

2025 ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025



MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26
ALBERTA, CANADA
CHOICE FARMING AND RANCHING



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

2025

**MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26
ALBERTA, CANADA**

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PREPARED BY
MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26
FINANCE DEPARTMENT
JUNE, 2026



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MD PROFILE

The Municipal District (MD) of Willow Creek No. 26 is a rural municipality within Southern Alberta with a population of approximately 6,081 and is conveniently located between the City of Calgary and the City of Lethbridge. The district covers an area of 4,485 square kilometres (1,759.91 square miles) and encompasses the following:

- The Towns of Nanton, Stavelly, Claresholm, and Fort Macleod
- The Hamlets of Parkland, Granum, Orton, Woodhouse, and Moon River Estates

Geographical Information

Location:

Southern Alberta

Major Highways:

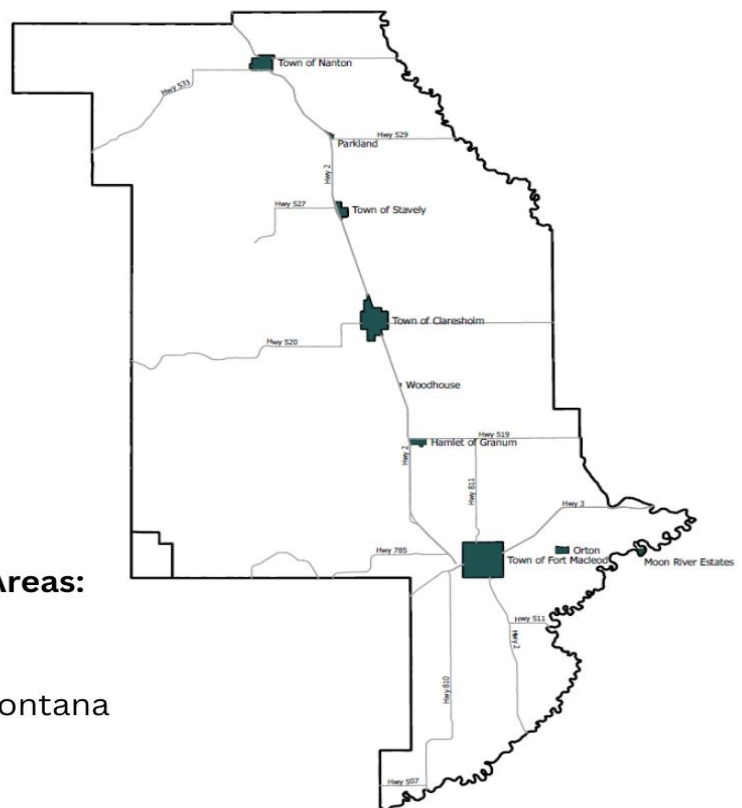
Highways 2 and 3

Secondary Highways:

Highways 520, 529, 527, 533, 519, 511, 810, 507, 785, and 811

Distance from MD office to Major Areas:

- 139 km (86 miles) to Calgary
- 87 km (54 miles) to Lethbridge
- 201 km (125 miles) to Alberta/Montana border crossing



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FINANCE DEPARTMENT
JUNE, 2026

MD PROFILE (continued)

MD SERVICES:

The MD provides a number of services for its residents, either directly or jointly with other municipalities. These services include the following:

- General Government - includes all Council governance, administration and taxation functional activities;
- Protective and Bylaw Services - provides policing and municipal bylaw services;
- Disaster Services - includes municipal emergency planning, disaster response and emergency services dispatching;
- Fire and Emergency Services - provides for the rescue and protection of people and property within the Municipality through effective and efficient management and coordination of emergency services systems and resources;
- Transportation Services - responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, streets, walks, and lighting, asset management and infrastructure design and construction;
- Planning and Development Services - responsible for the administration of municipal planning documents pertaining to residential, commercial, industrial and agricultural development services within the municipality;
- Recreation and Culture - Provides regional recreation, summer games and community event funding;
- Agricultural Services - undertakes the requirements of the Agricultural Service Board Act, Weed Control Act, Soil Conservation Act and provides guidance on agricultural matters to the Municipal Council and agricultural related services to the public.



ATTRACTIONS AND RECREATIONAL PARKS:

Historical Attraction [Head-Smashed-In Buffalo Jump on Sec Hwy 785](#)

Head-Smashed-In Buffalo Jump, located in Alberta, Canada, is an UNESCO World Heritage Site , that preserves over 6,000 years of Indigenous Plains bison hunting culture.



Other Local Attractions

Located in the Hamlet of Granum, other available local attractions include:

- Golf and Country Club
- Old Jail and Museum
- Public Library
- Grandview Park



Recreational Parks

The MD of Willow Creek offers recreational opportunities enjoyed by our local ratepayers, citizens and visitors. Located within the boundary of the Municipal District of Willow Creek, are our recreational parks:

- Clear Lake Park
- Willow Creek Park
- Pine Coulee Park

Activities would include : fishing, boating, kayaking, waterskiing and camping.



MD COUNCIL AND THE CAO

MD Council consists of Councillors elected from each of the seven divisions of the Municipal District of Willow Creek No. 26. Elections are held every four years; with the most recent municipal election taking place in October 2025. The position of Reeve and Deputy Reeve are determined at the annual Organizational Meeting held in October each year.

The following are the elected Council members as of October 2025 and the MD's Chief Administrative Officer (CAO):



Maryanne Sandberg
Reeve
Division 3



Glen Alm
Deputy Reeve
Division 4



John Van Driesten
Councillor
Division 1



Cecilie Fleming
Councillor
Division 2



Earl Hemmaway
Councillor
Division 5



Evan Berger
Councillor
Division 6



Brian Nelson
Councillor
Division 7



Derrick Krizsan
Chief Administrative Officer
CAO

There are two Council meetings per month (on the second and fourth Wednesdays). The public and media are welcome to attend.

The first Council meeting of each month consists of a Municipal Planning Commission (MPC) which all Councillors are a part of (quasi-judicial board). Immediately following, Councillors proceed with their regular Council meeting.

The second meeting consists of an Agricultural Service Board (ASB) which has four members of Council and three members-at-large. The second regular Council Meeting immediately follows.

Additional meetings can include, but are not limited to, Budget and Land Use Bylaw meetings.

ADMINISTRATION

The Chief Administrative Officer (CAO) is the administrative head of the organization and reports directly to Council. Reporting to the CAO in 2025 were eight directors in charge of each of the MD's departments;

Director of Infrastructure & Public Works, Public Works Manager, Director of Finance, Director of Enforcement Services, Director of Emergency Services & Fire Chief, & DEM, Director of Agricultural Services, Director of Planning & Development, Director of IT & GIS, and Municipal Safety Coordinator.

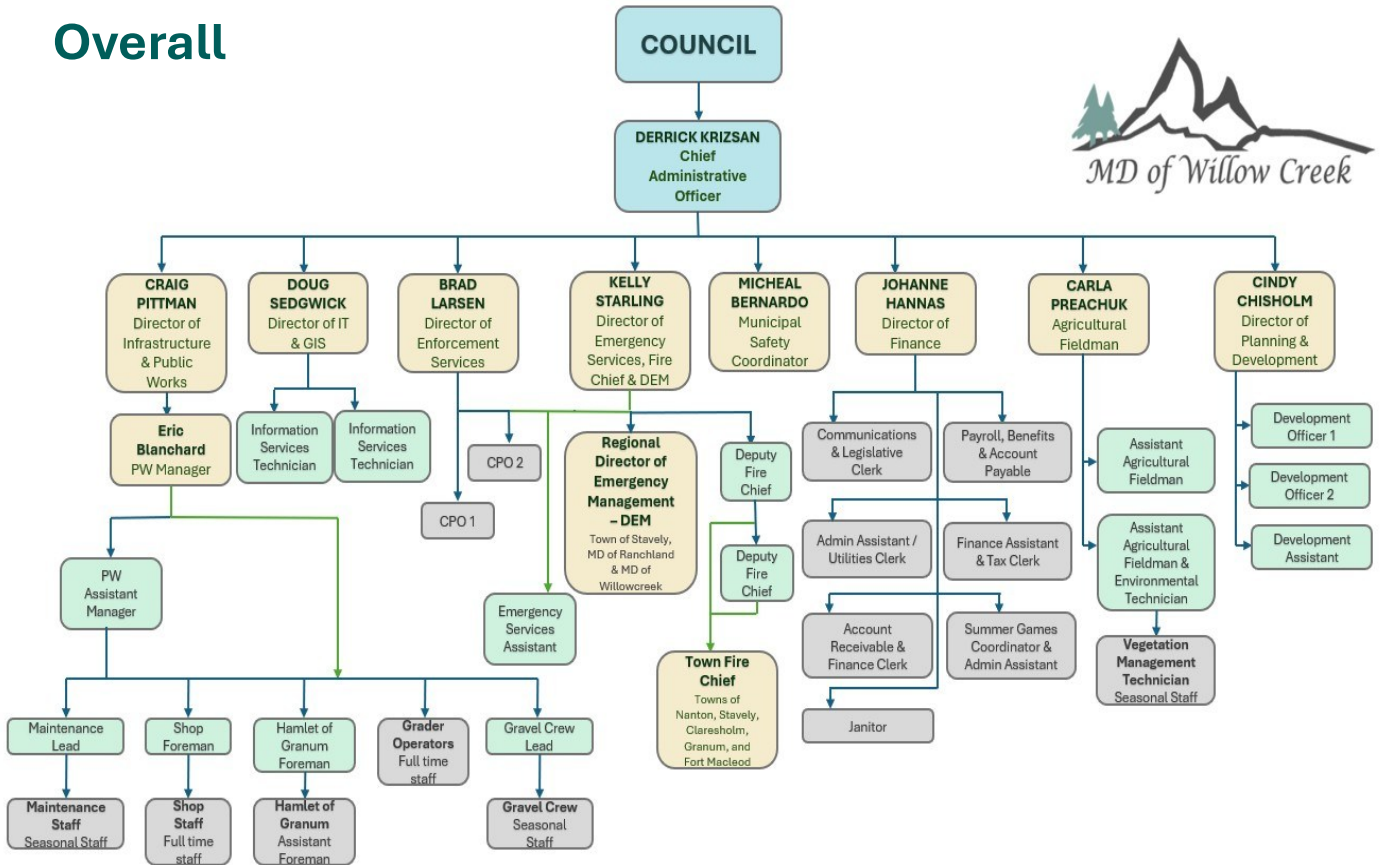
The following are the departments of the MD:

- **Transportation Services** - department includes road construction, road maintenance, graveling, bridge construction, fleet maintenance, and asset management.
- **Corporate Services** - department includes finance, assessment, taxation, receivables, payables and payroll, utilities and road allowances.
- **Protective Services** - department includes policing and bylaw enforcement.
- **Fire & Emergency Services** - department includes Disaster/Emergency management, and fire training, investigations, and fire inspections.
- **Agricultural Services** - department includes seeding, weed control, spraying, pest control, and agricultural rentals.
- **Development Services** - department includes development permitting, Land Use zoning amendments, Land Use Bylaw enforcement, public utilities and business licenses.
- **IT & GIS** - department includes technology services, and geographic information systems (GIS).
- **Municipal Safety Services** - administers the municipal safety program.



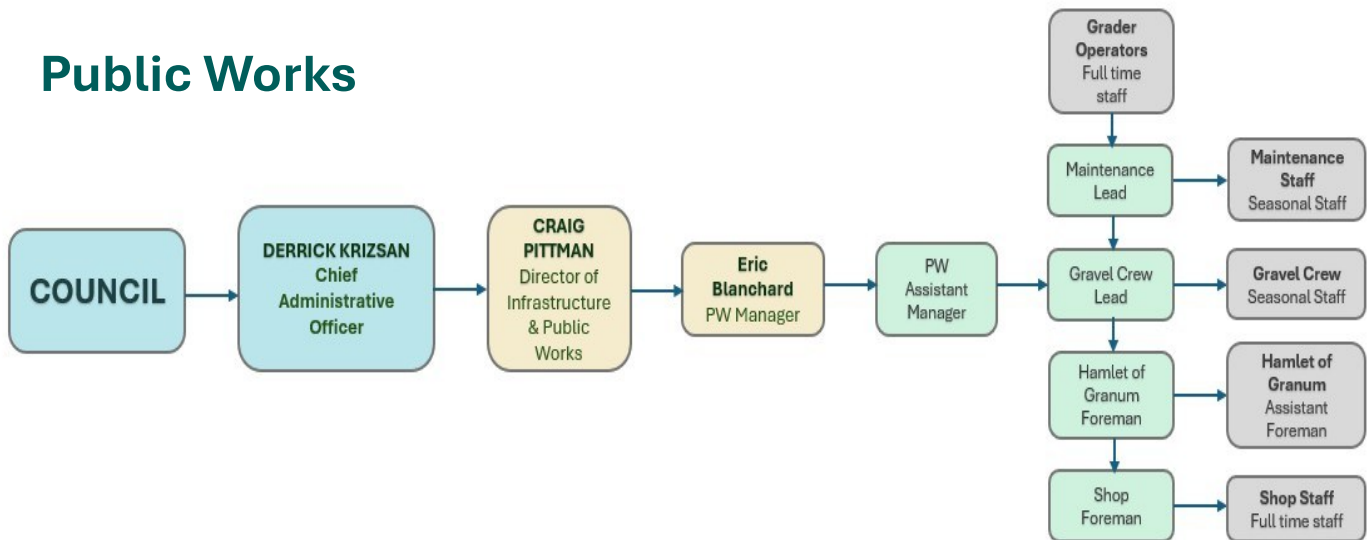
ORGANIZATIONAL CHART

Overall



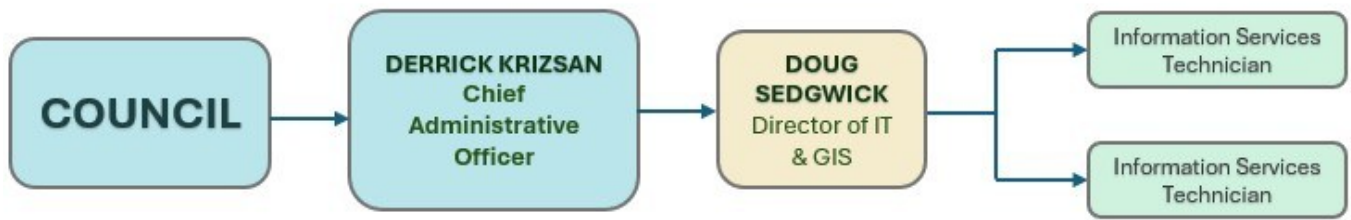
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Public Works

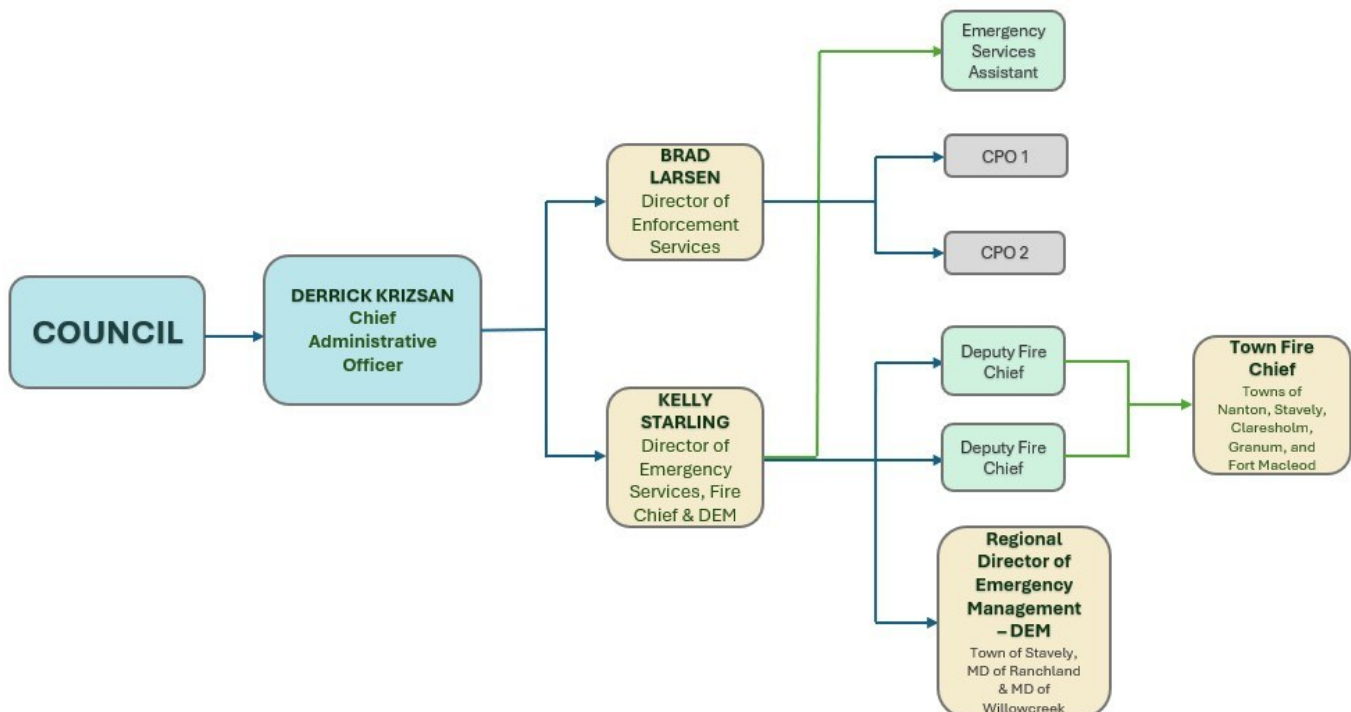


ORGANIZATIONAL CHART (continued)

IT & GIS

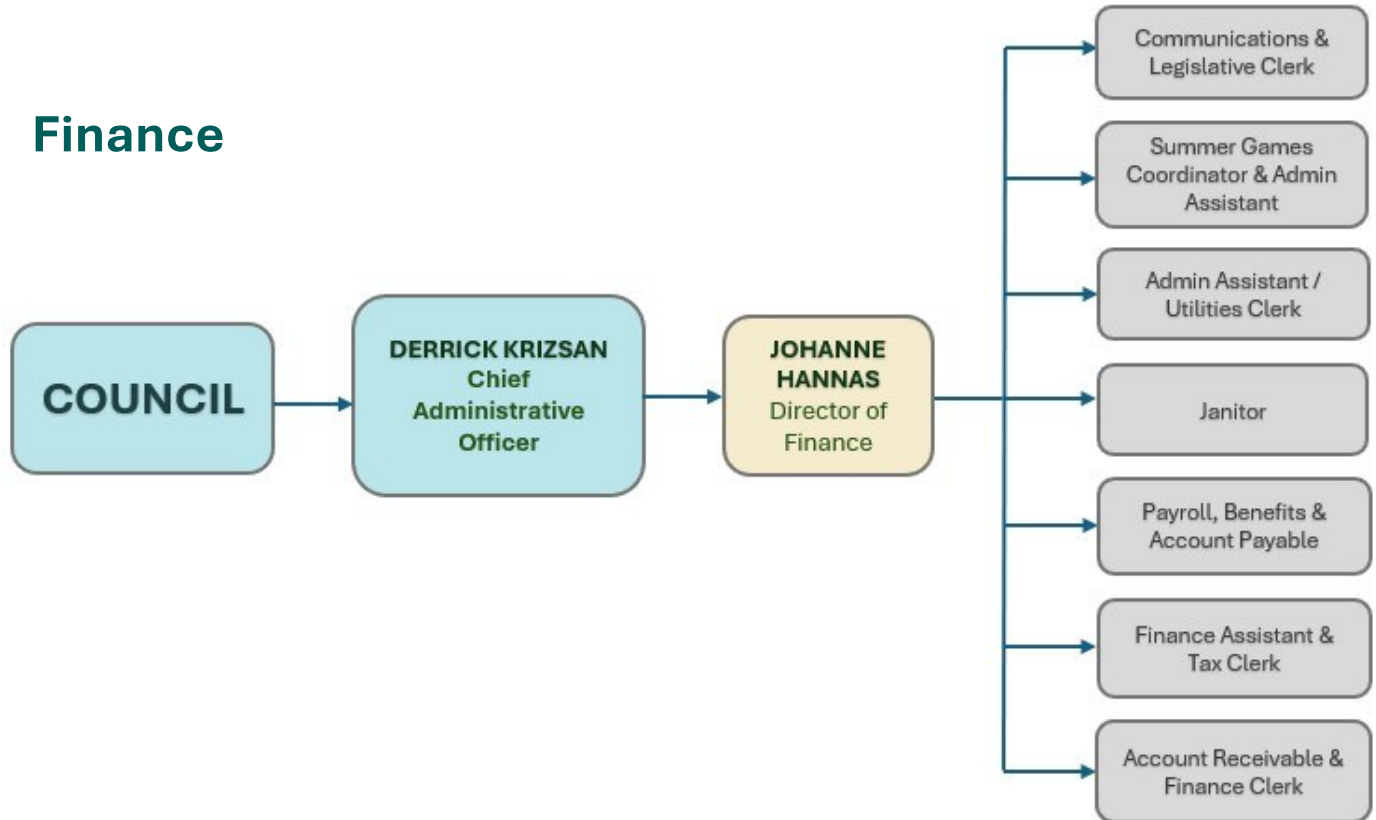


Enforcement & Emergency Services



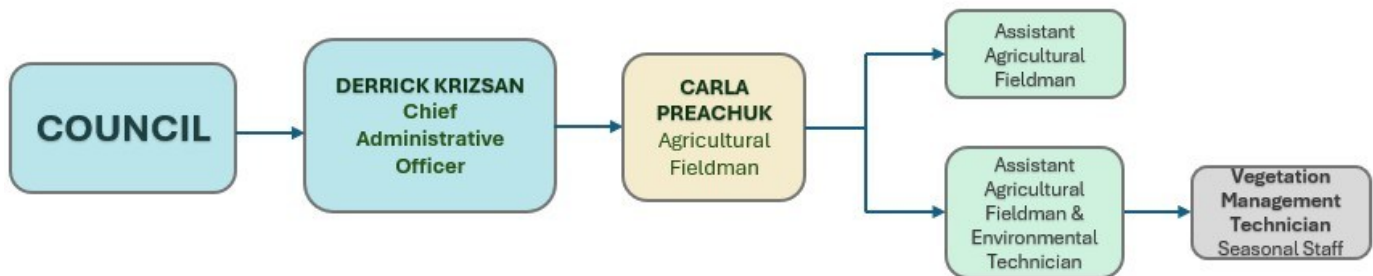
ORGANIZATIONAL CHART (continued)

Finance



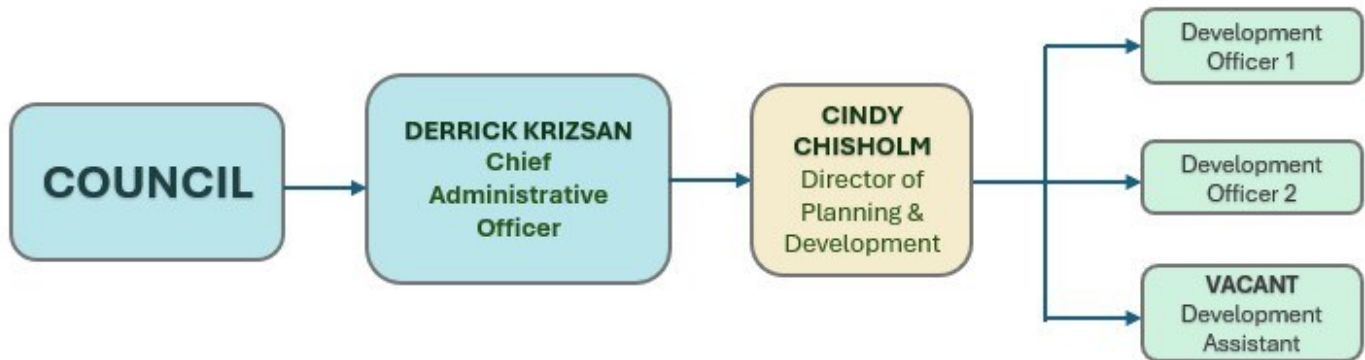
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Agricultural Service Board



ORGANIZATIONAL CHART (continued)

Development



Safety





STRATEGIC PLAN

2026 – 2031

MUNICIPAL DISTRICT OF WILLOW CREEK NO.26

Building a Strong, Sustainable, and Resilient Community

Prepared by: Municipal District of Willow Creek No. 26



A resilient rural community that preserves, enhances and enriches our evolving rural way of life for all generations to live, work and prosper as members of this farming and ranching community.



To provide leadership that will ensure that all citizens can continue to enjoy a safe and sustainable rural community that recognizes agriculture as a cornerstone.



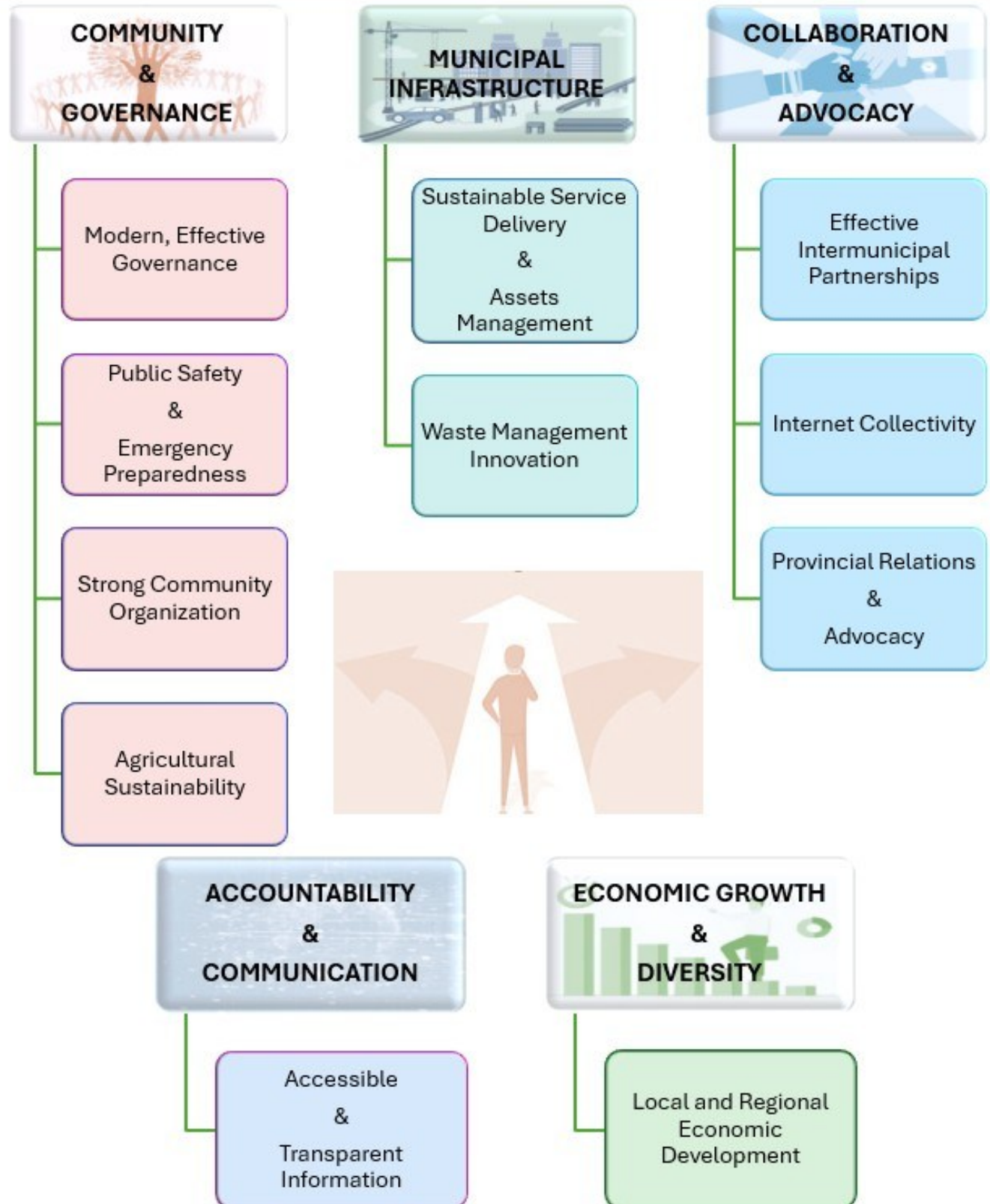
- People First
- Heritage & Agriculture
- Environmental Stewardship
- Integrity & Accountability



- Community Centered Decision Making
- Accountability & Transparency
- Economic Resilience
- Sustainable Infrastructure
- Collaboration



STRATEGIC PRIORITIES



Municipal District of Willow Creek No. 26

2026–2031 Strategic Plan

Executive Summary

The 2026–2031 Strategic Plan provides a clear, actionable framework to guide Council, administration, and community partners in supporting a safe, prosperous, and sustainable rural municipality. This plan builds on the District’s strong agricultural heritage while proactively addressing governance excellence, public safety, economic growth, infrastructure sustainability, and collaboration.

The plan establishes focused strategic priorities, measurable outcomes, and clear accountability to ensure progress is monitored, transparent, and aligned with community values. It is designed to be a living document, reviewed annually and adjusted as required to respond to emerging opportunities and challenges.

Vision

A resilient rural community that preserves, enhances and enriches our evolving rural way of life for all generations to live, work and prosper as members of this farming and ranching community.

Mission

To provide leadership that will ensure that all citizens can continue to enjoy a safe and sustainable rural community that recognizes agriculture as a cornerstone.

Core Values

- **People First:** We value our residents, staff, volunteers, and partners.
 - **Heritage & Agriculture:** We respect our history and recognize agriculture as the cornerstone of our community.
 - **Environmental Stewardship:** We value our natural environment.
 - **Integrity & Accountability:** We act with honesty, transparency, respect, and fairness in all decisions.
-

Guiding Principles

- **Community Centered Decision Making:** Planning today with respect for future generations.
 - **Accountability & Transparency:** Open communication and responsible stewardship of public resources.
 - **Economic Resilience:** Supporting diversified growth while respecting all landowner rights and rural character.
 - **Sustainable Infrastructure:** Managing assets responsibly to deliver reliable services.
 - **Collaboration:** Leveraging the power of collaborative partnerships to improve outcomes for residents.
-

Strategic Priorities, Initiatives, Key Performance Indicators & Measures

Note: Key Performance Indicators (KPIs) will be reported to Council annually and used to guide budgeting, business planning, and performance improvement.

1. Community & Governance

Strategic Priority 1.1: Modern, Effective Governance

Objective: Ensure bylaws, policies, and governance practices remain current, compliant, and effective.

Key Initiatives:

- Conduct annual reviews of all bylaws and policies.
- Update governance tools to reflect legislative and operational changes.

KPIs & Measures:

- Percentage of bylaws reviewed annually (Target: 100%).
 - Percentage of policy manual reviewed and updated annually (Target: 100%).
 - Number of governance-related compliance issues identified (Target: 0).
 - Council satisfaction with governance framework (Target: Maintained or improved year-over-year).
-

Strategic Priority 1.2: Public Safety & Emergency Preparedness

Objective: Deliver consistent, high-quality emergency and protective services across the municipality.

Key Initiatives:

- Monitor and strengthen the Intermunicipal Emergency Services Agreement.
- Implement ongoing fire service training aligned with NFPA standards.
- Support Rural Crime Watch initiatives in partnership with RCMP and community groups.

KPIs & Measures:

- Emergency response time consistency across service areas (Target: No material variance).
 - Fire operating budget variance (Target: $\pm 3\%$ annually).
 - Percentage of firefighters certified to NFPA 1001 Level I within two years (Target: 90%).
 - Number of emergency service complaints (Target: Year-over-year decrease).
 - Reported rural crime incidents (Target: Year-over-year reduction).
-

Strategic Priority 1.3: Strong Community Organizations

Objective: Strengthen local community groups by improving access to resources and administrative support.

Key Initiatives:

- Provide guidance and support for grant applications and governance.

KPIs & Measures:

- Number of community groups assisted annually (Target: Equal or positive trend year-over-year).
 - Dollar value of grant funding accessed with municipal support. (Target: Equal or positive trend year-over-year).
 - Community group satisfaction with municipal support (Target: Positive trend).
-

Strategic Priority 1.4: Agricultural Sustainability

Objective: Protect agricultural land and support producers while promoting environmental stewardship.

Key Initiatives:

- Support Agricultural Service Board (ASB) programs through annual budgets.
- Limit the conversion of productive agricultural land through land-use planning.

KPIs & Measures:

- Number of workshops held or supported by the Agricultural Service Board (Target: Maintained or improved year-over-year).
 - Number of Agricultural Service Board service and regulatory complaints (Target: Year-over-year decrease).
 - Weed and Pest management on public lands (Target: Year-over-year improvement).
-

2. Accountability & Communication

Strategic Priority 2.1: Accessible & Transparent Information

Objective: Ensure residents and businesses can easily access accurate, timely municipal information.

Key Initiatives:

- Modernize the municipal website and digital communication platforms.
- Expand self-service tools and public education resources.

KPIs & Measures:

- Website uptime and accessibility compliance (Target: Minimum of 95%).
 - Number of online self-service transactions (Target: Positive trend).
 - Public inquiries resolved through digital platforms (Target: Positive trend).
 - Resident satisfaction with access to information (Target: Improvement year-over-year).
-

3. Economic Growth & Diversity

Strategic Priority 3.1: Local and Regional Economic Development

Objective: Attract new residents, businesses, and investment while supporting existing industries.

Key Initiatives:

- Promote development throughout the municipality including Willow Creek Business Park, Claresholm Airport and the Hamlet of Granum.
- Participate actively in regional economic development initiatives.

KPIs & Measures:

- Number of new businesses or industries established annually (Target: ≥ 1 /year in Willow Creek Business Park, Claresholm Airport and Granum and a positive trend throughout the municipality).
- Annual population growth rate (Target: $>1\%$).

- Annual assessment growth rate (Target: $\geq 2\%$).
 - Value of new construction permits issued annually (Target: Positive trend).
 - Business development inquiries arising from regional economic initiatives (Target: Equal or positive trend year-over-year).
-

4. Municipal Infrastructure

Strategic Priority 4.1: Sustainable Service Delivery & Asset Management

Objective: Deliver reliable municipal services supported by sound financial and asset management practices.

Key Initiatives:

- Integrate lifecycle costing, service level definitions, and risk frameworks into budgeting.
- Fully implement asset management practices as standard operations.

KPIs & Measures:

- Percentage of services with defined Levels of Service (Target: 100% by 2028).
 - Percentage of assets with lifecycle cost data captured (Target 100% by 2028).
 - Infrastructure condition ratings by asset class (Target 100% by 2027).
 - Budget variance on infrastructure program total (Target: $\pm 10\%$).
 - Public satisfaction with core municipal services (Target: Equal or positive trend year-over-year).
-



Strategic Priority 4.2: Waste Management Innovation

Objective: Explore environmentally and economically responsible waste management solutions.

Key Initiatives:

- Advocate for and evaluate regional waste-to-energy opportunities.

KPIs & Measures:

- Completion of feasibility or business case by 2028.
-

5. Collaboration & Advocacy

Strategic Priority 5.1: Effective Intermunicipal Partnerships

Objective: Strengthen partnerships to deliver efficient, consistent services.

Key Initiatives:

- Maintain and implement Intermunicipal Collaboration Frameworks and agreements.

KPIs & Measures:

- Number of active intermunicipal agreements in good standing (Target: Equal or positive trend year-over-year).
 - Service level consistency achieved through agreements. (Target: Equal or positive trend year-over-year).
 - Cost savings or service enhancements realized through collaboration. (Target: Equal or positive trend year-over-year).
-



Strategic Priority 5.2: Internet Connectivity

Objective: Ensure reliable, affordable broadband access for rural residents and businesses.

Key Initiatives:

- Advocate for broadband funding and partnerships.
- Collaborate with public and private sector service providers.

KPIs & Measures:

- Percentage of ratepayers with access to reliable broadband (Target: 90% by 2030).
 - Households and/or businesses reporting improved broadband service (Target: Positive trend year-over-year).
 - Broadband grant funding for improved fibre secured.
-

Strategic Priority 5.3: Provincial Relations & Advocacy

Objective: Improve communication and advocacy outcomes with the Government of Alberta and Quasi-Judicial Organizations.

Key Initiatives:

- Regularly engage provincial ministries, quasi-judicial bodies, regulators, and elected officials.
- Advocate for legislative and regulatory improvements affecting the community.

KPIs & Measures:

- Number of formal advocacy engagements annually (Target: Improved year-over-year).
 - Response time and quality of engagement from provincial partners. (Target: Improved year-over-year).
 - Legislative or regulatory outcomes aligned with municipal advocacy efforts. (Target: 1 per year).
-

Plan Monitoring & Review

- Annual Strategic Plan KPI report presented to Council.
 - Results integrated into annual budget and business planning.
 - Formal plan review at least once during the 2026–2031 period.
 - Adjustments made as required to respond to emerging risks and opportunities.
-

Adopted by Council: May 6, 2026



FINANCIAL STATEMENT DISCUSSION & ANALYSIS SECTION

YEAR ENDED DECEMBER 31, 2025

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**PREPARED BY
MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26
FINANCE DEPARTMENT
JUNE, 2026**

MD OF WILLOW CREEK NO. 26

FINANCIAL STATEMENT DISCUSSION & ANALYSIS SECTION

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REPORT FROM THE DIRECTOR OF FINANCE

June 25, 2026

The Municipal District of Willow Creek No. 26 is pleased to submit our Annual Financial Report for the year ended December 31, 2025. The purpose of this Annual Financial Report is to provide our ratepayers with clear and transparent understanding of the financial information of the MD.

INTERNAL ACCOUNTING CONTROLS

The MD maintains a comprehensive system of internal accounting controls designed to provide reasonable assurance that assets are protected and financial records are accurate and reliable. These controls are reviewed and updated annually to ensure their continued effectiveness. Appropriate segregation of duties enables management to monitor operations and maintain compliance with established policies and procedures. Key elements of the MD's internal control framework include Council-approved policies, administrative procedures, the budgeting process, and annual external audits.

FINANCIAL POLICIES

These policies are designed to ensure that there are appropriate controls in place to safeguard the MD and to ensure that the MD is compliant with the Alberta Municipal Government Act, Canadian Public Sector Accounting Standards, and all other applicable legislation. Some of the key areas addressed by current policies are:

- Risk Control Policy
- Information Systems Procedures Policy
- Investment Policy
- Accounts Receivable Policy
- Purchase and Tender Policy
- Tangible Capital Assets Policy
- Asset Retirement Obligation Policy



In addition to the policies outlined above, the MD has a number of other policies in place that are available to the public on the MD's website.

ADMINISTRATIVE PROCEDURES

The Municipal District of Willow Creek No. 26 has established a number of internal procedures to document and support the performance of various financial tasks. These procedures help ensure that financial transactions are recorded accurately and consistently, while also promoting compliance with applicable policies and ensuring that appropriate processes are followed.



The MD uses a centralized accounting system. The Finance Department is responsible for recording and maintaining all financial transactions, providing monthly financial information and reports to Council, and preparing the MD's year-end financial statements.

These financial statements are audited annually by an independent external audit firm.

EXTERNAL AUDITS

Pursuant to Section 280 of the *Alberta Municipal Government Act*, MD Council appoints an independent external auditor to conduct an annual audit of the MD's financial statements. The auditor's role is to provide an independent opinion on whether the financial statements present fairly, in all material respects, the financial position and results of operations of the MD in accordance with Canadian Public Sector Accounting Standards (PSAS).



The auditors have unrestricted access to all of the MD's financial records and supporting information. Throughout the audit process, they meet with staff, management, and the Audit Committee, which consists of the Reeve, Deputy Reeve, Chief Administrative Officer (CAO), and Director of Finance, to discuss matters related to the audit. In addition, the auditors provide a management letter that includes observations and recommendations regarding the MD's internal controls and financial reporting processes.

For the 2025 financial audit, the auditors expressed their audit opinion, indicating that the financial statements were presented fairly in all material respects. The MD Council approved the audited financial statements on April 27, 2026.

BUDGET PROCESS

In accordance with Sections 242 and 245 of the *Alberta Municipal Government Act*, MD Council approves both operating and capital budgets annually. Budget development typically begins between October to November of the preceding year, with an interim budget approved by December. By April of the budget year, the MD has received final property assessment values and requisitions from external authorities, including education, senior housing, and policing costs. Council then reviews and approves the final budgets.

The MD maintains an annual Capital Budget supported by a five-year Capital Plan, which helps identify and prioritize long-term infrastructure and asset replacement needs. Funding for the Capital Plan is derived from capital reserves, grant funding, contributed assets, and projected reserve contributions. This long-term planning approach promotes financial sustainability and helps maintain a stable tax rate over time.

In addition, the MD prepares an annual Operating Budget accompanied by a three-year operating plan. The upcoming year's budget is developed in detail, while the following three years are based on projections and estimates. As each year approaches, forecasts are reviewed and refined before implementation. Budget planning considers a range of factors, including economic conditions, provincial policy changes, and service requirements established by Council.



Once approved by Council, expenditures are managed through purchasing policies, financial controls, and regular financial reporting processes designed to ensure spending remains within approved budget limits.

GFOA CANADIAN AWARD FOR FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting (CANFR) to the Municipal District of Willow Creek No. 26 for its annual Report for the fiscal year ended December 31, 2024. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principals and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and are submitting it to GFOA.



Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

Municipal District of Willow Creek No. 26

Alberta

For its Annual
Financial Report
for the Year Ended

December 31, 2024

Christopher P. Morill

Executive Director/CEO

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

The Municipal District of Willow Creek's 2025 financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS). Management is responsible for the preparation, accuracy, objectivity, and integrity of the financial statements. Management is in agreement with the independent auditor that the financial statements present fairly for the MD's financial position and the results of its operations for the year ended December 31, 2025.

The following Financial Statement Discussion and Analysis has also been prepared by management and is intended to explain and expand upon the information in the financial statements. The discussion and analysis is not part of the actual financial statements and therefore is not specifically audited.

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position highlights the financial assets and liabilities, the non-financial assets, and the accumulated surplus. This statement is used to evaluate the MD's ability to finance its financial liabilities and commitments.

December 31, 2025, With Comparative Information for 2024

	2025	2024	Change
FINANCIAL ASSETS:			
Cash and short-term investments	\$ 12,436,786	\$ 13,724,515	(1,287,729)
Taxes and grants in place of taxes	588,483	477,065	111,418
Trade and other accounts receivable	576,480	857,748	(281,268)
Land held for resale inventory	29,916	14,916	15,000
	13,631,665	15,074,244	(1,442,579)
FINANCIAL LIABILITIES:			
Accounts payable and accrued liabilities	1,279,983	1,583,657	- 303,674
Asset retirement obligation	3,429,818	3,329,920	99,898
Deferred revenue	2,408,476	3,198,024	(789,548)
Employee future benefits	94,845	85,318	9,527
Long-term debt	66,660	198,860	(132,200)
	7,279,782	8,395,779	(1,115,997)
NET FINANCIAL ASSETS	6,351,883	6,678,465	(326,582)
NON-FINANCIAL ASSETS:			
Prepaid expenses	425,007	350,533	74,474
Inventory for consumption	2,290,026	2,835,350	(545,324)
Tangible capital assets	85,672,985	84,129,049	1,543,936
	88,388,018	87,314,932	1,073,086
ACCUMULATED SURPLUS	\$ 94,739,901	\$ 93,993,397	746,504

STATEMENT OF FINANCIAL POSITION (continued)

FINANCIAL ASSETS:

Overall, there has been a decrease in the MD's financial assets. The main reasons for the various changes from the prior year were:

- Cash and short-term investments decreased compared to the prior year. This is mainly due to the completion of Range Road 250 Rebuild by installing base aggregate and asphalt. Other than grant funding and road reserves were used to fund this capital project so this decreased cash and short term investments to fund the remaining project.
- Tax receivables increased due to the increase in outstanding oil and gas property taxes as of December 31, 2025.
- Trades and other receivable decreased, primarily due to the prior year of the Ortho Project completion in the prior year (December 31, 2024).
- Land for release also increased due to the available lots for sale at the Claresholm Industrial Airport.

FINANCIAL LIABILITIES:

Overall, there has been a decrease in the financial liabilities of the MD. The main reasons for the various changes from the prior year were:

- The accounts payable have decreased due to timing of receiving the year-end invoices and the following invoices are accrued into the following year.
- The remaining balance in deferred revenue decreased due to the completion of capital and operating projects as of December 31, 2025.
- Long-term debt decreased by the expected amount from the two semi-annual debenture repayments.

NON-FINANCIAL ASSETS:

Non-financial assets are assets that consists of (road/bridge infrastructure, vehicles, equipment, etc.) and gravel inventory. The following changes occurred during the year:

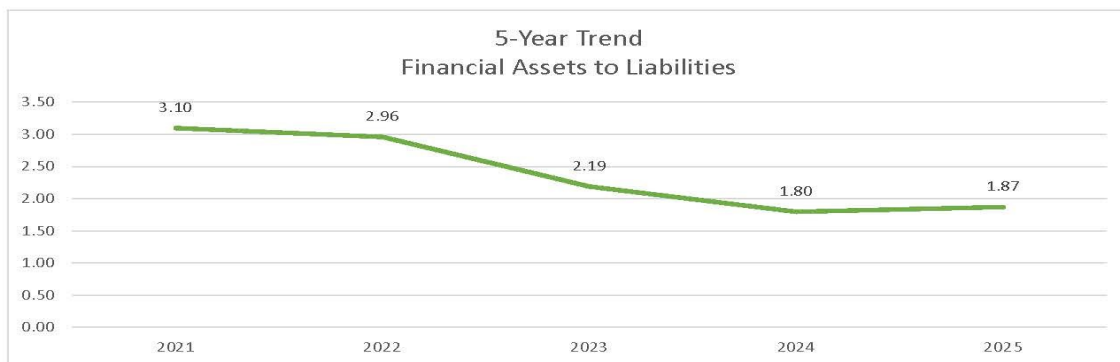
- Capital asset values increased during the year since annual amortization expense was less than the value of new assets purchased, leading to an increase in combined net book value of tangible capital assets.
- Inventory for consumption decreased, primarily as a result of usage of gravel inventory for road construction and rehabilitation.



STATEMENT OF FINANCIAL POSITION (continued)

The MD reported a positive net financial position of approximately \$6.3 million at the year-end, reflecting financial assets in excess of financial liabilities. This represents a decrease from the prior year's net financial position of approximately \$6.6 million. The positive balance demonstrates the MD's ability to satisfy its financial obligations and commitments using its available financial assets.

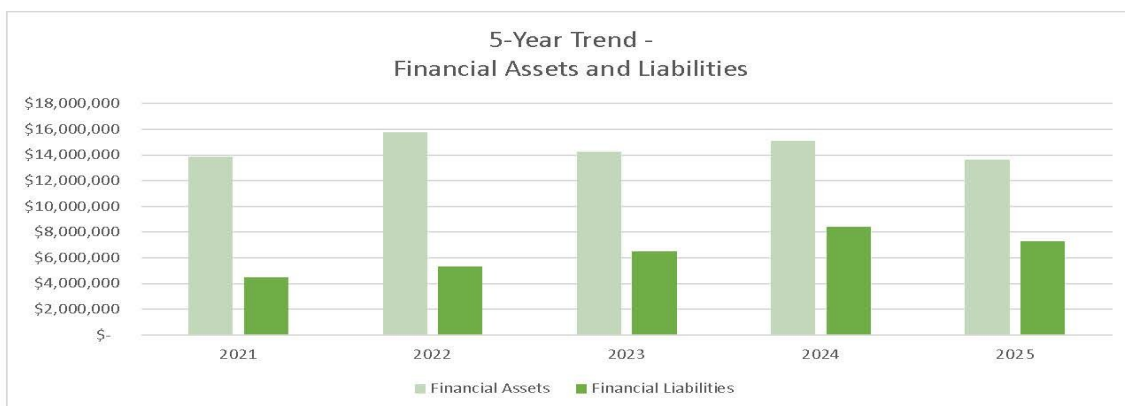
The following illustrates a 5-year trend analysis on the net financial assets:



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5-YEAR TREND - FINANCIAL ASSETS AND LIABILITIES

	Financial Assets		Financial Liabilities	
2021	\$	13,832,879	\$	4,465,129
2022	\$	15,753,127	\$	5,322,155
2023	\$	14,214,483	\$	6,490,418
2024	\$	15,074,244	\$	8,395,779
2025	\$	13,631,665	\$	7,279,782



As shown above, there was a decrease in the net financial position as there were decreases in long-term debt and obligations. Overall, the Financial Assets-to-Liabilities ratio remains relatively consistent with the prior year.

STATEMENT OF FINANCIAL POSITION (continued)

ACCUMULATED SURPLUS:

The accumulated surplus is made up of three components: Unrestricted Surplus, Restricted Surplus (Reserves), and Equity in Tangible Capital Assets, as outlined in Schedule 3 of the Financial Statements.

Schedule 3	2025	2024
Unrestricted Surplus	277,938	247,127
Restricted Surplus (Reserves)	12,285,456	13,146,001
Equity in Tangible Capital Assets	82,176,507	80,600,269
Accumulative Surplus	94,739,901	93,993,397

The Restricted Surplus is the combination of both the capital and operating reserves:

	2025	2024
Capital Reserves	12,064,566	12,934,994
Operating Reserves	220,890	211,007
Total Restricted Surplus (Reserves)	12,285,456	13,146,001
Net Financial Assets	6,351,883	6,678,465
Inventory For Consumption	2,290,026	2,835,350
Total Funding Available	8,641,909	9,513,815

As illustrated above, the MD's net financial assets together with inventory for consumption do not provide sufficient resources to cover all reserve balances. Consequently, the reserves are not considered to be fully funded.

The Equity in Tangible Capital Assets equals to the net book value (NBV) of the Tangible Capital Assets as described in Schedule 6 (Schedule of Tangible Capital Assets).

	2025	2024
Tangible Capital Assets - Cost	283,273,097	277,761,692
Tangible Capital Assets - Amortization	(197,600,112)	(193,632,643)
Equity in Tangible Capital Assets	85,672,985	84,129,049

STATEMENT OF OPERATIONS

The Statement of Operations highlights the revenues and expenses of the MD. This statement is mainly used to evaluate the MD operations as compared to the budget and the prior year.

	BUDGET	2025	2024
OPERATING REVENUE			
Net municipal property taxes	13,585,000	13,557,771	12,790,445
User fees and sales of goods	555,800	1,002,238	717,932
Government Transfers for operating	1,635,950	1,628,654	2,479,750
Return on Investments	404,000	230,378	468,373
Penalties and costs on taxes	117,500	312,086	132,811
Licenses and permits	9,500	7,869	9,020
Other revenues	1,270,116	1,503,166	1,311,360
Rentals	94,500	93,295	99,195
Franchise fees		-	5,140
Fines	30,000	36,865	30,942
Well drilling		-	-
OPERATING REVENUE	17,702,366	18,372,322	18,044,968
OPERATING EXPENSE			
Elected officials	435,175	443,897	421,721
General administration	1,782,175	1,836,277	2,442,931
Information technology	805,875	737,896	708,035
Fire	746,950	749,922	700,725
Disaster and emergency services	38,000	61,296	45,407
Claresholm medical clinic	4,900	28,204	13,231
Emergency services and bylaw enforcement	1,189,664	1,095,972	974,694
Transportation	8,934,100	7,991,464	7,578,834
Water development	724,750	704,393	734,227
Garbage collection and disposal	308,225	278,670	245,363
Cemeteries	56,717	42,030	22,310
Development and planning	742,125	756,338	738,110
Agricultural services board	718,125	658,413	658,518
Recreation boards	360,150	359,300	372,275
Parks and recreation	49,410	59,802	46,871
Libraries	132,100	132,706	131,027
Family and community support	223,500	223,360	223,360
Amortization of capital assets		5,401,508	6,230,863
OPERATING EXPENSE	17,251,941	21,561,448	22,288,502
OPERATING NET INCOME	450,425	(3,189,126)	(4,243,534)
CAPITAL REVENUES			
Contributed tangible capital assets		84,565	80,514
Government transfers for capital	417,700	3,520,835	2,518,279
Gain on sale of tangible capital assets		330,230	422,718
TOTAL NET INCOME	32,725	746,504	(1,222,023)
ADD:			
Proceeds on disposals of tangible capital assets		679,596	528,204
Amortization of capital assets		5,401,508	6,230,863
Net (gain) loss on disposal of capital assets		(330,230)	(422,718)
Accretion expense		99,898	96,988
Transfer to land held for resale		15,000	
Less:			
Transfers to Reserves		860,545	(584,695)
Contributed tangible capital assets	(12,000)	(84,565)	
Acquisition of tangible capital assets	(17,056,100)	(7,225,245)	(4,518,255)
Increase in debt		(132,200)	(130,718)
NET EFFECT ON UNRESTRICTED SURPLUS	(17,035,375)	30,811	(22,353)

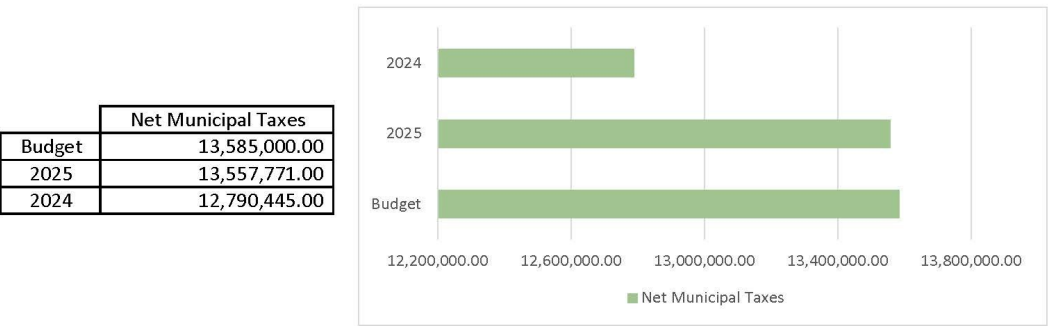
The total net effect of income represents the allocation to the Unrestricted Surplus.

STATEMENT OF OPERATIONS (continued)

OPERATING REVENUES

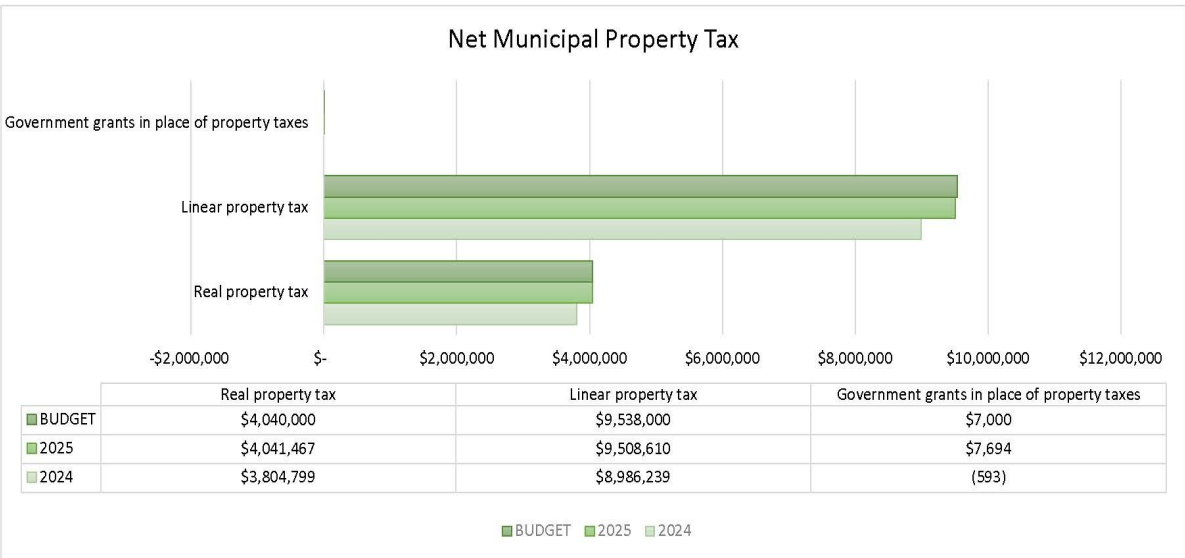
Operating revenues include all of the revenues for the MD other than capital grants and contributions. The majority of operating revenue includes net municipal tax revenues (net of requisitions), user fees, operating grants, investment income, licenses, rentals, and fines.

The following is an analysis on the net municipal taxes compared to the budget and the prior year:



The overall net municipal taxes are lower in 2025 than the budget. This is due to provincial assessment revisions received after the property tax rates were approved by Council on April 22, 2026.

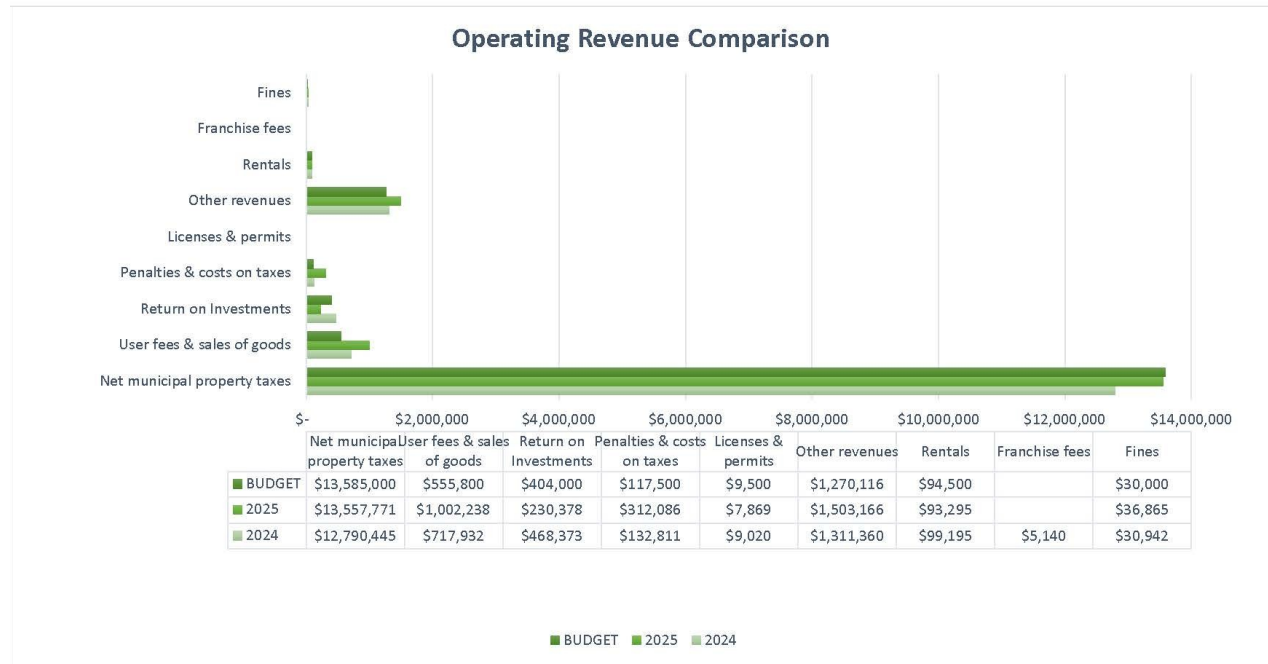
Tax revenues are recorded as revenue as of May 31st each year, and the associated tax receivables are shown as assets at the same time. Tax penalties are shown as revenue and assessed as of the dates outlined in the MD's Property Tax Penalty Bylaw 2011. The following are the details of the tax revenues as displayed in Schedule 4 of the financial statements (not shown net of requisitions):



STATEMENT OF OPERATIONS (continued)

OPERATING REVENUES - continued

The following is an analysis of operating revenue and some of the other revenues from operations compared to the budget and the prior year:



Some of the major variances from budget and the prior year include:

- Net municipal taxes increased from 2024 to 2025 due to an increase in residential and linear assessment property valuations due to growth and market values.
- Increase in user fees in 2025 due to an increase in fire calls from all fire departments.
- A significant increase from 2024 to 2025 is due to increase in development permits.
- Investment revenue was lower in 2025 due to lower interest rate. The Bank of Canada rate decreased throughout the year.
- Penalty costs increased due to the amount of outstanding property taxes on October 31, 2025. Also the increase in penalty rates contributed to additional revenue in 2025.
- Other revenue in 2025 was higher than 2024 due to cost-sharing for infrastructure rehabilitation.

STATEMENT OF OPERATIONS (continued)

OPERATING EXPENSES

The operating expenses are presented on the Statement of Operations by each separate department. They are also redisplayed by the type of expense in Schedule 5 (Schedule of Expenses by Object). The following is an analysis of some of the expenses compared to budget and the prior year.

Some of the major variances from budget and the current year include:

- The decrease in costs for Contracted Services in the Transportation department were projects not completed and were therefore brought forward into the following year’s budget.
- The decrease in costs in Materials Goods and Supplies were also not required in 2025 due to project not completed.
- Gas & oil costs decreased due to the removal of the Carbon Tax on April 01, 2025.

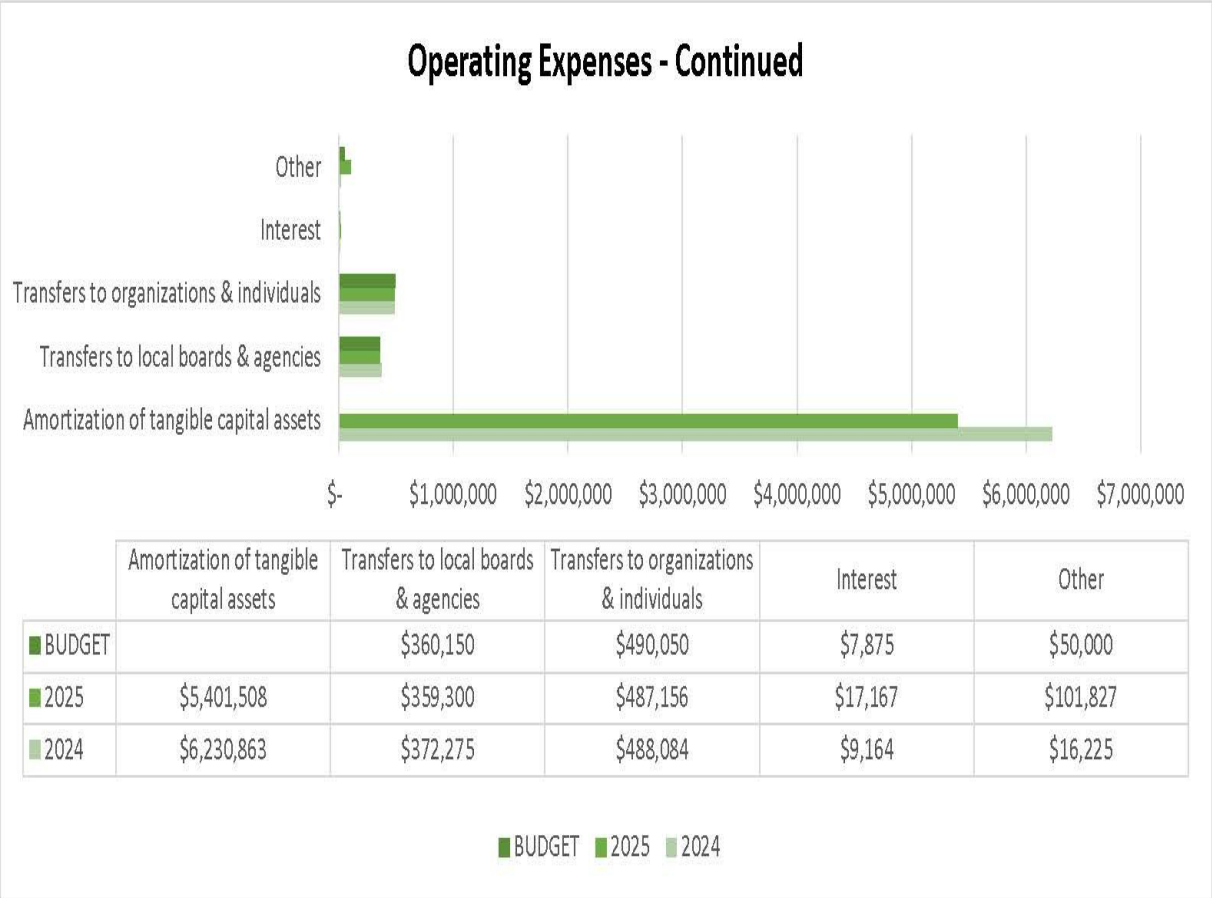


STATEMENT OF OPERATIONS (continued)

OPERATING EXPENSES - continued

The following is an analysis of the remaining expenses compared to budget and the prior year:

- Interest expense exceeded both budget and prior-year (2024) levels. This variance is attributable to increased utilization of the line of credit and related interest costs resulting from the timing of capital project expenditures being incurred prior to the receipt of property tax revenues due October 31, 2025.
- Other expenses were higher in 2025 than 2024 due to the write-off of significant amounts owing from oil & gas companies for property taxes which were determined to be uncollectible. This expense was expected to be partially offset by credits from the province with respect to the Provincial Education Requisition Credit (PERC) of these taxes.
- Amortization of Tangible Capital Assets is lower in 2025 than 2024; however, the MD does not budget for amortization. We also review our TCA policy on an annual basis and adjust the useful life of the asset as required.



STATEMENT OF OPERATIONS (continued)

OPERATING EXPENSES - continued

Schedule 2 (Schedule of Segment Disclosures) presents the operating expenses by major segments which are a combination of the departments that have similar activities.



- General Government was higher in 2024 due to an Aerial ortho project.
- Transportation Services showed less expense than budgeted relating to the decrease of maintenance and construction projects.
- Utilities saw a significant decrease from budget over the last two years. As a direct response to reduced repairs on ageing infrastructure.

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

The Statement of Changes in Net Financial Assets reconciles the difference between opening and closing net financial assets as compared to the MD's net income for the year. It does this by showing how much money was spent on or recovered from non-financial assets, such as capital assets or inventory.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows summarizes the sources and uses of cash and cash equivalents. It reconciles the opening and closing cash positions of the MD using the operating revenues and expenses, capital funding and expenditures, investment and financing transactions.

As the revenues and expenses include "non-cash" transactions such as amortization expense, these "non-cash" transactions are removed from the income to indicate the actual effect on cash.

SCHEDULES OF THE FINANCIAL STATEMENTS

There are currently six schedules in the financial statements, which are used to provide additional detail to the financial statements. These schedules include:

- Schedule 1 - Schedule of Government Transfers
- Schedule 2 - Schedule of Segmented Disclosure
- Schedule 3 - Schedule of Changes in Accumulated Surplus
- Schedule 4 - Schedule of Net Municipal Property Taxes
- Schedule 5 - Schedule of Expenses by Object
- Schedule 6 - Schedule of Tangible Capital Assets

Schedules 3 and 6 provide additional details on the accumulated surplus and tangible capital assets as presented in the Statement of Financial Position.

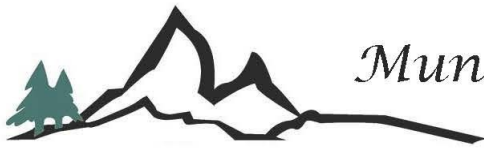
Schedules 1, 2, 4, and 5 provide additional details on the revenues and expenses as presented in the Statement of Operations.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional detail. These notes include the following:

- Significant accounting policies
- Details of Financial Statement balances
- Segment reporting details
- Disclosure of additional information not recorded in the financials
 - Debt limits
 - Council and CAO remuneration
 - Local Authorities Pension Plan
 - Commitments and contingencies

FUTURE OUTLOOKS



Municipal District of Willow Creek

Office of the Administrator

www.mdwillowcreek.com
273129 SEC HWY 520
Claresholm Industrial Area
Box 550, Claresholm Alberta T0L 0T0

Office: (403) 625-3351
Fax: (403) 625-3886
Shop: (403) 625-3030
Toll Free: 888-337-3351

June 25, 2026

On behalf of the administration of the Municipal District of Willow Creek No. 26, I am pleased to share our renewed direction through the implementation of the 2026–2031 Strategic Plan, which provides a clear and disciplined framework to guide Council, administration, and our community partners over the next five years.

This Strategic Plan reflects our commitment to building a strong, sustainable, and resilient rural municipality—one that continues to honour our agricultural heritage while proactively addressing governance excellence, public safety, infrastructure sustainability, and economic growth. The Plan establishes measurable priorities and accountability mechanisms to ensure progress is transparent and aligned with community expectations, while remaining adaptable to emerging opportunities and risks.

Operationally, the MD will continue to focus on delivering reliable services that residents depend on every day. This includes maintaining and improving transportation networks, enhancing emergency preparedness and fire services, supporting agricultural programs through the Agricultural Service Board, and strengthening communication with residents through modernized digital services. These efforts are supported by a commitment to continuous improvement, regulatory compliance, and service efficiency.

From a capital planning perspective, the next five years will see strategic investment in renewing and replacing core infrastructure. The MD is integrating lifecycle planning into budgeting decisions to ensure long-term affordability and sustainability of roads, bridges, facilities, and utilities. Investments will be guided by asset condition data, defined service levels, and risk management principles to ensure that infrastructure remains reliable while minimizing long-term financial pressures.

Looking ahead, the economic outlook for the MD of Willow Creek is one characterized by steady progress.

The municipality is well positioned to support growth through its strong agricultural base, expanding energy sector opportunities, and targeted development initiatives such as the Willow Creek Business Park, the Claresholm Airport and the Hamlet of Granum. Regional collaboration that will ensure the core services our citizens require will be the key driver that will attract new residents and businesses to widen our economic base to achieve an increased measure of diversification and resilience.

The updated 2026–2031 Strategic Plan provides a roadmap for thoughtful growth, responsible stewardship, and continued service excellence. Our organization remains committed to working collaboratively with Council, residents, and partners to ensure that the MD of Willow Creek continues to be a vibrant and prosperous rural community for current and future generations.

Derrick Krizsan C.L.G.M.
Chief Administrative Officer



FINANCIAL SECTION

YEAR ENDED DECEMBER 31, 2025

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PREPARED BY
MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26
FINANCE DEPARTMENT
JUNE, 2026

MD OF WILLOW CREEK No. 26

FINANCIAL STATEMENTS

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Year ended December 31, 2025

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Financial Statements

**MUNICIPAL DISTRICT OF
WILLOW CREEK NO. 26**

And Independent Auditor's Report thereon

Year ended December 31, 2025

Management's Responsibility for Financial Reporting

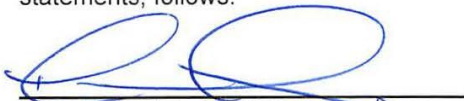
Municipal District of Willow Creek No. 26's (the "Municipal District") management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements. Management believes that the financial statements present fairly the Municipal District's financial position as at December 31, 2025 and the results of its operations for the year then ended.

The financial statements have been prepared in accordance with Canadian public sector accounting standards. Financial statements are not precise, since they 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 maintained 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 Municipal District's Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. Council fulfills 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 Municipal District's external auditors.

The financial statements have been audited by the independent firm of KPMG LLP, Chartered Professional Accountants. Their report to the Members of Council of the Municipal District of Willow Creek No. 26, stating the scope of their examination and opinion on the financial statements, follows.


Chief Administrative Officer
Director of Finance



KPMG LLP
3410 Fairway Plaza Road South
Lethbridge, AB T1K 7T5
Canada
Telephone 403 380 5700
Fax 403 380 5760

INDEPENDENT AUDITOR'S REPORT

To the Reeve and Members of Council of the Municipal District of Willow Creek No. 26

Opinion

We have audited the financial statements of the Municipal District of Willow Creek No. 26 (the Municipal District), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net financial assets (debt) for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipal District as at December 31, 2025 and its results of operations, its changes in net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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 Financial Statements"*** section of our auditor's report.

We are independent of the Municipal District in accordance with the ethical requirements that are relevant to our audit of the 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 opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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 Municipal District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- 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 Municipal District'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 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 Municipal District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a long horizontal line underneath.

Chartered Professional Accountants

Lethbridge, Canada

April 27, 2026

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

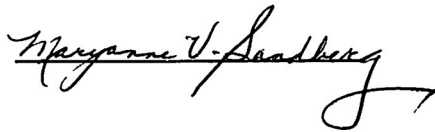
Statement of Financial Position

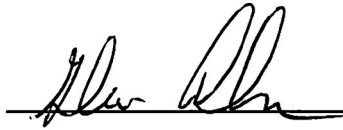
December 31, 2025, with comparative information for 2024

	2025	2024
Financial Assets:		
Cash and short-term investments (note 3)	\$ 12,436,786	\$ 13,724,515
Taxes and grants in place of taxes (note 4)	588,483	477,065
Trade and other accounts receivable (note 5)	576,480	857,748
Land held for resale inventory	29,916	14,916
	<u>13,631,665</u>	<u>15,074,244</u>
Financial Liabilities:		
Accounts payable and accrued liabilities	1,279,983	1,583,657
Deferred revenue (note 6)	2,408,476	3,198,024
Employee future benefits (note 7)	94,845	85,318
Debt (note 8)	66,660	198,860
Asset retirement obligations (note 10)	3,429,818	3,329,920
	<u>7,279,782</u>	<u>8,395,779</u>
Net financial assets	6,351,883	6,678,465
Non-Financial Assets:		
Prepaid expenses	425,007	350,533
Inventory for consumption	2,290,026	2,835,350
Tangible capital assets (Schedule 6)	85,672,985	84,129,049
	<u>88,388,018</u>	<u>87,314,932</u>
Contingent liabilities (note 16)		
Accumulated surplus (note 9 and Schedule 3)	\$ 94,739,901	\$ 93,993,397

See accompanying notes to financial statements.

On behalf of the Council:





MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

	Budget (note 17)	2025	2024
Revenue:			
Net municipal property taxes (Schedule 4)	\$ 13,585,000	\$ 13,557,771	\$ 12,790,445
User fees and sales of goods	555,800	1,002,238	717,932
Government transfers for operating (Schedule 1)	1,635,950	1,628,654	2,479,750
Return on Investments	404,000	230,378	468,373
Penalties and costs on taxes	117,500	312,086	132,811
Licenses and permits	9,500	7,869	9,020
Other revenues	1,270,116	1,503,166	1,311,360
Rentals	94,500	93,295	99,195
Franchise fees	-	-	5,140
Fines	30,000	36,865	30,942
Total revenue	17,702,366	18,372,322	18,044,968
Expenses (Schedule 5):			
Elected officials	435,175	443,897	421,721
General administration	1,782,175	1,836,277	2,442,931
Information technology	805,875	737,896	708,035
Fire	746,950	749,922	700,725
Disaster and emergency services	38,000	61,296	45,407
Claresholm medical clinic	4,900	28,204	13,231
Emergency services and bylaw enforcement	1,189,664	1,095,972	974,694
Transportation	8,934,100	7,991,464	7,578,834
Water development	724,750	704,393	734,227
Garbage collection and disposal	308,225	278,670	245,363
Cemeteries	56,717	42,030	22,310
Development and planning	742,125	756,338	738,110
Agricultural services board	718,125	658,413	658,518
Recreation boards	360,150	359,300	372,275
Parks and recreation	49,410	59,802	46,871
Libraries	132,100	132,706	131,027
Family and community support	223,500	223,360	223,360
Amortization of tangible capital assets	-	5,401,508	6,230,863
Total expenses	17,251,941	21,561,448	22,288,502
Excess (deficiency) of revenue over expenses from operations	450,425	(3,189,126)	(4,243,534)
Other:			
Contributed tangible capital assets	-	84,565	80,514
Government transfer for capital (Schedule 1)	417,700	3,520,835	2,518,279
Gain on sale of tangible capital assets	-	330,230	422,718
	417,700	3,935,630	3,021,511
Excess (deficiency) of revenues over expenses (Schedule 2)	32,725	746,504	(1,222,023)
Accumulated surplus, beginning of year	93,993,397	93,993,397	95,215,420
Accumulated surplus, end of year	\$ 94,026,122	\$ 94,739,901	\$ 93,993,397

See accompanying notes to financial statements.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2025, with comparative information for 2024

	Budget (note 17)	2025	2024
Excess (deficiency) of revenue over expenses	\$ 32,725	\$ 746,504	\$ (1,222,023)
Acquisition of tangible capital assets	(17,056,100)	(7,225,245)	(4,518,255)
Contributed tangible capital assets	(12,000)	(84,565)	-
Amortization of tangible capital assets	-	5,401,508	6,230,863
Gain on sale of tangible capital assets	-	(330,230)	(422,718)
Proceeds on disposal of tangible capital assets	-	679,596	528,204
Transfer to land held for resale	-	15,000	-
Net change in prepaid expense	-	(74,474)	24,924
Net change in inventory for consumption	-	545,324	(1,666,595)
Change in net financial assets	(17,035,375)	(326,582)	(1,045,600)
Net financial assets, beginning of year	6,678,465	6,678,465	7,724,065
Net financial assets (debt), end of year	\$(10,356,910)	\$ 6,351,883	\$ 6,678,465

See accompanying notes to financial statements.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ 746,504	\$ (1,222,023)
Non-cash items included in excess (deficiency) of revenue over expenses:		
Amortization of tangible capital assets	5,401,508	6,230,863
Contributed tangible capital assets	(84,565)	(80,514)
Gain on sale of tangible capital assets	(330,230)	(422,718)
Accretion expense on asset retirement obligations	99,898	96,988
	5,833,115	4,602,596
Changes in non-cash assets and liabilities:		
Taxes and grants in place of taxes	(111,418)	70,527
Trade and other accounts receivable	281,268	(581,164)
Land held for resale inventory	(15,000)	29,259
Accounts payable and accrued liabilities	(303,674)	214,685
Deferred revenue	(789,548)	1,729,133
Employee future benefits	9,527	(4,727)
Prepaid expenses	(74,474)	24,924
Inventory for consumption	545,324	(1,666,594)
	5,375,120	4,418,639
Capital activities:		
Acquisition of tangible capital assets	(7,225,245)	(4,437,742)
Proceeds on disposal of tangible capital assets	679,596	528,204
Transfer to land held for resale	15,000	-
	(6,530,649)	(3,909,538)
Financing activities:		
Principal repayment of debt	(132,200)	(130,717)
	(132,200)	(130,717)
(Decrease) increase in cash and short-term investments	(1,287,729)	378,384
Cash and short-term investments, beginning of year	13,724,515	13,346,131
Cash and short-term investments, end of year	\$ 12,436,786	\$ 13,724,515

See accompanying notes to financial statements.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Schedule 3 - Schedule of Changes in Accumulated Surplus

Year ended December 31, 2025, with comparative information for 2024

	Unrestricted	Restricted surplus	Equity in tangible capital assets	2025	2024
Balance, beginning of year	\$ 247,127	\$ 13,146,001	\$ 80,600,269	\$ 93,993,397	\$ 95,215,420
Excess (deficiency) of revenues over expenses	746,504	-	-	746,504	(1,222,023)
Transferred from restricted surplus	3,468,214	(3,468,214)	-	-	-
Transferred to restricted surplus	(2,607,669)	2,607,669	-	-	-
Current year funds used for tangible capital assets	(7,225,245)	-	7,225,245	-	-
Transfer to land held for resale	15,000	-	(15,000)	-	-
Contributed tangible capital assets	(84,565)	-	84,565	-	-
Net book value of tangible capital assets disposed	349,366	-	(349,366)	-	-
Amortization of tangible capital assets	5,173,797	-	(5,173,797)	-	-
Amortization of ARO expense	227,711	-	(227,711)	-	-
Accretion expense	99,898	-	(99,898)	-	-
Decrease in debt	(132,200)	-	132,200	-	-
Change in accumulated surplus	30,811	(860,545)	1,576,238	746,504	(1,222,023)
Balance, end of year	\$ 277,938	\$ 12,285,456	\$ 82,176,507	\$ 94,739,901	\$ 93,993,397

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MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Schedule 6 - Schedule of Tangible Capital Assets

Year ended December 31, 2025, with comparative information for 2024

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Assets under construction	2025	2024
Cost:									
Balance, beginning of year	\$ 6,792,621	\$ 764,766	\$ 14,072,412	\$ 227,532,979	\$ 18,532,866	\$ 7,492,801	\$ 2,573,247	\$ 277,761,692	\$ 274,944,982
Acquisition of tangible capital assets	-	-	385,673	4,419,580	2,184,885	235,107	-	7,225,245	4,437,741
Contributed tangible capital assets	-	-	-	-	84,565	-	-	84,565	80,514
Work in progress transfers	-	-	(80,315)	2,194,789	-	146,243	(2,260,717)	-	-
Disposal of tangible capital assets	(15,000)	-	-	(385,875)	(1,297,352)	(85,178)	-	(1,783,405)	(1,701,545)
Transfer to land for resale	(15,000)	-	-	-	-	-	-	(15,000)	-
Balance, end of year	6,762,621	764,766	14,377,770	233,761,473	19,504,964	7,788,973	312,530	283,273,097	277,761,692
Accumulated amortization:									
Balance, beginning of year	-	290,671	3,639,233	176,519,218	8,858,142	4,325,379	-	193,632,643	188,997,839
Prior period adjustments	-	-	-	-	-	-	-	-	-
Accumulated amortization on disposals	-	-	-	(361,481)	(987,380)	(85,178)	-	(1,434,039)	(1,596,059)
Amortization	-	26,497	223,325	2,997,362	1,504,216	422,397	-	5,173,797	6,003,152
Asset retirement obligation amortization	-	-	5,280	221,569	862	-	-	227,711	227,711
Balance, end of year	-	317,168	3,867,838	179,376,668	9,375,840	4,662,598	-	197,600,112	193,632,643
Net book value of tangible capital assets	6,762,621	447,598	10,509,932	54,384,805	10,129,124	3,126,375	312,530	85,672,985	84,129,049
2024 Net book value of tangible capital assets	\$ 6,792,621	\$ 474,095	\$ 10,433,179	\$ 51,013,761	\$ 9,674,724	\$ 3,167,422	\$ 2,573,247	\$ 84,129,049	

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Schedule 4 - Schedule of Net Municipal Property Taxes

Year ended December 31, 2025, with comparative information for 2024

	Budget (note 17)	2025	2024
General taxation:			
Real property tax	\$ 9,866,536	\$ 9,867,380	\$ 9,060,463
Special tax - Claresholm	-	-	54,854
Linear property tax	9,796,361	9,770,051	9,065,863
Government grants in place of property taxes	9,457	7,694	(593)
	19,672,354	19,645,125	18,180,587
Requisitions:			
Alberta School Foundation Fund	4,885,234	4,885,234	4,139,243
Claresholm Recreation	-	-	54,918
Provincial Policing costs	469,408	469,408	496,286
Seniors Foundations	657,685	657,685	621,788
Designated Industrial Property	75,027	75,027	77,907
	6,087,354	6,087,354	5,390,142
Net municipal property tax	\$ 13,585,000	\$ 13,557,771	\$ 12,790,445

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MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Schedule 1 - Schedule of Government Transfers

Year ended December 31, 2025, with comparative information for 2024

	Budget (note 17)	2025	2024
Transfers for operating:			
General administration	\$ 558,200	\$ 563,711	\$ 1,377,395
Disaster Services	-	-	19,286
Bylaw & emergency services	28,225	10,595	12,172
Family and community support	178,700	178,688	178,688
Agricultural services board	186,250	191,247	186,247
Environmental Services	6,000	5,838	3,027
Roads, streets, walks, lighting	678,575	678,575	702,935
	1,635,950	1,628,654	2,479,750
Transfers for capital:			
Provincial government	417,700	3,520,835	2,518,279
Total government transfers	\$ 2,053,650	\$ 5,149,489	\$ 4,998,029

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Schedule 5 - Schedule of Expenses by Object

Year ended December 31, 2025, with comparative information for 2024

	Budget (note 17)	2025	2024
Salaries, wages and benefits	\$ 7,740,935	\$ 7,581,882	\$ 7,045,709
Contracted and general services	3,203,475	2,739,654	3,250,709
Materials, goods and utilities	5,399,456	4,872,954	4,875,473
Transfers to local boards	360,150	359,300	372,275
Interest and bank charges	7,875	17,167	9,164
Transfers to organizations and individuals	490,050	487,156	488,084
Other	50,000	101,827	16,225
Amortization	-	5,401,508	6,230,863
Total expenses by object	\$ 17,251,941	\$ 21,561,448	\$ 22,288,502

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MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Schedule 2 - Schedule of Segmented Disclosures

Year ended December 31, 2025, with comparative information for 2024

	General government	Bylaw & emergency services	Disaster services	Protective services (Fire)	Transportation services	Planning and development	Parks & recreation	Agricultural service board	Environmental services	Other	2025	2024
Revenue:												
Net municipal taxes	\$ 13,557,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,557,771	\$ 12,790,445
Government transfers	742,399	10,595	-	-	678,575	-	-	191,247	5,838	-	1,628,654	2,479,749
User fees and sales of goods	40,387	-	-	377,340	56,283	447,703	5,597	74,928	-	-	1,002,238	717,932
Investment income	230,378	-	-	-	-	-	-	-	-	-	230,378	468,373
Contributed Assets	84,565	-	-	-	-	-	-	-	-	-	84,565	80,514
Penalties and cost of taxes	312,086	-	-	-	-	-	-	-	-	-	312,086	132,811
Licenses and permits	-	-	-	-	-	7,869	-	-	-	-	7,869	9,020
Rentals	-	-	-	-	4,335	-	-	7,360	12,000	69,600	93,295	99,195
Fines	36,865	-	-	-	-	-	-	-	-	-	36,865	30,942
Franchise Fees	-	-	-	-	-	-	-	-	-	-	-	5,140
Gain on disposal of tangible capital assets	330,230	-	-	-	-	-	-	-	-	-	330,230	422,718
Other	223,235	214,529	32,466	148,841	339,275	50,619	-	7,464	486,737	-	1,503,166	1,311,361
Government grant capital	-	-	-	-	3,520,835	-	-	-	-	-	3,520,835	2,518,279
	15,557,916	225,124	32,466	526,181	4,599,303	506,191	5,597	280,999	504,575	69,600	22,307,952	21,066,479
Expenses:												
Salaries, wages and benefits	1,691,507	814,775	132	10,211	4,150,632	338,011	11,181	438,795	126,638	-	7,581,882	7,045,709
Contracted and general services	755,734	103,384	45,074	571,960	477,547	416,047	20,049	51,298	283,100	15,461	2,739,654	3,250,709
Materials, goods, and utilities	426,508	177,816	16,089	167,752	3,340,785	2,280	-	168,319	500,353	44,481	4,872,954	4,875,473
Transfers to local boards	-	-	-	-	-	-	359,300	-	-	-	359,300	372,275
Other	101,827	-	-	-	-	-	-	-	-	-	101,827	16,225
Interest and bank charges	17,167	-	-	-	-	-	-	-	-	-	17,167	9,164
Transfers to organizations and individuals	248,686	-	-	-	22,500	-	-	-	72,872	142,998	487,156	488,084
Amortization	164,158	78,316	-	425,307	4,640,060	-	12,151	66,329	15,187	-	5,401,508	6,230,863
	3,405,587	1,174,291	61,295	1,175,230	12,631,524	756,338	431,252	724,741	998,250	202,940	21,561,448	22,288,502
Excess (deficiency) of revenue over expenses	\$ 12,152,329	\$ (949,167)	\$ (28,829)	\$ (649,049)	\$ (8,032,221)	\$ (250,147)	\$ (425,655)	\$ (443,742)	\$ (493,675)	\$ (133,340)	\$ 746,504	\$ (1,222,023)

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements

Year ended December 31, 2025

1. Significant accounting policies:

The financial statements of the Municipal District of Willow Creek No. 26 (the "Municipal District") are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by the Municipal District are as follows:

(a) Reporting entity:

The financial statements reflect the assets, liabilities, revenue and expenses, of the reporting entity which comprises all of the organizations that are owned or controlled by the Municipal District are, therefore, accountable to the Municipal District for the administration of their financial affairs and resources.

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 are 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 the 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.

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

(c) Cash and temporary investments:

Cash and temporary investments include cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(d) Investments:

Investments consist of funds on deposit. As the Municipal District has the ability and the intent to hold these investments to maturity they have been recorded at amortized cost. Investment premiums and discounts are amortized over the term of the respective investments. For investments recorded at amortized cost, when there has been a loss in the value that is other than a temporary decline, the respective investment is written down to its realizable value. As all investments are recorded at amortized cost, there are no fair value adjustments which are not recognized through the Statement of Operations, as such, no Statement of Unrealized Gains or Losses is presented.

(e) Revenue recognition:

All revenues are recorded on an accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as deferred revenue.

i. Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

ii. Exchange transactions

Revenue from sales and user fees and other exchange transactions is recognized when the Municipal District satisfies its performance obligation with 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. Licenses and permits 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.

iii. Non-exchange transactions

Revenue from net municipal property taxes and other non-exchange transactions is recognized when the Municipal District has the ability to claim or retain an inflow of economic resources and a past transaction or event giving rise to the asset has occurred.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(f) Inventories for resale:

Land inventory held for resale is recorded as 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 leveling. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under their respective function.

(g) Asset Retirement Obligations:

Asset retirement obligations are legal obligations associated with the retirement of tangible capital asset. Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to:

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use; post-retirement activities such as monitoring; and
- constructing other tangible capital assets to perform post-retirement activities.

A liability for an asset retirement obligation is recognized when, as at the financial reporting date:

- (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

At each financial reporting date, the Municipal District reviews the carrying amount of the liability. The Municipal District recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Municipal District continues to recognize the liability until it is settled. Disbursements made to settle the liability are deducted from the reported liability when they are made.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(h) Contaminated sites liability:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is measured at management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

Liabilities for contaminated sites are measured using discounted cash flows reflecting the time value of money and are recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Municipal District 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.

(i) 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.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(j) 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.

i. Tangible capital assets:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable 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:

Assets	Years
Buildings	25 - 100
Land improvements	15 - 45
Engineered structures	15 - 100
Machinery and equipment	5 - 25
Vehicles	5 - 25

Assets under construction are not amortized until the asset is available for productive use.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(j) Non-financial assets (continued):

ii. Contribution of tangible capital assets:

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii. Inventories:

Inventories held for consumption are recorded at the lower of cost and replacement cost.

iv. Asset impairment:

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Municipal District's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital asset is less than their book value. The net write-downs are accounted for as an expense.

v. 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.

vi. Works of art and cultural and historical assets:

Works of art and cultural and historical assets are not recorded as assets in these financial statements.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(k) 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 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. Significant areas subject to such estimates and assumptions include the estimated useful life of tangible capital assets, asset retirement obligations, taxes and grants in place of taxes, and land held for resale. Actual results could differ from those estimates.

(l) Employee future benefits:

The Municipal District is a member of a defined contribution multi-employer pension plan covering substantially all of its employees. Pension contributions are accounted for using defined contribution accounting, wherein contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Recent accounting pronouncements:

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board ("PSAB"). In 2026, the Municipal District will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

(a) The Conceptual Framework for Financial Reporting in the Public Sector:

The Conceptual Framework for Financial Reporting in the Public Sector, is the foundation for public sector financial reporting standards. It replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

This revised framework is effective for fiscal years beginning on or after April 1, 2026. Early adoption is permitted. The conceptual framework is to be applied prospectively.

(b) PS 1202 Financial Statement Presentation:

Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework. This is effective for fiscal years beginning on or after April 1, 2026. Early adoption is permitted only if the Conceptual Framework for Financial Reporting in the Public Sector is also adopted at the same time.

(c) PS 3251 - Employee Benefits:

Effective for fiscal years beginning on or after April 1, 2029, the new standard replaces the existing employee benefits guidance in Sections PS 3250 and PS 3255.

3. Cash and short-term investments:

Short-term investments are short-term deposits with maturities of twelve months or less. The Municipal District did not have any temporary investments in 2025 or 2024.

Included in cash and short-term investments is a restricted amount of \$2,018,942 (2024 - \$2,647,410) received from senior levels of government and held exclusively for capital projects. See capital portion of deferred revenue in note 6.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

4. Taxes and grants in place of taxes:

	2025	2024
Taxes and grants in place of taxes:		
Current	\$ 620,043	\$ 442,989
Arrears	104,143	70,585
	724,186	513,574
Less: allowance for doubtful accounts	(135,703)	(36,509)
	\$ 588,483	\$ 477,065

5. Trade and other receivables:

	2025	2024
Trade and other accounts receivable	\$ 474,977	\$ 747,658
Goods and services tax receivable	107,366	119,501
	582,343	867,159
Less: Allowance for doubtful accounts	(5,863)	(9,411)
	\$ 576,480	\$ 857,748

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

6. Deferred revenue:

	2025	2024
Deferred revenue, beginning of year	\$ 3,198,024	\$ 1,468,891
Funds received in the year:		
Operating	390,834	542,648
Capital	2,819,439	4,341,485
	3,210,273	4,884,133
Amounts recognized in revenue during the year:		
Operating	(546,470)	(528,247)
Capital	(3,453,351)	(2,626,753)
	(3,999,821)	(3,155,000)
Deferred revenue, end of year	\$ 2,408,476	\$ 3,198,024
Deferred revenue is comprised of:		
Operating:		
Dead Stock Removal Grant	\$ 1,864	\$ 6,917
Prepaid property tax	321,342	295,201
Medical First Response (MFR)	14,892	4,838
Fire Services Training Grant	17,628	10,595
Claresholm Community Hall - 2025 Fire Games	330	330
2021/22 Alberta Community Partnership Strategic Initiatives	-	125,999
Disaster Services	-	23,595
Community Foundation Grant - Granum Library	-	9,593
Community Foundation Grant - Rural Life	-	15,000
Community Foundation Grant - Food Bank	-	3,500
Intact Insurance Company - Granum Cemetery Sign	-	26,717
Other	33,478	28,329
Capital:		
Alberta Community Resilience Program	-	65,010
Canada Community Building Fund	-	444,939
Strategic Transportation Infrastructure Program (STIP)	2,018,942	2,137,461
	\$ 2,408,476	\$ 3,198,024

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

7. Employee future benefits:

	2025	2024
Vacation pay	\$ 66,928	\$ 43,955
Banked overtime	13,106	12,743
Sick time accrual	14,810	28,620
	<u>\$ 94,845</u>	<u>\$ 85,318</u>

8. Debt:

	2025	2024
Tax supported debentures	\$ 66,660	\$ 198,860

The current portion of long-term debt amounts to \$66,660 (2024 - \$132,200). Principal and interest repayments are as follows:

	Principal	Interest	Total
2026	\$ 66,660	\$ 377	\$ 67,037

Debenture debt is repayable to the Government of Alberta Department of Treasury Board and Finance and bears interest at the rates of 1.13% per annum, before Provincial subsidy, and matures in 2026. Debenture debt is issued on the credit and security of the Municipal District at large.

Interest payments on debt amounted to \$1,809 (2024 - \$1,875).

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

9. Accumulated surplus:

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

	2025	2024
Unrestricted surplus	\$ 277,938	\$ 247,127
Restricted surplus:		
Operating:		
Granum	167,416	167,416
Granum Cemetery	8,459	1,050
Discretionary grants	3,815	1,341
Physicians recruitment	41,200	41,200
Capital:		
Fire	1,082,274	473,738
Capital acquisition reserve	1,840,530	2,201,267
Equipment	872,160	1,414,068
Claresholm Medical Centre	504,188	441,526
Disaster Services	342,882	319,286
Landfill	16,684	16,683
Protective services	397,089	197,089
Claresholm Industrial Airport	320,275	320,275
Roads	4,796,263	5,422,534
Granum equipment	121,246	121,246
Granum land development	112,088	43,223
Granum water system replacement	142,300	162,300
Bridge file	1,028,437	1,092,151
Gravel pit reclamation	100,000	100,000
Buildings	288,150	509,608
Environmental Buildings	100,000	100,000
	12,285,456	13,146,001
Equity in tangible capital assets	82,176,507	80,600,269
	\$ 94,739,901	\$ 93,993,397

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

9. Accumulated surplus (continued):

	2025	2024
Equity in tangible capital assets:		
Tangible capital assets (Schedule 6)	\$283,273,097	\$277,761,692
Accumulated amortization (Schedule 6)	(197,600,112)	(193,632,643)
Loans related to capital assets	(66,660)	(198,860)
Asset retirement obligation	(3,429,818)	(3,329,920)
	\$ 82,176,507	\$ 80,600,269

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

10. Asset retirement obligations and environmental liabilities:

	2025	2024
Asset retirement obligations, beginning of year	\$ 3,329,920	\$ 3,232,932
Accretion expense	99,898	96,988
	<u>\$ 3,429,818</u>	<u>\$ 3,329,920</u>

Tangible capital assets with associated retirement obligations include buildings, fuel tanks, a lagoon and gravel pits.. The Municipal District has asset retirement obligations to remove hazardous asbestos fiber containing materials from various buildings under its control. Regulations require the Municipal District to handle and dispose of the asbestos in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although timing of the asbestos removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the Municipal District to remove the asbestos when asset retirement activities occur.

The Municipal District has identified an asset retirement obligation related to its lagoon. This obligation arises from regulations that require the Municipal District to decommission the lagoon and remediate the associated site upon permanent closure. Retirement activities may include abandonment and removal of structures, site remediation, and reclamation.

The Municipal District also has an obligation to remediate and restore the land associated with the gravel pits to their original condition, including replacement of top soil and vegetation.

Asset retirement obligations are initially measured as of the date the legal obligation was incurred, based on management's best estimate of the amount required to retire tangible capital assets and subsequently remeasured taking into account any new information and the appropriateness of assumptions used. The estimate of the liability is based on a quote from a third-party who completed a survey and supplemental sampling at all Municipal District buildings.

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. Asset retirement obligations are expected to be settled over the next 5 to 50 years.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

11. Debt limits:

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Municipal District be disclosed as follows:

	2025	2024
Total debt limit	\$ 28,053,828	\$ 27,701,529
Total debt	(66,660)	(198,860)
Amount of debt limit unused	27,987,168	27,502,669
Debt servicing limit	4,675,638	4,616,922
Debt servicing	(67,037)	(130,717)
Amount of debt servicing unused	\$ 4,608,601	\$ 4,486,205

The debt limit is calculated at 1.5 times revenue of the Municipal District (as defined in Alberta Regulation 255/2000) and the debt service 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 Municipal District. Rather, the financial statements must be interpreted as a whole.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

12. Local Authorities Pension Plan:

The Municipal District participates in a multi-employer defined pension plan. The plan is accounted for as a defined contribution plan.

Employees of the Municipal District participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 317,000 people and about 453 employers. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Municipal District is required to make current service contributions to the LAPP of 8.45% (8.45% in 2024) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (11.65% in 2024) on pensionable earnings above this amount. Employees of the Municipal District are required to make current service contributions of 7.45% (7.45% in 2024) of pensionable salary up to the year's maximum pensionable salary and 10.65% (10.65% in 2024) on pensionable salary above this amount.

Total current service contributions by the Municipal District to the LAPP in 2025 were \$391,559 (2024 - \$394,205). Total current service contributions by the employees of the Municipal District to the LAPP in 2025 were \$349,854 (2024 - \$352,117).

At December 31, 2024, the LAPP disclosed an actuarial surplus of \$19.6 billion (2023 - surplus of \$15.1 billion); the 2025 LAPP actuarial balance was not available at the date of this report.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

13. Segmented disclosure:

Segmented information has been identified based upon lines of service provided by the Municipal District. Municipal District services are provided by departments and their activities are reported by functional area in the body of the financial statements. The segmented information is presented in Schedule 2. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government:

The mandate of general government includes all Council governance, administrative and taxation functional activities.

(b) Protective and Bylaw Services:

The mandate of Protective and Bylaw Services is to provide for policing and bylaw services.

(c) Disaster Services:

The mandate of Disaster Services includes municipal emergency planning, disaster response and emergency services dispatching.

(d) Fire and Emergency Services:

The mandate of Fire and Emergency Services is to provide for the rescue and protection of people and property within the Municipal District through effective and efficient management and coordination of emergency service systems and resources.

(e) Transportation Services:

Transportation Services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway system, streets, walks and lighting, asset management and infrastructure design and construction.

(f) Planning and Development:

Planning and Development is responsible for the administration of municipal planning documents pertaining to residential, commercial, industrial and agricultural development services within the Municipal District.

(g) Recreation and Culture:

The Recreation and Culture department is responsible for providing regional recreation, summer games and community event funding.

(h) Agricultural Service Board:

The mandate of the Agricultural Service Board is to undertake the requirements of the Agricultural Service Board Act, Weed Control Act, Soil Conservation Act and to provide guidance on agricultural matters to the municipal council and agricultural related services to the public.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

13. Segmented disclosure: (continued):

(i) Environmental Services:

Environmental Services is responsible for water supply and distribution services within the Municipal District including water and waste services, solid waste disposal and recycling services.

(j) Community Services:

Community Services provides funding for programs that support individuals, families, and communities through programs and services which are delivered through Family and Community Support Services, cemetery services and medical facilities.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenditure. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

14. Salary and benefits disclosure:

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

	Salaries (i)	Benefits and Allowances (ii)	Total 2025	Total 2024
Division 1 - Van Driesten	\$ 39,932	\$ 13,223	\$ 53,155	\$ 51,189
Division 2 - Kroetsch	33,277	8,894	42,171	49,887
Division 2 - Fleming	6,656	2,595	9,251	-
Division 3 - Sandberg	51,341	9,779	61,120	57,973
Division 4 - Alm	39,932	13,647	53,579	51,612
Division 5 - Hemmaway	39,932	9,327	49,259	45,689
Division 6 - Berger	39,932	11,317	51,249	49,069
Division 7 - Nelson	39,932	9,418	49,350	46,750
	290,934	78,200	369,134	352,169
Chief Administrative Officer	\$ 280,826	\$ 42,178	\$ 323,004	\$ 303,375

i) Salary includes regular base pay. For Councillors, salary includes a monthly allowance to attend special events and per diem reimbursement for authorized meetings attended.

ii) For non-elected officials, employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term plans as well as travel allowances, and professional memberships and tuition.

Benefits and allowances also include the employer's share of the costs of additional taxable benefits.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

15. Financial instruments:

The Municipal District as part of its operations carries a number of financial instruments, such as cash and short-term investments, accounts receivable, investments, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Municipal District is not exposed to significant interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

i. Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Municipal District manages exposure through its normal operating and financing activities.

ii. Credit concentration:

The Municipal District is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipal District provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

iii. Liquidity risk:

Liquidity risk is the risk that the Municipal District will not be able to meet its financial obligations as they become due. The Municipal District manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Financial Statements (continued)

Year ended December 31, 2025

16. Contingent liabilities:

- i. The Municipal District is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Municipal District could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.
- ii. The Municipal District is a member of the Willow Creek Waste Management Services Commission (the "Commission"). The Commission has not determined what the future liability is to close the landfill sites and consequently, the Municipal District could become liable for its proportionate share of any closure and post closure costs in excess of the funds held by the Commission. As of the reporting date, these costs are not determinable.

17. Budget:

The budget information presented in these financial statements is based upon the 2025 operating and capital budgets approved by the Reeve and Council of the Municipal District of Willow Creek on April 9, 2025.

18. Approval of financial statements:

Council and Management approved these financial statements.

19. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses or accumulated surplus.



STATISTICAL SECTION

YEAR ENDED DECEMBER 31, 2025

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PREPARED BY
MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26
FINANCE DEPARTMENT
JUNE, 2026

MD OF WILLOW CREEK No. 26

STATISTICS

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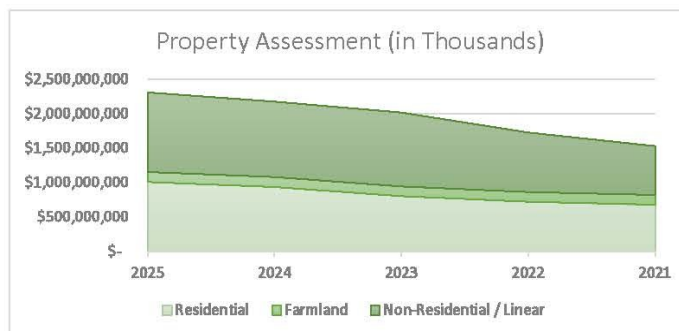
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DEMOGRAPHICS, AREA, & OTHER

	2025	2024	2023	2022	2021
Population	6081	6,081	6,081	6,081	6,081
Number of Dwelling Units	2604	2,583	2,575	2,563	2,542
Area of Municipality (Hectares)	448,505	448,505	448,505	448,505	456,952
Number of Hamlets	4	4	4	4	4
Road Maintained (Km)	2,259	2,259	2,259	2,259	2,259
Water Pipeline (km)	46	46	46	46	46
Development Permits	130	150	110	113	149
Subdivisions and Applications	12	15	13	14	22
Full Time Staff	49	47	48	46	46

PROPERTY ASSESSMENT (in thousands)

	2025	2024	2023	2022	2021
Residential	\$ 1,007,733,910	\$ 933,484,200	\$ 802,151,390	\$ 720,520,680	\$ 675,313,910
Farmland	\$ 143,521,440	\$ 143,541,430	\$ 143,634,520	\$ 143,702,770	\$ 143,697,540
Non-Residential / Linear	\$ 1,155,474,220	\$ 1,100,705,280	\$ 1,073,515,370	\$ 860,192,130	\$ 712,573,620
TOTAL TAXABLE ASSESSMENT	\$ 2,306,729,570	\$ 2,177,730,910	\$ 2,019,301,280	\$ 1,724,415,580	\$ 1,531,585,070



TAX RATES (expressed in mills)

	2025	2024	2023	2022	2021
Municipal					
- Residential	2.318000	2.420000	3.061000	3.684000	3.759000
- Farmland	10.23200	9.617000	8.393000	7.990000	7.467000
- Non-Residential / Linear	8.261000	8.095000	7.936000	7.936000	7.936000
Education Requisition					
- Residential / Farmland	2.624000	2.306000	2.362000	2.546000	2.580000
- Non-Residential / Linear	3.884000	3.577000	3.475000	3.598000	3.859000
Senior Foundation Requisition					
- Willow Creek	0.285000	0.286000	0.289000	0.314000	0.371000
- Porcupine Hills	0.285000	0.286000	0.289000	0.200000	0.294000
- Mosquito Creek	0.285000	0.286000	0.289000	0.492000	0.528000
- Linear	0.285000	0.286000	0.289000	0.195000	0.159000
Special Levy					
- Granum - Infrastructure	4.581000	5.851000	5.851000	6.510000	6.986000
- Granum - Recreation Area		-	-	-	-
- Claresholm - Recreation Area		0.254000	0.262000	-	0.172000
Provincial Policing Costs	0.204000	0.228000	0.218000	0.171000	0.144000
Designated Industrial Property Tax	0.070000	0.076500	0.075000	0.077000	0.077000

TOTAL TAX COLLECTIONS

	2025	2024	2023	2022	2021
Net Municipal Taxes	\$ 13,585,000	\$ 12,790,445	\$ 12,411,635	\$ 10,757,334	\$ 9,496,554
Requisitions:					
- School	\$ 4,885,234	\$ 4,139,243	\$ 3,770,270	\$ 3,698,335	\$ 3,575,760
- Seniors	\$ 657,685	\$ 621,788	\$ 584,131	\$ 485,039	\$ 473,969
- Policing	\$ 469,408	\$ 496,286	\$ 439,966	\$ 324,044	\$ 220,331
- Designated Industrial Property Tax	\$ 75,027	\$ 77,907	\$ 74,202	\$ 73,296	\$ 49,752
- Claresholm Recreation	\$ -	\$ 54,918	\$ 21,090		\$ 28,800
TOTAL TAX COLLECTION	\$ 19,672,354	\$ 18,180,587	\$ 17,301,294	\$ 15,338,048	\$ 13,845,166

ASSETS, LIABILITIES, & SURPLUS

TAX RECEIVABLES AS % OF TAXES

- Tax Receivables	\$	588,483	\$	477,065	\$	547,592	\$	1,896,067	\$	125,139
- Total Tax Levies	\$	19,672,354	\$	18,180,587	\$	17,301,294	\$	15,338,048	\$	13,845,166
- Tax Receivable as % of Taxes		3.0%		2.6%		3.2%		12.4%		0.9%

Financial Assets	\$	13,631,665	\$	15,074,244	\$	14,214,483	\$	15,753,127	\$	13,832,879
Financial Liabilities	\$	7,279,782	\$	8,395,779	\$	6,490,418	\$	8,460,924	\$	4,465,129
NET FINANCIAL ASSETS	\$	6,351,883	\$	6,678,465	\$	7,724,065	\$	7,292,203	\$	9,367,750

Tangible Capital Assets	\$	85,672,985	\$	84,129,049	\$	85,947,143	\$	86,877,423	\$	88,609,852
Inventory Held for Consumption	\$	2,290,026	\$	2,835,350	\$	1,168,756	\$	1,401,791	\$	1,899,817
Prepaid Expenses	\$	425,007	\$	350,533	\$	375,456	\$	324,573	\$	242,797
ACCUMULATED SURPLUS	\$	94,739,901	\$	93,993,397	\$	95,215,420	\$	95,895,990	\$	100,120,216

Unrestricted Surplus	\$	277,938	\$	247,127	\$	269,480	\$	227,964	\$	255,448
Restricted Surplus (Reserves)	\$	12,285,456	\$	13,146,001	\$	12,561,306	\$	12,388,201	\$	11,618,019
Equity in Tangible Capital Assets	\$	82,176,507	\$	80,600,269	\$	82,384,634	\$	83,279,825	\$	88,246,749
ACCUMULATED SURPLUS	\$	94,739,901	\$	93,993,397	\$	95,215,420	\$	95,895,990	\$	100,120,216

REVENUES (by source)

	2025	2024	2023	2022	2021
Revenue:					
Net municipal property taxes	\$ 13,557,771	\$ 12,790,445	\$ 12,411,635	\$ 10,757,334	\$ 9,496,554
User fees and sales of goods	\$ 1,002,238	\$ 717,932	\$ 602,904	\$ 725,190	\$ 929,653
Government Transfers for operating	\$ 1,628,654	\$ 2,479,750	\$ 1,579,491	\$ 1,417,173	\$ 2,294,189
Return on Investments	\$ 230,378	\$ 468,373	\$ 544,394	\$ 189,599	\$ 100,472
Penalties and costs on taxes	\$ 312,086	\$ 132,811	\$ 93,281	\$ 81,132	\$ 67,170
Licenses and permits	\$ 7,869	\$ 9,020	\$ 8,930	\$ 9,408	\$ 9,698
Other revenues	\$ 1,503,166	\$ 1,311,360	\$ 1,491,003	\$ 2,262,426	\$ 1,166,179
Rentals	\$ 93,295	\$ 99,195	\$ 95,636	\$ 88,361	\$ 84,321
Franchise fees	\$ -	\$ 5,140	\$ 32,473	\$ 34,559	\$ 29,557
Fines	\$ 36,865	\$ 30,942	\$ 13,656	\$ 16,783	\$ 24,483
Well drilling	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING REVENUE	\$ 18,372,322	\$ 18,044,968	\$ 16,873,403	\$ 15,581,965	\$ 14,202,276
Contributed tangible capital assets	\$ 84,565	\$ 80,514	\$ 31,042	\$ 4,300	\$ 60,993
Government transfers for capital	\$ 3,520,835	\$ 2,518,279	\$ 2,610,450	\$ 3,333,174	\$ 4,187,482
Gain on sale of tangible capital assets	\$ 330,230	\$ 422,718	\$ 981,504	\$ 315,114	\$ 220,651
TOTAL REVENUE	\$ 22,307,952	\$ 21,066,479	\$ 20,496,399	\$ 19,234,553	\$ 18,671,402

EXPENSES (by function and object)

	2025	2024	2023	2022	2021
EXPENSES (by function)					
Elected officials	\$ 443,897	\$ 421,721	\$ 414,937	\$ 389,910	\$ 360,996
General administration	\$ 1,836,277	\$ 2,442,931	\$ 1,566,586	\$ 1,655,785	\$ 2,100,166
Information technology	\$ 737,896	\$ 708,035	\$ 517,093	\$ 489,430	\$ 438,934
Fire	\$ 749,922	\$ 700,725	\$ 776,358	\$ 636,755	\$ 705,861
Disaster and emergency services	\$ 61,296	\$ 45,407	\$ 42,501	\$ 41,429	\$ 214,526
Claresholm medical clinic	\$ 28,204	\$ 13,231	\$ 4,647	\$ 4,583	\$ 10,411
Emergency services and bylaw enforcement	\$ 1,095,972	\$ 974,694	\$ 975,907	\$ 915,802	\$ 618,426
Transportation	\$ 7,991,464	\$ 7,578,834	\$ 7,694,427	\$ 6,776,869	\$ 6,762,526
Water development	\$ 704,393	\$ 734,227	\$ 511,694	\$ 564,512	\$ 461,987
Garbage collection and disposal	\$ 278,670	\$ 245,363	\$ 233,509	\$ 220,799	\$ 240,148
Cemeteries	\$ 42,030	\$ 22,310	\$ 51,918	\$ 24,599	\$ 24,614
Development and planning	\$ 756,338	\$ 738,110	\$ 581,470	\$ 596,126	\$ 522,773
Agricultural services board	\$ 658,413	\$ 658,518	\$ 625,576	\$ 618,398	\$ 541,269
Recreation boards	\$ 359,300	\$ 372,275	\$ 338,400	\$ 291,300	\$ 280,037
Parks and recreation	\$ 59,802	\$ 46,871	\$ 58,552	\$ 27,422	\$ 114,531
Libraries	\$ 132,706	\$ 131,027	\$ 150,308	\$ 127,111	\$ 126,500
Family and community support	\$ 223,360	\$ 223,360	\$ 220,955	\$ 207,360	\$ 213,741
Amortization of capital assets	\$ 5,401,508	\$ 6,230,863	\$ 6,412,130	\$ 7,467,016	\$ 7,188,024
TOTAL EXPENSES BY FUNCTION	\$ 21,561,448	\$ 22,288,502	\$ 21,176,968	\$ 21,055,206	\$ 20,925,470

Note: The term function is grouping the expenses by department

	2025	2024	2023	2022	2021
EXPENSES (by object)					
Salaries, wages and benefits	\$ 7,581,882	\$ 7,045,709	\$ 6,946,752	\$ 6,442,452	\$ 6,214,870
Contracted and general services	\$ 2,739,654	\$ 3,250,709	\$ 2,506,548	\$ 2,545,611	\$ 2,939,798
Materials, goods, supplies and utilities	\$ 4,872,954	\$ 4,875,473	\$ 4,451,293	\$ 3,762,675	\$ 3,824,439
Transfers to local boards and agencies	\$ 359,300	\$ 372,275	\$ 338,400	\$ 291,300	\$ 280,037
Transfers to organizations and individuals	\$ 487,156	\$ 9,164	\$ 486,736	\$ 465,530	\$ 458,852
Interest	\$ 17,167	\$ 488,084	\$ 7,997	\$ 9,660	\$ 5,569
Other	\$ 101,827	\$ 16,225	\$ 27,112	\$ 70,962	\$ 13,881
Amortization of tangible capital assets	\$ 5,401,508	\$ 6,230,863	\$ 6,412,130	\$ 7,467,016	\$ 7,188,024
TOTAL EXPENSES BY OBJECT	\$ 21,561,448	\$ 22,288,502	\$ 21,176,968	\$ 21,055,206	\$ 20,925,470

Note: The term object is grouping the expenses by type

DEBT SUPPORTED BY TAXES

	2025	2024	2023	2022	2021
Gross Debt (supported by tax)	\$ 66,660	198,860	329,577	458,831	586,636
MD Population	6,081	6,081	6,081	6,081	6,081
LONG-TERM DEBT PER CAPITA	11	33	54	75	96

Note: Net Debt is defined by the difference between debt and "cash & cash equivalents", which is zero for all years

TRANSFERS TO LOCAL BOARDS AND AGENCIES

	2025	2024	2023	2022	2021
TRANSFERS TO OTHER LOCAL GOVERNMENTS					
Cemetery Area Contribution	12,000	12,000	12,000	12,000	12,000
Library Boards	130,998	129,967	129,683	125,955	125,378
Recreation Area Contribution	359,300	372,275	338,400	291,300	280,037
Transportation Society	22,500	22,500	22,500	22,500	15,000
Willow Creek Regional Waste	72,972	72,972	72,972	66,891	61,886
Other Local Government & Organizations	248,686	250,645	249,581	238,184	244,588
	846,456	860,359	825,136	756,830	738,889

ANNUAL SURPLUS

	2025	2024	2023	2022	2021
TOTAL REVENUE	22,307,952	21,066,479	20,496,399	19,234,553	18,671,402
TOTAL EXPENSES	21,561,448	22,288,502	21,176,968	20,736,074	20,925,470
ANNUAL SURPLUS	746,504	(1,222,023)	(680,569)	(1,501,521)	(2,254,068)
ADD: Proceeds from Sale of Tangle Capital Assets	349,366	105,488	330,203	171,044	215,273
ADD: Transfers from Restricted Surplus to Operations	860,545	(584,695)	(173,105)	(770,182)	95,452
ADD: Amortization of Tangible Capital	5,173,797	6,003,152	6,184,418	7,239,305	7,188,024
ADD: Amoritization of ARO Expense	227,711	227,711	227,712		
Contributed Capital tangible	(84,565)	(80,514)	(31,042)	(4,300)	(60,993)
ADD: Transfer to landd held for resale	15,000				
Assets					
Less: Capital Expenditures	(7,225,245)	(4,437,742)	(5,781,011)	(5,257,558)	(5,524,287)
Accretion expense	99,898	96,988	94,163		
Increase in debt	(132,200)	(130,718)	(129,253)	95,728	363,103
ALLOCATION TO UNRESTRICTED SURPLUS	30,811	(22,353)	41,516	(27,484)	22,504



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