,730
	<u>1,717,324</u>	<u>1,228,440</u>	<u>2,142,720</u>	<u>49,995</u>	<u>853,039</u>

Municipal District of Ranchland No.66

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

6. DEFERRED REVENUE (CONTINUED)

Municipal Sustainability Initiative

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

Local Government Fiscal Framework

The Province provides conditional grant funding through this program to assist with various capital and operating expenditures in the M.D. The use of these funds is restricted to eligible expenditures as approved under the funding agreement. The LGFF program has been designed to replace the MSI grant program.

Canada Community Building Fund

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

Alberta Community Partnership (ACP) Intermunicipal Collaboration

In the current year there was interest earned of \$3,565 and no additional funding received (2023 - \$7,836) to assist with the M.D. developing an infrastructure master plan.

Agricultural Service Board Grant Program (ASB)

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

Watercourse Crossing Remediation Project

The use of these funds is to provide the M.D. funding to remediate watercourse crossings to restore fish passage in critical habitat.

Carnivore Conflict Reduction Initiative

The use of these funds is to provide the M.D. for funding of deadstock pickup within the M.D. until the amount is depleted.

7. CONTAMINATED SITES LIABILITY

The M.D. has adopted PS3260 Liability for Contaminated Sites. The M.D. did not identify any financial liabilities in 2024 (2023-\$nil) as a result of this standard.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2024 \$	2023 \$
Tangible capital assets (schedule 2)	17,902,151	16,829,482
Accumulated amortization (schedule 2)	(7,207,088)	(7,069,044)
	<u>10,695,063</u>	<u>9,760,438</u>

9. INVENTORIES FOR CONSUMPTION

	2024 \$	2023 \$
Gravel inventories	1,165,677	415,678
Other inventories	121,518	112,441
	<u>1,287,195</u>	<u>528,119</u>

Municipal District of Ranchland No.66

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

10. ACCUMULATED SURPLUS

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

	2024 \$	2023 \$
Unrestricted surplus	954,263	4,420,171
Restricted surplus		
Non-Functional - General	2,338,799	870,694
Operating - General admin - unspecified	50,000	1,301
Capital - Transportation - engineered structures	350,000	811,206
Capital - General admin - building	162,391	383,537
Capital - Transportation - buildings	250,000	12,391
Capital - Transportation - vehicles	110,000	157,500
Capital - Transportation - machinery & equipment	850,000	101,000
Nanton Health Centre reserve	157,880	136,244
Operating - Gravel crushing	-	500,000
Gravel pit reclamation	250,000	250,000
Asset retirement obligations	100,000	100,000
Non-Functional - Accounts receivable	99,009	-
Non-Functional - ASFF school requisition	300,000	-
Operating - Legislative - general	30,000	-
Operating - Legislative - legal	160,000	-
Operating - Protective services - general	20,000	-
Operating - Transportation - general	180,000	-
Operating - Agricultural services - general	45,000	-
Operating - Agricultural services - small capital under 15K	35,000	-
Operating - Agricultural services - producer weed assistance program	10,000	-
Operating - Agricultural services - producer riparian assistance program	10,000	-
Capital - Agricultural services - buildings	125,000	-
Capital - Agricultural services - vehicles (incl. ATV)	(5,112)	-
Non-Functional - inventories for consumption	1,281,941	-
Non-Functional - prepaid expenses	56,762	-
	<u>6,966,670</u>	<u>3,323,873</u>
Equity in tangible capital assets (note 8)	<u>10,695,063</u>	<u>9,760,438</u>
	<u>18,615,996</u>	<u>17,504,482</u>

11. SALARY AND BENEFITS DISCLOSURE

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

	2024 \$		2023 \$	
	Salary ¹	Benefits ²	Total	Total
COUNCILLORS				
Harry Streeter	34,340	4,827	39,167	36,979
Cameron Gardner	22,679	6,299	28,978	27,984
Ron Davis	27,646	5,149	32,795	33,369
Chief Administrative Officer	138,884	40,468	179,352	158,646
Assessor	14,000	-	14,000	14,000

- Salaries include regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- Employer's share of benefits includes mileage allowances, the employer portion of RRSP contributions, the employer portion of pension benefits, and the employer portion of the group benefits plan.

Municipal District of Ranchland No.66
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

12. SEGMENT DISCLOSURE

The M.D. provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

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

General Government

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

Protective Services

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

Transportation Services

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

Planning and Development

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

Agricultural Services

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

Parks and Health

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

Environmental Services

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

13. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the M.D. be disclosed as follows:

	2024 \$	2023 \$
Total debt limit	5,382,084	4,915,491
Total debt	-	-
Amount total debt limit unused	5,382,084	4,915,491
Debt servicing limit	897,014	819,249
Debt servicing	-	-
Amount of debt servicing limit unused	897,014	819,249

Municipal District of Ranchland No.66

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

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

15. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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

- a) M.D. of Willow Creek. This agreement is to provide emergency services to the M.D. expiring December 31, 2025. The agreement contains the following agreed upon amounts:

2025 - 2024 costs plus GST plus 2024's annual inflation factor

- b) M.D. of Willow Creek. This agreement is to provide Community Peace Officer services to the M.D. and was renewed January 2025 expiring December 31, 2027. The Agreement contains the following agreed upon amounts plus GST:

2025 - \$83,631.29 plus 2024's annual inflation factor as determined by Statistics Canada

2026 - 2025 costs plus 2025's annual inflation factor as determined by Statistics Canada

2027 - 2026 costs plus 2026's annual inflation factor as determined by Statistics Canada

- c) The M.D. has entered into surface lease agreements to use various gravel pits. The M.D. is responsible in part or in full for any costs associated with the eventual site reclamation of these gravel pits. The M.D. has not finalized their estimation of the costs of reclamations; however, the M.D. 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 consolidated financial statements. No reclamation estimation occurred for the December 31, 2024 year.

16. FINANCIAL INSTRUMENTS

- a) Financial Instrument Risk

The M.D. is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the M.D.'s objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these consolidated financial statements.

- b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The M.D. is exposed to credit risk through its cash and accounts receivable, and portfolio investments.

The M.D. manages its credit risk by monitoring outdated accounts for collection and holding cash at federally regulated bank accounts that are insured up to \$100,000. Balances in these accounts may exceed federally insured amounts. The M.D. measures its exposure to credit risk based on by how long amounts have been outstanding and on historical experience regarding collections. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable, included in Notes 2 & 3. The M.D. maintains the majority of its bank accounts and investment accounts at two financial institutions. Balances in these accounts may exceed federally insured amounts. Accounts receivable arise primarily as a result of interest receivables. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

The M.D. manages exposure to credit risk for portfolio investments by ensuring adequate diversification and by maintaining its investments which meets the investment requirements of Alberta Municipal Affairs. As a result, the MD has reduced exposure to market or value risk. The maximum exposure to credit risk on portfolio investments is outlined in Note 4.

There have not been any changes from the prior year in the M.D.'s exposure to above risks or the policies, procedures, and methods it uses to manage and measure the risks.

Municipal District of Ranchland No.66

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

16. FINANCIAL INSTRUMENTS (continued)

c) Liquidity Risk

Liquidity risk is the risk that the M.D. will encounter difficulty in meeting obligations associated with financial liabilities. The M.D. is exposed to liquidity risk through its accounts payable and investments.

The M.D. manages this risk by monitoring cash activities and expected outflows through budgeting, and has the ability to increase tax rates per bylaw in order to increase cash. The M.D. staggers maturity dates of its investment portfolio for cash flow needs. Also to help manage the risk, the M.D. has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The M.D. measures its exposure to liquidity risk based on extensive budgeting.

There have not been any changes from the prior year in the M.D.'s exposure to above risks or the policies, procedures, and methods it uses to manage and measure the risks.

17. NANTON HEALTH CENTRE MANAGEMENT COMMITTEE

The M.D. of Ranchland participates in a Joint Venture with the M.D. 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 M.D. of Ranchland consolidated 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	
	2024	2023
	\$	\$
Financial position		
Cash	110,742	174,541
Other assets	357,496	230,753
Trade and other receiva	5,641	3,438
Total assets	473,879	408,732
Accounts payable	478	-
Total liabilities	478	-
Accumulated surplus	473,401	408,732
Result of operations		
Revenues	96,145	95,761
Expenses	31,476	79,424
Net income	64,669	16,337

Municipal District of Ranchland No.66

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

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 consolidated financial statements.

	2024 \$
Budgeted surplus reported in financial	926,612
Net transfers from reserves	783,009
Capital projects	(2,032,512)
Proceeds on sale of tangible capital assets	770,800
Non cash item budgeted for - amortization	318,791
Inventory change	(756,700)
Gain on disposal of tangible capital assets	(10,000)
Financial plan bylaw surplus for the year	-

19. COMPARATIVE FIGURES

Certain prior year figures have been reclassified to conform with the current year consolidated financial statement presentation.