

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





ANNUAL FINANCIAL REPORT 2024

FOR THE YEAR ENDED DECEMBER 31, 2024
MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26
ALBERTA, CANADA

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



TABLE OF CONTENTS

SECTION ONE

WELCOME TO THE MD OF WILLOW CREEK

- 7 Welcome to the MD of Willow Creek
- 9 MD Profile
- 10 MD Council and the CAO
- 11 Administration
- 12 Organizational Chart
- 16 Vision, Mission Statement, & Values Summary
- 17 Strategic Plan
- 21 Report from the Director of Finance
- 21 > Internal Accounting Controls
- > GFOA Canadian Award for Financial Reporting (2023)
- > Financial Statement Discussion & Analysis
- Statement of Financial Position (Assets & Liabilities)
- Statement of Operations (Revenues & Expenses)
- Other Statements, Schedules, and Notes
- 35 > Future Outlooks

SECTION TWO

FINANCIAL STATEMENTS

- 39 Independent Auditor's Report
- 42 Statement of Financial Position
- 43 Statement of Operations
- 44 Statement of Changes in Net Financial Assets
- 45 Statement of Cash Flows
- 46 Schedules to the Financial Statements
- > Schedule 3 Schedule of Change in Accumulated Surplus
- > Schedule 6 Schedule of Tangible Capital Assets
- > Schedule 4 Schedule of Property and Other Taxes
- > Schedule 1 Schedule of Government Transfers
- > Schedule 5 Schedule of Expenses by Object
- > Schedule 2 2024 Schedule of Segmented Disclosure
- 49 Notes to the Financial Statements

STATISTICS

SECTION THREE

- 71 Demographics, Area, & Other
- 71 Property Assessment
- 72 Tax Rates
- 72 Total Tax Collections
- 73 Assets, Liabilities, & Surplus
- 73 Revenues by Source
- 74 Expenses by Function & Object
- 74 Debt Supported by Taxes
- 75 Transfers to Local Boards and Agencies
- 75 Annual Surplus





PREPARED BY MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26 FINANCE DEPARTMENT JUNE 2025



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 kilometeres (1,759.91 square miles) and encompasses the following:

- The Towns of Nanton, Stavely, 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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MUNICIPAL DISTRICT OFWILLOW CREEK NO. 26
FINANCE DEPARTMENT

MD PROFILE

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.

RECREATION AND ATTRACTIONS:

Tourist Interest(s):

Clear Lake Park - 9 miles east of Stavely;

Willow Creek Park - 9 miles west of Stavely on Sec Hwy 527

Pine Coulee - 8 miles west of Stavely on Sec Hwy 527

Recreation - Head-Smashed-In Buffalo Jump on Sec Hwy 785 (Rural Heritage Site)

Golf Course(s):

Claresholm, Fort Macleod, Granum, Nanton and Stavely

Museum(s):

Claresholm, Fort Macleod, Granum, Nanton and Stavely

Library:

Claresholm, Fort Macleod, Granum, Nanton and Stavely



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 2021. The position of Reeve and Deputy Reeve are determined at each of the annual Organizational Meetings held in October.

The following are the elected Council members as of October 2021 and the MD's CAO:



Maryanne Sandberg Reeve Division 3



Glen Alm Deputy Reeve Division 4



John Van Driesten Councillor Division 1



John Kroetsch Councillor Division 2



Earl Hemmaway Councillor Division 5



Evan Berger Councillor Division 6



Brian Nelson Councillor Division 7



Derrick Krizsan Chief Administrative Officer

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 after, 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 2024 were eight directors in charge of each of the MD's departments;

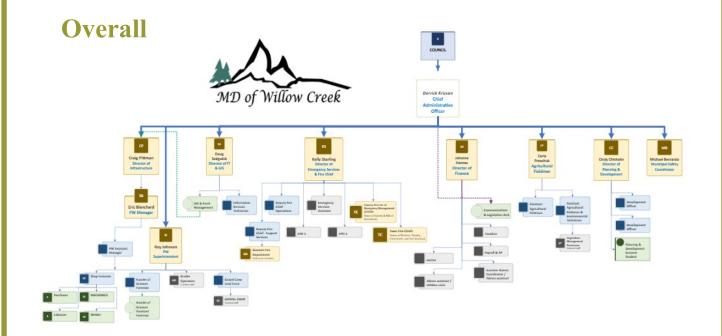
Superintendent of Public Works, Director of Infrastructure, Director of Finance, Director of Emergency Services & Fire Chief, Director of Planning & Development, Director of Agricultural Services, Director of IT & GIS and Municipal Safety Coordinator.

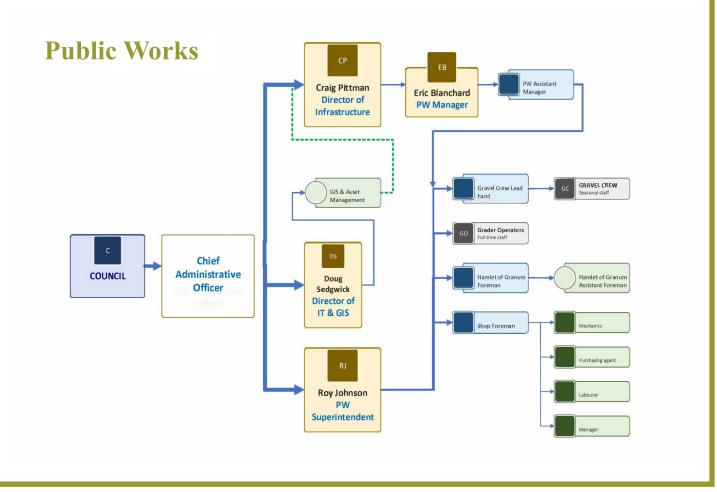
The following are the departments of the MD:

- 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** 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 technology, geographic information systems (GIS).
- **Municipal Safety Services** administers the municipal safety program.

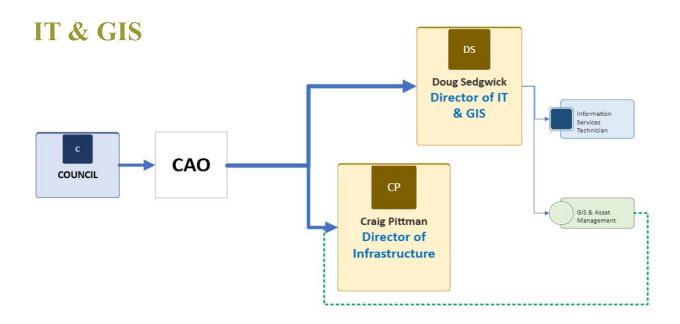


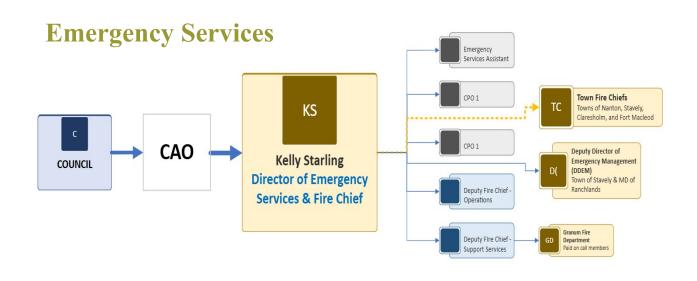
ORGANIZATION CHART:



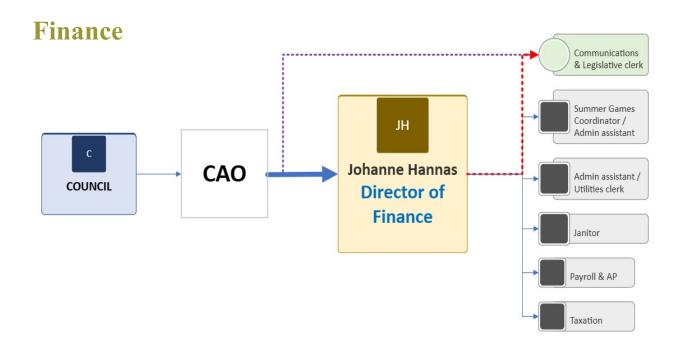


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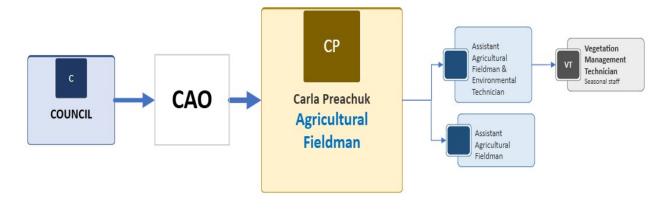




ORGANIZATION CHART (CONTINUED):

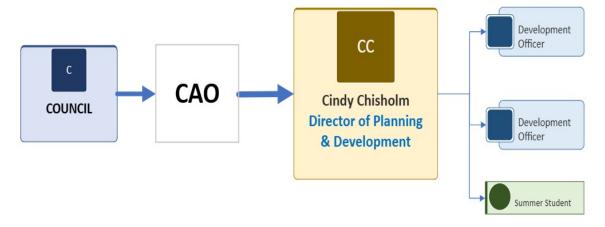


Agricultural Service Board

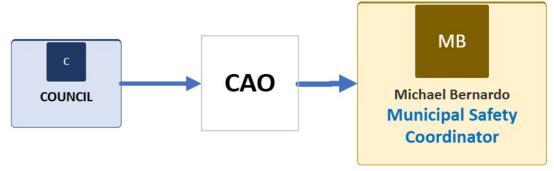


ORGANIZATION CHART (CONTINUED):

Development



Safety





Strategic Plan Summary

2022-2026

Vision

We are a 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

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

Values

People Our History Our Environment The Principles of Honesty, Integrity and Respect

STRATEGIC PRIORITIES

Community

- Keep Policies Current and Relevant
- Increase Public Safety Through High Quality Emergency Services
- Support Rural Crime Watch
- Assist Community Groups
- Support Agriculture

Accountability

- Enhance Transparency and Communication
- Ensure Fair Electoral Representation

Municipal Infrastructure

- Asset Management—Manage, Invest and Plan for Sustainable Municipal Services
- Environmentally Sound Waste Management Practices

Economic Growth and Diversity

- Steady Economic Growth
- Participate in Regional Initiatives

Collaboration

- Successfully Implement Intermunicipal Agreements
- Better Internet Service within the municipality
- Enhance Communication with Provincial Agencies

Strategic Plan

This Strategic Plan identifies our key strategic priorities over a 5-year period from 2022-2026. The Strategic Plan, and the Business Plan of each Municipal Department is updated annually as part of our budget process.

STRATEGIC PLAN

COMMUNITY

STRATEGIC PRIORITY: Keeping governance processes current

Key Initiative: Review municipal bylaws and policies to ensure continued relevance.

Success: In 2022 update the municipal land use bylaw to ensure integration of the Hamlet of Granum.

Metric for Success: M.D. of Willow Creek Land Use Bylaw is amended and updated.

Success: Ongoing review of the M.D. of Willow Creek Policy Manual to ensure relevancy

Metric for Success: Municipal policy manual size and complexity is reduced.

STRATEGIC PRIORITY: Increase public safety

Key Initiative: Intermunicipal Emergency Services Agreement.

Success: Monitor the Willow Creek Intermunicipal Emergency Services Agreement for effectiveness.

Metric for Success: Delivery of Fire Service is consistent across the municipality, fire operating budget stabilizes at 2020 levels, disputes and complaints pertaining to operating and capital budgets and emergency services response decrease year over year.

Success: Implement the fire services training program to meet the established level of service consistently on an ongoing basis.

Metric for Success: All new firefighters complete NFPA 1001 level 1 training within 2 years of entry in to the fire service

Key Initiative: Support Rural Crime Watch within the municipality

Success: In 2022 support the development of a rural crime watch associations across the entire MD in partnership with local rural crime watch associations, the provincial crime watch association, the Fort Macleod Crime Prevention Action Committee, local citizens, the MD of Willow Creek Peace Officer Program and the RCMP

Metric for Success: Reduction in reported rural crime year over year.

STRATEGIC PRIORITY: Identify opportunities to assist community groups

Key Initiative: Provide administrative guidance to community groups

Success: Assist community groups in accessing grant funding.

Metric for Success: Community groups report increased access to community facility enhancement grants, Community Foundation of Lethbridge and Southwestern Alberta funding and other grants that aid in the sustainability of non-profit and charitable groups within the municipality.

Metric for Success: Number of community groups assisted each year increases year over year.

STRATEGIC PRIORITY: Support Agriculture

Key Initiative: Identify and deliver agricultural services that will benefit to both primary agricultural producers and the environment

Success: Support Agricultural Service Board programs and services through the annual budget process

Metric for Success: Annual reporting which demonstrates effectiveness of the ASB programs and services.

Success: Through the municipal land use bylaw seek to limit the loss of productive agricultural lands to other uses.

Metric for Success: Annual reporting indicates a conversion rate lower than comparably sized rural municipalities.

Strategic Priority: Relationship with Provincial Government

Key Initiative: Advocate for changes to provincial legislation that negatively impact municipal processes including Alberta Health Services, Natural Resources Conservation Board and Alberta Utilities Commission

Metric for Success: Changes to legislation pertaining to quasi-legislative boards that increase transparency.

ACCOUNTABILITY

STRATEGIC PRIORITY: Accessible, timely and understandable information about Council decisions, actions and priorities.

Key Initiative: Review adoption of new mechanisms and effectiveness of municipal communications including: municipal website, social media, newsletter and other tools utilized by the municipality to ensure the accessibility to public information and services.

Success: Individuals and businesses are able to access information on governance, economic development and municipal services 24/7.

Metric for Success: Review public interaction including website analytics and feedback to demonstrate an increased use of municipal communication services and to continue to update all communication processes.

STRATEGIC PRIORITY: Ensure electoral representation

KEY INITIATIVE: Before December 31, 2023 a review municipal electoral boundaries is completed

METRIC FOR Success: Electoral Boundaries are amended to reflect fair representation based upon best practices

ECONOMIC GROWTH & DIVERSITY

STRATEGIC PRIORITY: Economic growth within the municipality.

Key Initiative: Attract new citizens, commerce and industry to the MD.

Metric for Success: One new business or industry in the Claresholm Industrial Area each year during for the next 5 years.

Metric for Success: Population growth during the strategic planning period 2022-2026 demonstrates growth of population in excess of 1% and assessment growth of 2% year over year.

Metric for Success: Year over year increase in residential, commercial and industrial growth in the Hamlet of Granum.

Key Initiative: Participate in regional economic initiatives.

Success: The MD will actively participate in regional economic committees and initiatives which will promote local and regional growth.

Metric for Success: regional initiatives lead to demonstrable growth of commercial and industrial development within the region on an annual basis.

Metric for Success: Annual growth of assessment base of the municipality.

MUNICIPAL INFRASTRUCTURE

STRATEGIC PRIORITY: Manage, invest and plan for sustainable municipal services

Key Initiative: Inventory of Infrastructure Assets

Success: By the end of 2022 an inventory of municipal assets has been documented.

Key Initiative: Current Service Level Formalization

Success: By the end of 2022 all municipal services have a defined and easily understood service level.

Key Initiative: Service Costs and Risks are Documented and Understood

Success: By the end of 2023 the costs and risks associated with service delivery is documented and understood.

Key Initiative: Asset Management is normal business

Success: By the end of 2025 Asset Management is fully implemented with a Council approved Level of Service complete with costs and risks established for municipal services.

Success: Full accountability to the public on realized service delivery through reporting mechanisms.

Success: Public feedback mechanisms are established.

Success: Service based budgeting for annual municipal operating budgets.

Success: Revenue supports sustainable service delivery

STRATEGIC PRIORITY: Advocate for a regional waste to energy project

Key initiative: Examine options for waste to energy plant

Success: Advocate for opportunities for a waste to Energy project

Metric for Success: by 2023 a proposal for regional review is developed that is both economically and environmentally sustainable



COLLABORATION

STRATEGIC PRIORITY: Successfully Implement Intermunicipal Agreements.

Key Initiative: Maintain all Intermunicipal Agreements.

Success: Council approval of all required Intermunicipal Collaboration Framework Agreements.

Metric for Success: The Intermunicipal Collaboration Framework Agreement enhances intermunicipal relationships with demonstrated success.

Success: The Intermunicipal Emergency Services Agreement provides a common level of service across the municipality.

Metric for Success: Demonstrated competency for service delivery and annual operating and capital budgets met.

Success: The Intermunicipal Recreation Services Funding Agreement followed.

Metric for Success: Annual recreation funding agreement maintained through budgeting.

STRATEGIC PRIORITY: Internet Service for Municipal Citizens.

Key Initiative: Pursue internet connectivity for all municipal citizens.

Success: 90% of ratepayers have quality & affordable internet access by 2025 and 100% by 2030.

Metric for Success: Broadband grant to enhance connectivity in underserved areas of municipality

Key Initiative: Identify collaboration opportunities with the private and public sector.

Success: Partner with private and public entities to enhance internet access.

STRATEGIC PRIORITY: Enhance Communication with the Province of Alberta for Services Received by Municipality

Key Initiative: Meet regularly with Alberta Health Services to discuss emergency medical services.

Success: The relationship between the M.D. and AHS shows marked improvement as demonstrated by improved communication, responsiveness and action.

Metric for Success: A final decision is arrived at pertaining to the use of municipally owned ambulances within the M.D. before the end of 2022.

REPORT FROM THE DIRECTOR OF FINANCE

June 30, 2025

The Municipal District of Willow Creek No. 26 is pleased to submit our Annual Financial Report for the year ended December 31, 2024. 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 system of internal accounting controls designed to provide reasonable assurances for the safeguarding of assets and the reliability of financial records. These controls are subject to annual reviews and revisions. Segregation of duties allows administration to monitor and ensure that polices and procedures are in place. Internal controls include policies set by Council, administrative procedures, external audits, and the budgeting process.

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



There are numerous other policies in place, which are available on our website.

ADMINISTRATIVE PROCEDURES

The Municipal District of Willow Creek No. 26 has a number of internal procedures that are used to document and to perform many of the financial tasks. These internal procedures ensure that the proper steps are taken for the recording of financial transactions that promotes accuracy, consistency, and that policies are being followed appropriately.

The MD utilizes a centralized accounting software. The Finance Department is responsible for recording all financial transactions and providing information to Council and department heads on a monthly basis, and as well creating the MD's year end financial statements which are audited by an external audit firm annually.

EXTERNAL AUDITS

In accordance with Section 280 of the Alberta Municipal Government Act, MD Council appoints an independent auditor to report on the annual financial statements of the MD. The MD sends out a Request for Proposal for a five-year audit engagement to obtain competitive fees. The auditors' responsibility is to express an opinion on whether or not the financial statements are



presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards.

The auditors have full access to all of the MD's financial records and information, and will meet with staff, management, and the Audit Committee (which consists of the Reeve, Deputy Reeve, CAO and Director of Finance) to discuss matters relating to the audit. The auditors also provide the MD with a management letter providing comments on the internal controls.

For the 2024 financial audit, our auditors expressed a "clean" audit opinion, indicating that the financial statements are presented fairly in all material respects. The auditors did not have any recommendations for improvements to the MD's internal controls during the 2024 audit, indicating the overall effectiveness of the controls that are already in place.

BUDGET PROCESS

In accordance with Sections 242 and 245 of the Alberta Municipal Government Act, MD Council approves an operating and capital budget on an annual basis. Typically, the majority of the budget is developed in October / November of the previous year, with an Interim Budget approved in December. By April of the following year, the MD would have received the final property assessment values, requisitions from external authorities (school support, senior housing and policing costs) and MD Council would then approve the Final Budget.

There is currently an annual Capital budget with a five-year Capital Plan which assists in the development of the annual capital budget by outlining the MD's long-term capital replacement requirements. The Plan is currently funded by existing capital reserves, grant funding and contributed assets as well projected contributions to those reserves. This methodology of long-term budgeting allows for a more stable tax rate over time.

Also, the MD prepares an annual Operating Budget with a three-year operating plan each year. The upcoming year is planned in great detail, with the three subsequent years being based on estimates. As each subsequent year arrives, it is also reviewed in detail before being implemented. The MD takes into account several factors

while budgeting including current economic conditions, provincial policy changes, and service requirements within the MD as mandated by Council.

After the budget is approved by Council, expenditures are controlled by formal purchasing policies, financial systems, and financial reporting designed to prevent budget overruns.

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 to Municipal District of Willow Creek No. 26 for its annual Report for the fiscal year ended December 31, 2023. 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, 2023

Chuitophe P. Morrill

Executive Director/CEO

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

The Municipal District of Willow Creek's 2024 financial statements are prepared in accordance with Canadian Public Sector Accounting Standards. 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 as at December 31, 2024.

The following Financial Statement Discussion and Analysis is also prepared by management and is intended to explain and expand on 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 MDs ability to finance its financial liabilities and commitments.

December 31, 2024, With Comparative Information for 2023

	2024	2023	Change
FINANCIAL ASSETS:			
Cash and short-term investments	13,724,515	13,346,131	378,384
Taxes and grants in place of taxes	477,065	547,592	(70,527)
Trade and other accounts receivable	857,748	276,585	581,163
Land held for resale inventory	14,916	44,175	(29,259)
	15,074,244	14,214,483	859,761
FINANCIAL LIABILITIES:			
Accounts payable and accrued liabilities	1,583,657	1,368,973	214,684
Asset retirement obligation	3,329,920	3,232,932	96,988
Deferred revenue	3,198,024	1,468,891	1,729,133
Employee future benefits	85,318	90,045	(4,727)
Long-term debt	198,860	329,577	(130,717)
	8,395,779	6,490,418	1,905,361
NET FINANCIAL ASSETS	6,678,465	7,724,065	(1,045,600)
NON-FINANCIAL ASSETS:			
Prepaid expenses	350,533	375,456	(24,923)
Inventory for consumption	2,835,350	1,168,756	1,666,594
Tangible capital assets	84,129,049	85,947,143	(1,818,094)
	87,314,932	87,491,355	(176,423)
ACCUMULATED SURPLUS	93,993,397	95,215,420	(1,222,023)

STATEMENT OF FINANCIAL POSITION - continued

FINANCIAL ASSETS:

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

- Cash and short-term investments increased compared to the prior year. This is mainly due to the timing of when funds are required from investments and interest rates on those investments;
- Trades and other receivable increased, primarily due to the timing of the Ortho Project completion in December 31, 2024.

FINANCIAL LIABILITIES:

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

- The accounts payable have increased due to a timing of receiving the year end invoices and the following invoices as accrued in to the following year.
- in 2024 the increase in deferred revenue is due to receiving an advance from Alberta Transportation and Economic Corridors' Transportation Infrastructure Program (STIP) for bridge funding.
- Long-term debt decreased by the expected amount from the two semi-annual debenture repayments.

NON-FINANCIAL ASSETS:

Non-financial assets are assets that are not available to "pay off" existing liabilities and are held to provide services for the MD. This includes capital assets (road/bridge infrastructure, vehicles, equipment, etc.) and gravel inventory. The following changes occurred during the year:

- Capital asset value decreased during the year since annual amortization expense was more than the value of new
 - assets purchased, leading to decreased combined net book value of tangible capital assets.
- Inventory for consumption increased, primarily as a result of a contract for gravel crushing.



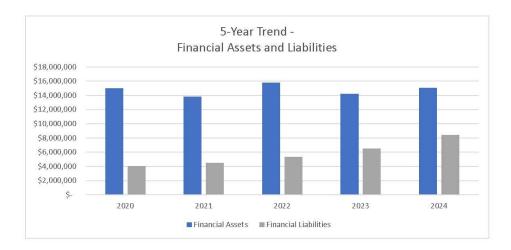
STATEMENT OF FINANCIAL POSITION - continued

The MD maintains a positive net financial position (financial assets exceeding financial liabilities) of approx. \$6.6 million. This is a decrease from the prior year of approx. \$7.7 million. A positive net financial position allows the MD to cover its financial liabilities and



5-YEAR TREND - FINANCIAL ASSETS AND LIABILITIES

		Financial Assets		Financial Liabilit	ies
20	020	\$	14,983,249	\$	4,031,890
20	021	\$	13,832,879	\$	4,465,129
20	022	\$	15,753,127	\$	5,322,155
20	023	\$	14,214,483	\$	6,490,418
20	024	\$	15,074,244	\$	8,395,779



commitments with its financial assets.

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	2024	2023	
Unrestricted Surplus	247,127	269,480	
Restricted Surplus (Reserves)	13,146,001	12,561,306	
Equity in Tangible Capital Assets	80,600,269	82,384,634	
Accumulative Surplus	93,993,397	95,215,420	

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

	2024	2023
Capital Reserves	12,934,994	12,339,999
Operating Reserves	211,007	221,307
Total Restricted Surplus (Reserves)	13,146,001	12,561,306
Net Financial Assets	6,678,465	7,724,065
Inventory For Consumption	2,835,350	1,168,756
Total Funding Available	9,513,815	8,892,821

As shown above, the combination of the net financial assets and the inventory for consumption are not sufficient to cover all reserves and are not considered to be "fully funded" reserves.

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).

	2024	2023
	*	
Tangible Capital Assets - Cost	277,761,692	274,944,982
Tangible Capital Assets - Amortization	(193,632,643)	(188,997,839)
Equity in Tangible Capital Assets	84,129,049	85,947,143

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.

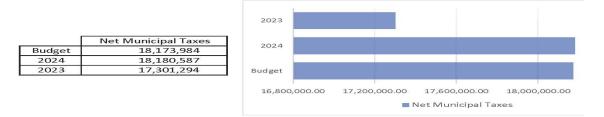
The total net effect of income represents the allocation to the unrestricted Surplus.

	BUDGET	2024	2023
OPERATING REVENUE			
Net municipal property taxes	12,785,000	12,790,445	12,411,635
User fees and sales of goods	542,800	717,932	602,904
Government Transfers for operating	2,627,546	2,479,750	1,579,491
Return on Investments	404,000	468,373	544,394
Penalties and costs on taxes	90,000	132,811	93,281
Licenses and permits	9,500	9,020	8,930
Other revenues	1,069,440	1,311,360	1,491,003
Rentals	92,900	99,195	95,636
Franchise fees	32,300	5,140	32,473
Fines	30,000	30,942	13,656
Well drilling	30,000	-	-
OPERATING REVENUE	17,651,186	18,044,968	16,873,403
OPERATING EXPENSE			
Elected officials	415,790	421,721	414,937
General administration	2,501,140	2,442,931	1,566,586
Information technology	877,300	708,035	517,093
Fire	710,275	700,725	776,358
Disaster and emergency services	47,875	45,407	42,501
Claresholm medical clinic	4,900	13,231	4,647
Emergency services and bylaw enforcement	1,065,175	974,694	975,907
Transportation	8,243,840	7,578,834	7,694,427
Water development	804,300	734,227	511,694
Garbage collection and disposal	271,055	245,363	233,509
Cemeteries	30,000	22,310	51,918
Development and planning	702,525	738,110	581,470
Agricultural services board	720,390	658,518	625,576
Recreation boards	370,145	372,275	338,400
Parks and recreation	44,715	46,871	58,552
Libraries	131,650	131,027	150,308
Family and community support	223,500	223,360	220,955
Amortization of capital assets		6,230,863	6,412,130
OPERATING EXPENSE	17,164,575	22,288,502	21,176,968
OPERATING NET INCOME	486,611	(4,243,534)	(4,303,565)
CAPITAL REVENUES			
Contributed tangible capital assets		80,514	31,042
Government transfers for capital	434,386	2,518,279	2,610,450
Gain on sale of tangible capital assets	Teach is 🗸 instruments	422,718	981,504
TOTAL NET INCOME	52,225	(1,222,023)	(680,569)
ADD:	· ·		
Proceeds on disposals of tangible capital assets		528,204	1,311,707
Amortization of capital assets		6,230,863	6,412,130
Net (gain) loss on disposal of capital assets		(422,718)	(981,504)
Accretion expense		96,988	94,163
Less:			
Transfers to Reserves		(584,695)	(173,105)
Acquisition of tangible capital assets	(11,402,550)	(4,518,255)	(5,812,053)
Increase in debt		(130,718)	(129,253)
NET EFFECT ON UNRESTRICTED SURPLUS	(11,350,325)	(22,353)	41,516

OPERATING REVENUES

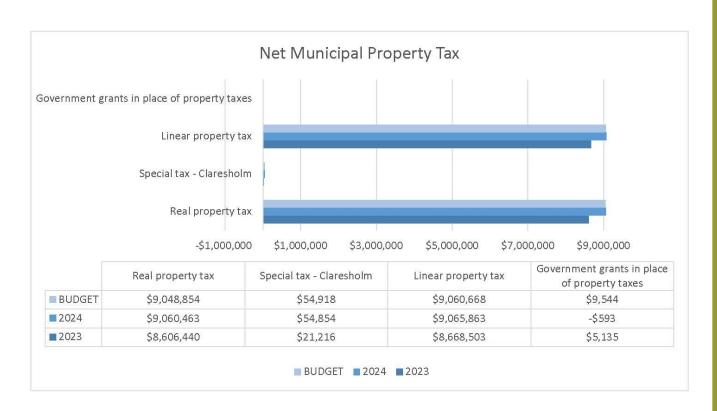
Operating revenues include all of the revenues for the MD other than capital grants and contributions. The majority of operating revenue includes net municipal tax revenues (net of requisitions), operating grants, and other revenues from the operations of the County (i.e. investment income, user charges, rentals, etc.).

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

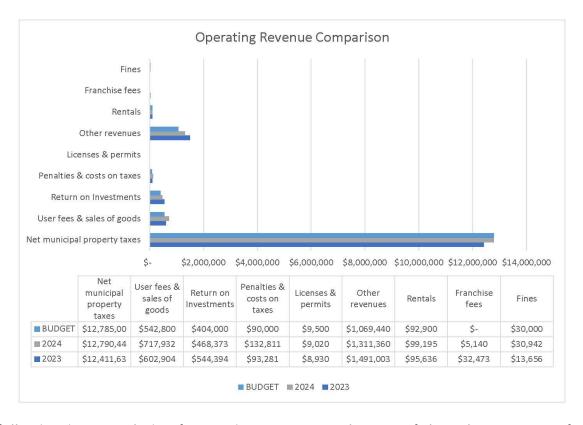


The overall net municipal taxes are greater in 2024 than the budget. This is due to an increase in residential and linear assessment property classes.

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 assets as of the dates outlined in MD's Bylaw 1990. The following are the details of the tax revenues as displayed in Schedule 4 of the financial statements (not shown net of requisitions):



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:

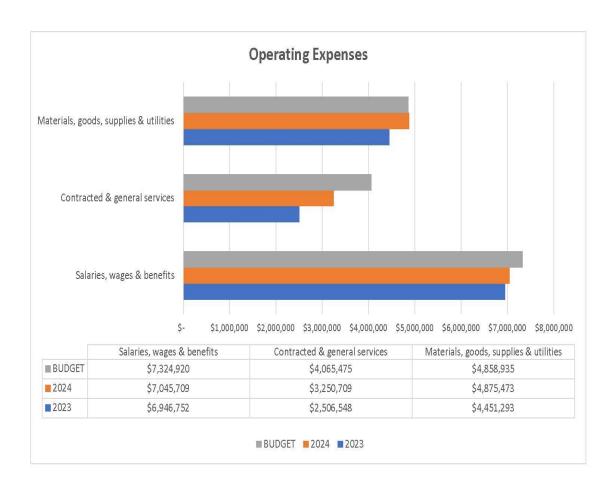
- Net Municipal taxes increased from 2023 to 2024 due to an increase in residential and linear assessment property classes.
- Increase in User fees in 2024 due to an increase in fire calls from all fire Departments.
- Government transfers increased in 2024 due to the MD being the managing partner of the Southern Alberta Partnership (SAP) 2024 Aerial Partnership Ortho project.
- Investment revenue was lower in 2024 due to the decrease in the 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, 2024.
- Other revenue in 2024 was due to a recovery cost of legal fees and sales of land held for resale.

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:

- Seasonal staff start in the spring and usually end in the fall. However, weather
 permitting some seasonal staff have continued on with road maintenance,
 gravel hauling to gravel pits and other duties as required.
- Some projects in public works were not completed and were therefore brought forward into the following year's budget.



OPERATING EXPENSES - continued

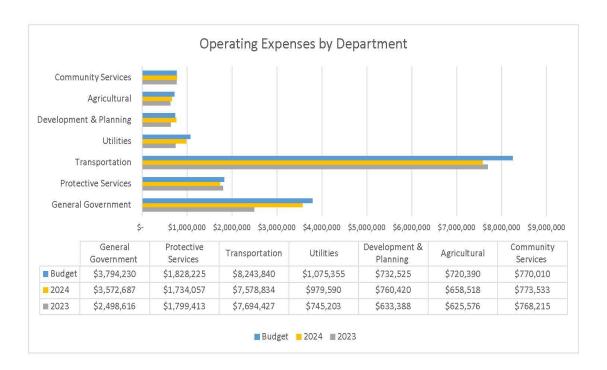
The following is an analysis of the remaining expenses compared to budget and the prior year

- Interest expense is higher than budget. The increase from budget and prior year is due to higher bank service charges than expected.
- Other Expenses were significantly lower than the prior year as the prior year included 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 education portion of these taxes.
- Amortization of Tangible Capital Assets is overall comparable to both years 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.



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.



- 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 our Water Shortage Response Plan and through public
 education, drought condition to the current and prior years saw a decease in
 water consumption.
- Development and planning expenses were higher than budget due to an increase in legal costs that only a portion was recoverable.

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 2024 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



www.mdwillowcreek.com 273129 SEC HWY 520 Claresholm Industrial Area Box 550, Claresholm Alberta ToL oTo Office: (403) 625-3351 Fax: (403) 625-3886 Shop: (403) 625-3030 Toll Free: 888-337-3351

June 30, 2025

As Chief Administrative Officer for the Municipal District of Willow Creek, I am pleased to report the successful completion of our annual financial audit for the past fiscal year. Conducted by an independent external auditor, the audit confirmed that our financial statements accurately reflect the municipality's financial position and are fully compliant with all relevant accounting standards. This outcome is a testament to the professionalism and commitment of our finance team and municipal staff, who work diligently every day to uphold the principles of transparency, accountability, and responsible financial management.

In conjunction with the audit's completion, Council has officially adopted the 2025 Operating Budget. This budget reflects months of careful planning and thoughtful deliberation, aligning current service demands with long-term strategic goals. It reinforces our commitment to delivering core municipal services, investing in infrastructure, and promoting rural sustainability—while maintaining fiscal responsibility and competitive tax rates for our residents.

The 2025 Operating Budget maintains service levels while positioning the municipality to address future challenges. Key priorities include road maintenance and upgrades, protective and agricultural services, and initiatives focused on community development. We have also allocated resources to support strategic planning and capacity-building to ensure we remain adaptable and resilient in the face of changing needs and opportunities. Our focus continues to be on delivering high-quality services and maximizing value for every taxpayer dollar.

The Council of the MD will be proposing to adopt a new Land Use Bylaw - the last update to the bylaw was undertaken in 2018. Since 2022, Council has been engaged in a comprehensive review and update of the MD of Willow Creek Land Use Bylaw. This "made in Willow Creek" bylaw represents a significant step forward in modernizing how land use is regulated within the municipality. It addresses key priorities identified by Council, including simplifying regulations to enhance accessibility and understanding, providing clearer guidance on permitted land uses, streamlining development guidelines to improve transparency and consistency in decision-making, and integrating the former Town of Granum's land use framework into a unified bylaw. The revised bylaw will emphasize flexibility and adaptability by reducing unnecessary regulations and aligning with current planning best practices.

As we move forward, we remain committed to open communication, responsible governance, and building a strong, sustainable future for the Municipal District of Willow Creek. Together—with Council, staff, and residents—we continue to lay the foundation for a thriving, resilient, and well-managed municipality.

Sincerely,

Derrick Krizsan

Chief Administrative Officer





FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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

MD OF WILLOW CREEK No. 26 FINANCIAL STATEMENTS

TABLE OF CONTENTS

Year ended December 31, 2024

39-41 - Independent Auditor's Report

FINANCIAL STATEMENTS

- **42** Statement of Financial Position
- **43** Statement of Operations
- Statement of Changes in Net Financial Assets
- **45** Statement of Cash Flows
- Schedule 3 Schedule of Changes in Accumulative Surplus
- Schedule 6 Schedule of Tangible Capital Assets
- Schedule 4 Schedule of Schedule of Property and Other Taxes
- **47** Schedule 1 Schedule of Government Transfers
- Schedule 5 Schedule of Expenses by Object
- **48** Schedule 2 2024 Schedule of Segmented Disclosures
- **49-68** Notes to the Financial Statements



KPMG LLP

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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 consolidated financial statements of the Municipal District of Willow Creek No. 26 (the Municipality), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2024 and its consolidated results of operations 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 Municipality 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 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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

Chartered Professional Accountants

KPMG LLP

Lethbridge, Canada

April 9, 2025

Consolidated Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

	Budget	2024	2023
Revenue:			
Net municipal property taxes (Schedule 4)	\$ 12,785,000	\$ 12,790,445	\$ 12,411,635
User fees and sales of goods	542,800	717,932	602,904
Government transfers for operating			
(Schedule 1)	2,627,546	2,479,750	1,579,491
Return on Investments	404,000	468,373	544,394
Penalties and costs on taxes	90,000	132,811	93,281
Licenses and permits	9,500	9,020	8,930
Other revenues	1,069,440	1,311,360	1,491,003
Rentals	92,900	99,195	95,636
Franchise fees		5,140	32,473
Fines	30,000	30,942	13,656
Total revenue	17,651,186	18,044,968	16,873,403
Expenses (Schedule 5):			
Elected officials	415,790	421,721	414,937
General administration	2,501,140	2,442,931	1,566,586
Information technology	877,300	708.035	517,093
Fire	710,275	700,035	776,358
Disaster and emergency services	47,875	45.407	42,501
Claresholm medical clinic	4,900	13,231	4,647
Emergency services and bylaw enforcement	1,065,175	974,694	975,907
Transportation	8,243,840	7,578,834	7.694,427
Water development	804,300	734,227	511,694
Garbage collection and disposal	271,055	245,363	233,509
Cemeteries	30,000	22,310	51,918
Development and planning	702,525	738,110	581,470
Agricultural services board	720,390	658,518	625,576
Recreation boards	370,145	372,275	338,400
Parks and recreation	44,715	46,871	58,552
Libraries	131,650	131,027	150,308
Family and community support	223,500	223,360	220,955
Amortization of capital assets	223,300	6,230,863	6,412,130
Total expenses	17,164,575	22,288,502	21,176,968
Excess (deficiency) of revenue over expenses	400.044	(4 0 40 50 4)	/4 202 525
from operations	486,611	(4,243,534)	(4,303,565)
Other:		00.544	24.042
Contributed tangible capital assets	101.000	80,514	31,042
Government transfer for capital (Schedule 1)	434,386	2,518,279	2,610,450
Gain on sale of tangible capital assets	434,386	422,718 3,021,511	981,504 3,622,996
	454,500	3,021,311	5,022,530
Excess (deficiency) of revenues over expenses (Schedule 2)	52,225	(1,222,023)	(680,569)
Accumulated surplus, beginning of year	95,215,420	95,215,420	95,895,989
	The state of the s	\$ 93,993,397	\$ 95,215,420
Accumulated surplus, end of year	\$ 95,267,645	φ 33,333,391	φ 95,Z15,4ZU

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

		Budget	2024	2023
Excess (deficiency) of revenue over expenses	\$	52,225	\$ (1,222,023)	\$ (680,569)
Acquisition of tangible capital assets Contributed assets	(1	1,402,550)	(4,518,255)	(5,812,053)
Amortization of tangible capital assets		2	6,230,863	6,412,130
Gain on sale on tangible capital assets		¥	(422,718)	(981,504)
Proceeds on disposal of tangible capital			INSCREAM TON SERVICE	100000000000000000000000000000000000000
assets		=	528,204	1,311,707
Net change in prepaid expense		=	24,923	(50,883)
Net change in inventory for consumption		5	(1,666,595)	233,034
Change in net financial assets	(1	1,350,325)	(1,045,601)	431,862
Net financial assets, beginning of year	9	7,724,065	7,724,065	7,292,203
Net financial assets, end of year	\$ (3,626,260)	\$ 6,678,464	\$ 7,724,065

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Deficiency of revenues over expenses	\$ (1,222,023)	\$ (680,569)
Non-cash items included in excess (deficiency) of reve over expenses:	enue	
Amortization of tangible capital assets	6,230,863	6,412,130
Contributed tangible capital assets	(80,514)	(31,042)
Gain on sale of tangible capital assets	(422,718)	(981,504)
Increase in asset retirement obligations	96,988	94,163
5.50 SA SV 1.00 STRE SGESSA	4,602,596	4,813,178
Changes in non-cash assets and liabilities:		
Trade and other accounts receivable	(581,163)	451,500
Taxes and grants in place of taxes	70,527	1,348,475
Land held for resale inventory	29,259	1
Prepaid expenses	24,923	(50,883)
Accounts payable and accrued liabilities	214,685	289,862
Deferred revenue	1,729,133	(2,251,077)
Inventory for consumption	(1,666,594)	233,034
Employee future benefits	(4,727)	25,800
	4,418,639	4,859,890
Capital activities:		
Acquisition of tangible capital assets	(4,437,742)	(5,781,011)
Proceeds on disposal of tangible capital assets	528,204	1,311,707
Financing activities:	(3,909,538)	(4,469,304)
Proceeds from long-term debt	(130,717)	(129,254)
	(130,717)	(129,254)
Increase in cash and short-term investments	378,384	1,609,807
Cash and short-term investments, beginning of year	13,346,131	13,084,799
Cash and short-term investments, end of year	\$ 13,724,515	\$ 13,346,131

See accompanying notes to consolidated financial statements.

Schedule 3 - Schedule of Changes in Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	Unrestricted	Restricted surplus	Equity in tangible capital assets	1	2024	2023
Balance, beginning of year	\$ 269,480 \$	12,561,306	\$ 82,384,634	\$	95,215,420	\$ 95,895,989
Deficiency of revenues over expenses	(1,222,023)	-,			(1,222,023)	(680,569)
Transferred from restricted surplus	(584,695)	584,695			-	
Current year funds used for tangible capital assets	(4,437,742)	-	4,437,742			-
Contributed tangible capital assets	(80,514)	-	80,514		-	-
Net book value of tangible capital assets disposed	105,488	-	(105,488)		9 - 0	-
Amortization of tangible capital assets	6.003,152	-	(6,003,152)		(S=0	2
Amortization of ARO expense	227,711	-	(227,711)		-	20
Accretion expense	96,988	21	(96,988)		12	2
Increase in debt	(130,718)	29	130,718		(12)	
Change in accumulated surplus	(22,353)	584,695	(1,784,365)		(1,222,023)	(680,569)
Balance, end of year	\$ 247,127 \$	13,146,001	\$ 80,600,269	S	93,993,397	\$ 95,215,420

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Schedule 6 - Schedule of Tangible Capital Assets

Year ended December 31, 2024, with comparative information for 2023

		Land		Engineered M	lachinery and		Assets under		
	Land	improvements	Buildings	structures	equipment	Vehicles	construction	2024	202
Cost:									
Balance, beginning of year	\$ 6,802,524	\$ 764,766 \$	14.072,412 \$	227,040,701 \$	17.971.466 \$	7,378,174 \$	914.939 5	274,944,982	\$ 269,396,289
Prior period adjustments	- 0,002,02			-	- \$.,0.0,,	- 5		2,054,017
Acquisition of tangible capital assets	-	0%1	21,733	2.135.750	1.870,936	409.322	-	4,437,741	5,781,011
Construction in progress	-	92.50 10 - 9	(21,733)	(1,490,331)	-	(146,244)	1,658,308	.,,	-
Contributed tangible capital assets		90.50 40 - 0	-	-	18,932	61,582	-	80,514	31,042
Disposal of tangible capital assets	(9,903)	1	0200 0 2 00	(153,141)	(1,328,468)	(210,033)	-	(1,701,545)	(2,317,377
Balance, end 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
Balance, beginning of year		264,174	3,409,436	172,514,825	8,712,384	4,097,020		188,997,839	182,934,928
Accumulated amortization:									
Prior period adjustments	-	-	-	-	-	53-7	-	1	84,129,049
Accumulated amortization on disposals	-	-	-	(138,916)	(1,282,346)	(174,797)	- 2	(1,596,059)	(1,987,173
Amortization	-	26,497	224,517	3,921,740	1,427,242	403,156	-	6,003,152	6,184,419
Asset retirement obligation amortization	12	020	5,280	221,569	862	2	2	227,711	227,711
Balance, end of year		290,671	3,639,233	176,519,218	8,858,142	4,325,379	5	193,632,643	271,488,934
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	85,947,143
2023 Net book value of tangible capital assets									

Schedule 4 - Schedule of Net Municipal Property Taxes

Year ended December 31, 2024, with comparative information for 2023

	Budget		2024		2023
General taxation:					
Real property tax	\$ 9,048,854	\$	9,060,463	\$	8,606,440
Special tax - Claresholm	54,918	100000	54,854	-0.000	21,216
Linear property tax	9.060,668		9,065,863		8,668,503
Government grants in place	9-01 4 - 19-01-19-19-19-19-19-19-19-19-19-19-19-19-19				
of property taxes	9,544		(593)		5,135
	18,173,984		18,180,587		17,301,294
Requisitions:					
Alberta School Foundation Fund	4,139,243		4,139,243		3,770,270
Claresholm Recreation	54,918		54,918		21,090
Provincial Policing costs	495,085		496,286		439,966
Seniors Foundations	621,788		621,788		584,131
Designated Industrial Property	77,950		77,907		74,202
	5,388,984		5,390,142		4,889,659
Net municipal property tax	\$ 12,785,000	\$	12,790,445	\$	12,411,635

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Schedule 1 - Schedule of Government Transfers

Year ended December 31, 2024, with comparative information for 2023

	Budget	2024		2023
Transfers for operating:				
General administration	\$ 1,517,700	\$ 1,377,395	\$	506,820
Disaster Services	19,286	19,286		-
Bylaw & emergency services	22,175	12,172		2
Family and community support	178,700	178,688		176,764
Agricultural services board	186,250	186,247		192,972
Environmental Services	6,000	3,027		-
Roads, streets, walks, lighting	702,935	702,935		702,935
	2,633,046	2,479,750		1,579,491
Transfers for capital:				
Provincial government	434,386	2,518,279		2,610,450
Total government transfers	\$ 3,067,432	\$ 4,998,029	\$	4,189,941

Schedule 5 - Schedule of Expenses by Object

Year ended December 31, 2024, with comparative information for 2023

	Budget	2024	2023
Salaries, wages and benefits	\$ 7,324,920	\$ 7,045,710	\$ 6,946,752
Contracted and general services	4,065,475	3,250,708	2,506,548
Materials, goods and utilities	4,858,935	4,875,472	4,451,293
Transfers to local boards	370,145	372,275	338,400
Interest and bank charges	6,900	9,164	7,997
Transfers to organizations and individuals	488,200	488,084	486,736
Other	50,000	16,225	27,112
Amortization	-	6,230,864	6,412,130
Total expenses by object	\$ 17,164,575	\$ 22,288,502	\$ 21,176,968

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Schedule 2 - Schedule of Segmented Disclosures

Year ended December 31, 2024, with comparative information for 2023

	General		Disaster	Protective	Transportation	Planning and	Parks &	Agricultural	Environmental		Total	Total
	government	services	services	services (Fire)	services	development	recreation	service board	services	Other	2024	2023
venue:												
Net municipal taxes	12,790,445	- 5	- 5	- S	- \$	- 5	- \$	- 1		- \$	12,790,445 \$	12,411,63
Government transfers	1,556,082	12,172	19,286		702,935	-	12.00	186,247	3,027	-	2,479,749	1,579,49
User fees and sales of goods	32,353	2.0		327.311	47.783	243,217	4.688	62.580			717.932	602.90
Return on investments	468,373	-	-		-		12		-	2.2	468,373	544,39
Rentals	20.00				4,335	2		13.260	12,000	69,600	99,195	95.63
Penalties and cost of taxes	132,811	8.58	2.3	27	10000		10				132,811	93,28
Franchise fees	5,140										5,140	32,47
Fines	30.942	623	1	2	2	-	- 2	- 12	100	1826	30.942	13.65
Licenses and permits	00,542	821		97	S .	9.020			32.5		9,020	8,93
Other	123,929	191,660	2.500	218.098	180,505	63,122	1.059	14,463	516.020	5	1,311,361	1,491,00
Gain on disposal of tangible capital	120,929	191,000	2,500	210,090	100,303	03,122	1,009	14,400	510,020	9	1,311,301	1,491,00
assets	422,718	8.2%	5745	21	20	-	10	62	626	9/4/9	422,718	981,50
Contributed Assets	80,514	32/		- 50	- 3	0	- 0	10		300	80,514	31,04
	ou,514	357	-	5)	2,518,279	52	- 5	15	9.53	953	2,518,279	
Government grant capital		0.0			2,510,279					00	2,510,279	2,610,45
	15,643,307	203,832	21,786	545,409	3,453,837	315,359	5,747	276,550	531,047	69,605	21,066,479	20,496,39
penses:												
Salaries, wages and benefits	1,553,562	739.641		8,916	3.844.829	366,999	8,513	430,205	93.044	-	7.045.709	6,946,75
Contracted and general services	1,572,601	80.480	30.232	482,446	458,422	247.647	15,056	57.059	291,602	15.164	3.250.709	2.506.54
Materials, goods, and utilities	393,849	154,574	15,175	209.363	3,253,082	123.463	23,302	171,254	521,974	9.437	4.875,473	4,451,29
Transfers to local boards	353,045	104,014	10,170	209,303	3,233,002	123,403	372,275	171,234	321,374	3,437	372,275	338,40
Other	16,225						0/2,2/0	200	77.00		16,225	27,11
Interest and bank charges	9.164	12	- 5	9	33	- 8		- 5			9.164	7.99
Transfers to organizations and individuals	250,645			-	22,500	-	-		72,972	141,967	488,084	486,73
Amortization	162,162	93.445	2	402.906	5,490,308	- 5	12,150	54,705	15,187	141,967	6,230,863	6,412,13
Amonization												
	3,958,208	1,068,140	45,407	1,103,631	13,069,141	738,109	431,296	713,223	994,779	166,568	22,288,502	21,176,96
cess (deficiency) of revenue over	100.00.000.000	NOTE: NOTE: NAME OF	-V (- C - C - C - C - C - C - C - C - C -	190 Mc 179 May 745	Acres (Carlos Carlos Ca		07047644107796	75791579559657	1 07. 1140 (00.0)	Vision miles are	Park and the same of the same	(680,56

Notes to Consolidated Financial Statements

Year ended December 31, 2024

1. Significant accounting policies:

The consolidated financial statements of the Municipal District of Willow Creek No. 26 (the "Municipal District" or "M.D.") 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 consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in accumulated surplus and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. Included with the Municipal District are the following: Clear Lake Park Campground, Pine Coulee Campground, Willow Creek Campground, and Hamlet of Granum.

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.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(c) Cash and temporary investments:

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

(d) Investments:

Investments consist of funds on deposit. As the M.D. 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.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(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.

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.

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.

(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.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(g) Asset Retirement Obligations:

Asset retirement obligations (ARO) are legal obligations associated with the retirement of a tangible capital assets (TCA). 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.

(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 management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(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 underlevies of the prior year.

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.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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 are less than their book value. The net write-downs are accounted for as an expense.

(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.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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 2025, 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:

The Canadian Public Sector Accounting Board issued a new guideline, PS 1202 Financial Statement Presentation. The new reporting model builds upon existing section PS 1201 of the same name, to better respond to the need for understandable financial statements. The key aspects of this guideline are:

- Statement of financial position Statement has been restructured to present total assets, then total liabilities to arrive at net assets/liabilities.
- Statement of Net Financial Assets (Liabilities) New statement that will display a revised calculation of net debt. Option to present the net financial assets/liabilities indicator at the bottom of statement of financial position.
- Statement of Changes in Net Assets (Liabilities) New statement that will show a reconciliation between opening and closing balances of each component of net assets or net liabilities.
- Statement of Cashflow Restructured such that financing activities will be separated from other items on the statement. Allowing the statement to highlight net cash before financing activities.
- Budget Requirement for presentation of budget figures using the same basis of accounting, accounting principles, scope of activities and classifications as the actual amounts.

The new standard, along with related consequential amendments, will be effective for fiscal years beginning on or after April 1, 2026, with earlier adoption permitted if the entity adopts the revised conceptual framework at the same time.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

3. Change in accounting policy:

Effective January 1, 2024, the Municipal District adopted PS 3160 Public Private Partnerships (P3), PS 3400 Revenue and PSG-8 Purchased Intangibles prospectively, with the exception of P3 contracts entered prior to January 1, 2024, of which retroactive application is used without restating prior year comparatives.

These new accounting policies have no current or historical impact on the presentation of these statements.

4. Taxes and grants in place of taxes:

		2024		2023
Taxes and grants in place of taxes:				
Current taxes and grants in place of taxes	\$	442,989	\$	480,706
Arrears taxes and grants in place of taxes	2.3	70,585	255357	90,723
		513,574		571,429
Less: allowance for doubtful accounts		(36,509)		(23,837
	\$	477,065	\$	547,592

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Cash and short-term investments:

	2024	2023
Cash and temporary investments	\$ 13,726,515	\$ 13,346,131

Cash includes Municipal District of Willow Creek No. 26 amounts of \$13,350,689 (2023 - \$12,991,965) and Hamlet of Granum amounts of \$373,825 (2023 - \$354,166).

Temporary investments are short-term deposits with maturities of twelve months or less. The Municipal District did not have any temporary investments in 2024 or 2023.

Included in cash and temporary investments is a restricted amount of \$3,198,024 (2023 - \$1,456,891) received from senior levels of government and held exclusively for capital projects (note 7).

6. Trade and other receivables:

	2024	2023
Trade and other accounts receivable	\$ 747,658	\$ 225,796
Goods and services tax receivable	119,501	65,142
	867,159	290,938
Less: Allowance for doubtful accounts	(9,411)	(14,353)
<u> </u>	\$ 857,748	\$ 276,585

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

7. Deferred revenue:

	2024	2023
Deferred revenue, beginning of year	\$ 1,468,891	\$ 3,719,968
Funds received in the year:		
Operating	542,648	100,718
Capital	4,341,485	957,486
	4,884,133	1,058,204
Amounts recognized in revenue during the year:		
Operating	(528,247)	(656, 145)
Capital	(2,626,753)	(2,653,136)
	(3,155,000)	(3,309,281)
Deferred revenue, end of year	\$ 3,198,024	\$ 1,468,891
Deferred revenue is comprised of:		
Dead Stock Removal Grant	6,917	3,808
Prepaid property tax	295,201	290,506
2022/23 Fire Services Training Program	-	12,173
2024 Mrf funding	4,838	
2024 Fire Services Training Grant	10,595	-
Claresholm Community Hall - 2024 Fire Games	330	-
2021/22 Alberta Community Partnership Strategic		
Initiatives	125,999	280,892
Disaster Services	23,595	23,595
Community Foundation Grant - Granum Library	9,593	-
Community Foundation Grant - Rural Life	15,000	2
Community Foundation Grant - Food Bank	3,500	320
Intact Insurance Company - Granum Cemetery Sign	26,717	.70
Other	28,329	6,999
Capital:		
Municipal Sustainability Initiative		3,188
Alberta Community Resilience	65,010	681,852
Federal Gas Tax	444,939	165,878
STIP	2,137,461	-
8	\$ 3,198,024	\$ 1,468,891

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

8. Employee future benefits:

	2024	2023
Vacation pay	\$ 43,955	\$ 34,826
Banked overtime	12,743	13,542
Sick time accrual	28,620	41,677
	\$ 85,318	\$ 90,045

9. Debt:

		2023		
Tax supported debentures	\$	198,860	\$ 329,577	

The current portion of long-term debt amounts to \$132,200 (2023 - 130,718). Principal and interest repayments are as follows:

2025 2026	Principal			Interest	Total	
	\$	132,200 66,660	\$	1,875 377	\$	134,075 67,037
	\$	198,860	\$	2,252	\$	201,112

Debenture debt is repayable to Alberta Municipal Financing Corporation 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.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

10. Accumulated surplus

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

		2024		2023
Unrestricted surplus	\$	247,127	\$	269,480
Restricted surplus:				
Operating:				
Granum		167,416		179,416
Granum Cemetery		1,050		
Discretionary grants		1,341		691
Physicians recruitment		41,200		41,200
Capital:		341112411043		
Fire		473,738		524,890
Capital acquisition reserve		2,201,267		2,785,361
Equipment		1,414,068		1,547,861
Claresholm Medical Centre		441,526		380,149
Disaster Services		319,286		300,000
Landfill		16,683		16,683
Protective services		197,089		187,789
Claresholm Industrial Airport		320,275		218,190
Roads		5,422,534		4,247,534
Granum equipment		121,246		121,246
Granum land development		43,223		43,223
Granum water system replacement		162,300		132,300
Bridge file		1,092,151		1,103,432
Gravel pit reclamation		100,000		100,000
Buildings		509,608		531,341
Environmental Buildings		100,000		100,000
	1	3,146,001		12,561,306
Equity in tangible capital assets	8	0,600,269	8	32,384,634
	\$ 9	3,993,397	\$ 9	95,215,420

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

10. Accumulated surplus (continued):

	2024	2023
Equity in tangible capital assets:		
Tangible capital assets (Schedule 6)	\$277,761,692	\$274,944,982
Accumulated amortization (Schedule 6)	(193,632,643)	(188,997,839)
Loans related to capital assets	(198,860)	(329,577)
Asset retirement obligation	(3,329,920)	(3,232,932)
	\$ 80,600,269	\$ 82,384,634

11. Asset retirement obligations and environmental liabilities:

	2024	2023
Asset retirement obligations, beginning of year	\$ 3,232,932	\$ 3,138,769
Accretion expense	96,988	94,163
	\$ 3,329,920	\$ 3,232,932

Tangible capital assets with associated retirement obligations include buildings. The M.D. has asset retirement obligations to remove hazardous asbestos fiber containing materials from various buildings under its control. Regulations require the M.D. 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 M.D. to remove the asbestos when asset retirement activities occur.

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 M.D. buildings.

Asset retirement obligations are expected to be settled over the next 10 to 20 years.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

12. 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:

	2024	2023
Total debt limit	\$ 27,067,452	\$ 25,310,105
Total debt	(198,860)	(329,577)
Amount of debt limit unused	26,868,592	24,980,528
Debt servicing limit	4,511,242	4,218,351
Debt servicing	(130,717)	(134,074)
Amount of debt servicing unused	\$ 4,380,525	\$ 4,084,277

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.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

13. 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 304,451 people and about 444 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 2023) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (12.23% in 2023) on pensionable earnings above this amount. Employees of the Municipal District are required to make current service contributions of 7.45% (7.45% in 2023) of pensionable salary up to the year's maximum pensionable salary and 10.65% (11.23% in 2023) on pensionable salary above this amount.

Total current service contributions by the Municipal District to the LAPP in 2024 were \$394,205 (2023 - \$380,131). Total current service contributions by the employees of the Municipal District to the LAPP in 2024 were \$352,117 (2023 – \$340,501).

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.1 billion (2022 - surplus of \$12.7 billion); the 2024 LAPP actuarial balance was not available at the date of this report.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. 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 segments 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 Municipality 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 municipality.

(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.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Segmented disclosure: (continued):

(i) Environmental Services:

Environmental Services is responsible for water supply and distribution services within the municipality 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.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

15. 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:

Division 1 - Van Driesten	Salaries (i)	 enefits and wances (ii)	Total 2024	Total 2023
Division 1 - Van Driesten	\$ 38,582	\$ 12,607	\$ 51,189	\$ 50,734
Division 2 - Kroetsch	38,582	11,305	49,887	49,739
Division 3 - Sandberg	49,605	8,368	57,973	55,647
Division 4 - Alm	38,582	13,030	51,612	52,575
Division 5 - Hemmaway	38,582	7,107	45,689	46,882
Division 6 - Berger	38,582	10,487	49,069	48,826
Division 7 - Nelson	38,582	8,168	46,750	45,795
	281,097	71,072	352,169	350,198
Chief Administrative Officer	\$ 263,663	\$ 39,712	\$ 303,375	\$ 276,553

- Salary includes regular base pay. For Councilors, salary includes a monthly allowance to attend special events and per diem reimbursement for authorized meetings attended.
- ii) For non-elected officials, employers 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.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

16. Financial instruments:

The Municipal District as part of its operations carries a number of financial instruments, such as cash and cash equivalents, 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.

Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the 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 of 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.

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

17. 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 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.

18. Budget:

The disclosed budget information was approved by the Reeve and Council of the Municipal District of Willow Creek on April 10, 2024.

19. Approval of financial statements:

Council and Management approved these financial statements.

20. Comparative amounts:

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2024 financial statements.



STATISTICS

YEAR ENDED DECEMBER 31, 2024

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

MD OF WILLOW CREEK No. 26 STATISTICS

TABLE OF CONTENTS

Year ended December 31, 2024

- 71 Demographics, Area, & Other
- **71** Property Assessment
- **72** Tax Rates
- **72** Total Tax Collection
- **73** Assets, Liabilities & Surplus
- **73** Revenue by Source
- Expenses by Function & Object
- **74** Debt Supported by Taxes
- **75** Transfers to Local Boards and Agencies
- **75** Annual Surplus

DEMOGRAPHICS, AREA, & OTHER

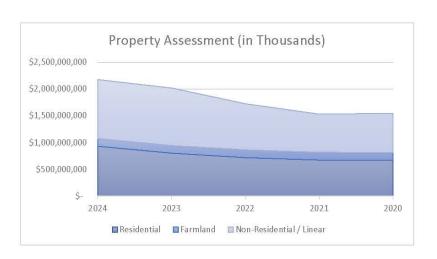
	2024	2023	2022	2021	2020
					3
Population	6,081	6,081	6,081	6,081	5,179
Number of Dwelling Units	2,583	2,575	2,563	2,542	2,529
Area of Municipality (Hectares)	448,505	448,505	448,505	456,952	456,954
Number of Hamlets	4	4	4	4	4
Road Maintained (Km)	2,259	2,259	2,259	2,259	2,259
Water Pipeline (km)	46	46	46	46	46
Development Permits	150	110	113	149	116
Subdivisions and Applications	15	13	14	22	24
Full Time Staff	47	48	46	46	46

PROPERTY ASSESSMENT (in thousands)

-	2024		2023		2022		2021		2020
\$	933,484,200	\$	802,151,390	\$	720,520,680	\$	675,313,910	\$	669,490,040
\$	143,541,430	\$	143,634,520	\$	143,702,770	\$	143,697,540	\$	143,850,310
\$	1,100,705,280	\$	1,073,515,370	\$	860,192,130	\$	712,573,620	\$	733,065,490
	\$ \$ \$	\$ 933,484,200	\$ 933,484,200 \$ \$ 143,541,430 \$	\$ 933,484,200 \$ 802,151,390 \$ 143,541,430 \$ 143,634,520	\$ 933,484,200 \$ 802,151,390 \$ \$ 143,541,430 \$ 143,634,520 \$	\$ 933,484,200 \$ 802,151,390 \$ 720,520,680 \$ 143,541,430 \$ 143,634,520 \$ 143,702,770	\$ 933,484,200 \$ 802,151,390 \$ 720,520,680 \$ \$ 143,541,430 \$ 143,634,520 \$ 143,702,770 \$	\$ 933,484,200 \$ 802,151,390 \$ 720,520,680 \$ 675,313,910 \$ 143,541,430 \$ 143,634,520 \$ 143,702,770 \$ 143,697,540	\$ 933,484,200 \$ 802,151,390 \$ 720,520,680 \$ 675,313,910 \$ \$ 143,541,430 \$ 143,634,520 \$ 143,702,770 \$ 143,697,540 \$

TOTAL TAXABLE ASSESSMENT

\$ 2,177,730,910 \$ 2,019,301,280 \$ 1,724,415,580 \$ 1,531,585,070 \$ 1,546,405,840



TAX RATES (expressed in mills)

	2024	2023	2022	2021	2020
Municipal					
- Residential	2.420000	3.061000	3.684000	3.759000	3.700000
- Farmland	9.617000	8.393000	7.990000	7.467000	7.189000
- Non-Residential / Linear	8.095000	7.936000	7.936000	7.936000	7.880000
Education Requisition					
- Residential / Farmland	2.306000	2.362000	2.546000	2.580000	2.485000
- Non-Residential / Linear	3.577000	3.475000	3.598000	3.859000	3.649000
Senior Foundation Requisition					
- Willow Creek	0.286000	0.289000	0.314000	0.371000	0.375000
- Porcupine Hills	0.286000	0.289000	0.200000	0.294000	0.276000
- Mosquito Creek	0.286000	0.289000	0.492000	0.528000	0.506000
- Linear	0.286000	0.289000	0.195000	0.159000	0.163000
Special Levy					
- Granum - Infrastructure	5.851000	5.851000	6.510000	6.986000	7.097000
- Granum - Recreation Area	-	-	-	-	0.027000
- Claresholm - Recreation Area	0.254000	0.262000	-	0.172000	0.161000
Provincial Policing Costs	0.228000	0.218000	0.171000	0.144000	0.095000
Designated Industrial Property Tax	0.076500	0.075000	0.077000	0.077000	0.076000

TOTAL TAX COLLECTIONS

		2024		2023		2022		2021		2020
Net Municipal Taxes	\$	12,790,445	\$	12,411,635	\$	10,757,334	\$	9,496,554	\$	9,443,950
Requisitions:										
- School	\$	4,139,243	\$	3,770,270	\$	3,698,335	\$	3,575,760	\$	3,448,038
- Seniors	\$	621,788	\$	584,131	\$	485,039	\$	473,969	\$	468,331
- Policing	\$	496,286	\$	439,966	\$	324,044	\$	220,331	\$	146,782
- Designated Industrial Property Tax	\$	77,907	\$	74,202	\$	73,296	\$	49,752	\$	50,392
- Claresholm Recreation	\$	54,918	\$	21,090			\$	28,800	\$	28,800
- Granum Recreation									\$	4,000
TOTAL TAX COLLECTION	Ś	18.180.587	Ś	17.301.294	Ś	15.338.048	Ś	13.845.166	Ś	13.590.293

ASSETS, LIABILITIES, & SURPLUS

	<u> </u>	2024	2023	2022	2021	2020
TAX RECEIVABLES AS % OF TAXES						
- Tax Receivables	\$	477,065	\$ 547,592	\$ 1,896,067	\$ 125,139	\$ 605,483
- Total Tax Levies	\$	18,180,587	\$ 17,301,294	\$ 15,338,048	\$ 13,845,166	\$ 13,590,293
- Tax Receivable as % of Taxes		2.6%	3.2%	12.4%	0.9%	4.5%
Financial Assets	\$	15,074,244	\$ 14,214,483	\$ 15,753,127	\$ 13,832,879	\$ 14,983,250
Financial Liabilities	\$	8,395,779	\$ 6,490,418	\$ 8,460,924	\$ 4,465,129	\$ 4,031,891
NET FINANCIAL ASSETS	\$	6,678,465	\$ 7,724,065	\$ 7,292,203	\$ 9,367,750	\$ 10,951,359
Tangible Capital Assets	\$	84,129,049	\$ 85,947,143	\$ 86,877,423	\$ 88,609,852	\$ 90,427,869
Inventory Held for Consumption	\$	2,835,350	\$ 1,168,756	\$ 1,401,791	\$ 1,899,817	\$ 773,643
Prepaid Expenses	\$	350,533	\$ 375,456	\$ 324,573	\$ 242,797	\$ 221,413
ACCUMULATED SURPLUS	\$	93,993,397	\$ 95,215,420	\$ 95,895,990	\$ 100,120,216	\$ 102,374,284
Unrestricted Surplus	\$	247,127	\$ 269,480	\$ 227,964	\$ 255,448	\$ 232,944
Restricted Surplus (Reserves)	\$	13,146,001	\$ 12,561,306	\$ 12,388,201	\$ 11,618,019	\$ 11,713,471
Equity in Tangible Capital Assets	\$	80,600,269	\$ 82,384,634	\$ 83,279,825	\$ 88,246,749	\$ 90,427,869
ACCUMULATED SURPLUS	\$	93,993,397	\$ 95,215,420	\$ 95,895,990	\$ 100,120,216	\$ 102,374,284

REVENUES (by source)

	 2024	2023	2022	2021	2020
Revenue:					
Net municipal property taxes	\$ 12,790,445	\$ 12,411,635	\$ 10,757,334	\$ 9,496,554	\$ 9,443,950
User fees and sales of goods	\$ 717,932	\$ 602,904	\$ 725,190	\$ 929,653	\$ 533,981
Government Transfers for operating	\$ 2,479,750	\$ 1,579,491	\$ 1,417,173	\$ 2,294,189	\$ 1,634,717
Return on Investments	\$ 468,373	\$ 544,394	\$ 189,599	\$ 100,472	\$ 146,115
Penalties and costs on taxes	\$ 132,811	\$ 93,281	\$ 81,132	\$ 67,170	\$ 100,167
Licenses and permits	\$ 9,020	\$ 8,930	\$ 9,408	\$ 9,698	\$ 9,303
Other revenues	\$ 1,311,360	\$ 1,491,003	\$ 2,262,426	\$ 1,166,179	\$ 790,923
Rentals	\$ 99,195	\$ 95,636	\$ 88,361	\$ 84,321	\$ 269,832
Franchise fees	\$ 5,140	\$ 32,473	\$ 34,559	\$ 29,557	\$ 25,199
Fines	\$ 30,942	\$ 13,656	\$ 16,783	\$ 24,483	\$ 20,873
Well drilling	\$ -	\$.=4	\$ -10	\$ =0	\$ -
OPERATING REVENUE	\$ 18,044,968	\$ 16,873,403	\$ 15,581,965	\$ 14,202,276	\$ 12,975,060
Contributed tangible capital assets	\$ 80,514	\$ 31,042	\$ 4,300	\$ 60,993	\$ 1,191,985
Government transfers for capital	\$ 2,518,279	\$ 2,610,450	\$ 3,333,174	\$ 4,187,482	\$ 32,793
Gain on sale of tangible capital assets	\$ 422,718	\$ 981,504	\$ 315,114	\$ 220,651	\$ 3,223,116
TOTAL REVENUE	\$ 21,066,479	\$ 20,496,399	\$ 19,234,553	\$ 18,671,402	\$ 17,422,954

EXPENSES (by function and object)

		2024	2023	2022	2021	2020
EXPENSES (by function)	*					
Elected officials	\$	421,721	\$ 414,937	\$ 389,910	\$ 360,996	\$ 348,77
General administration	\$	2,442,931	\$ 1,566,586	\$ 1,655,785	\$ 2,100,166	\$ 1,539,98
Information technology	\$	708,035	\$ 517,093	\$ 489,430	\$ 438,934	\$ 284,01
Fire	\$	700,725	\$ 776,358	\$ 636,755	\$ 705,861	\$ 615,77
Disaster and emergency services	\$	45,407	\$ 42,501	\$ 41,429	\$ 214,526	\$ 39,66
Claresholm medical clinic	\$	13,231	\$ 4,647	\$ 4,583	\$ 10,411	\$ 2,21
Emergency services and bylaw enforcement	\$	974,694	\$ 975,907	\$ 915,802	\$ 618,426	\$ 561,29
Transportation	\$	7,578,834	\$ 7,694,427	\$ 6,776,869	\$ 6,762,526	\$ 6,599,49
Water development	\$	734,227	\$ 511,694	\$ 564,512	\$ 461,987	\$ 370,90
Garbage collection and disposal	\$	245,363	\$ 233,509	\$ 220,799	\$ 240,148	\$ 227,36
Cemeteries	\$	22,310	\$ 51,918	\$ 24,599	\$ 24,614	\$ 12,00
Development and planning	\$	738,110	\$ 581,470	\$ 596,126	\$ 522,773	\$ 454,39
Agricultural services board	\$	658,518	\$ 625,576	\$ 618,398	\$ 541,269	\$ 517,19
Recreation boards	\$	372,275	\$ 338,400	\$ 291,300	\$ 280,037	\$ 189,00
Parks and recreation	\$	46,871	\$ 58,552	\$ 27,422	\$ 114,531	\$ 251,33
Libraries	\$	131,027	\$ 150,308	\$ 127,111	\$ 126,500	\$ 127,34
Family and community support	\$	223,360	\$ 220,955	\$ 207,360	\$ 213,741	\$ 213,74
Amortization of capital assets	\$	6,230,863	\$ 6,412,130	\$ 7,467,016	\$ 7,188,024	\$ 7,153,21
OTAL EXPENSES BY FUNCTION	\$	22,288,502	\$ 21,176,968	\$ 21,055,206	\$ 20,925,470	\$ 19,507,69

Note: The term function is grouping the expenses by department

	10	2024	2023	2022	2021	2020
EXPENSES (by object)	12					
Salaries, wages and benefits	\$	7,045,710	\$ 6,946,752	\$ 6,442,452	\$ 6,214,870	\$ 6,192,206
Contracted and general services	\$	3,250,708	\$ 2,506,548	\$ 2,545,611	\$ 2,939,798	\$ 2,144,357
Materials, goods, supplies and utilities	\$	4,875,472	\$ 4,451,293	\$ 3,762,675	\$ 3,824,439	\$ 3,296,558
Provision for (recovery of) allowances			\$ 1.5	\$ (=)	\$ =	\$ 63,928
Transfers to local boards and agencies	\$	372,275	\$ 338,400	\$ 291,300	\$ 280,037	\$ 207,000
Transfers to organizations and individuals	\$	9,164	\$ 486,736	\$ 465,530	\$ 458,852	\$ 449,264
Interest	\$	488,084	\$ 7,997	\$ 9,660	\$ 5,569	\$ 1,168
Other	\$	16,225	\$ 27,112	\$ 70,962	\$ 13,881	\$ -
Amortization of tangible capital assets	\$	6,230,864	\$ 6,412,130	\$ 7,467,016	\$ 7,188,024	\$ 7,153,216
TOTAL EXPENSES BY OBJECT	\$	22,288,502	\$ 21,176,968	\$ 21,055,206	\$ 20,925,470	\$ 19,507,697

Note: The term object is grouping the expenses by type

DEBT SUPPORTED BY TAXES

	2024	2023	2022	2021	2020
Gross Debt (supported by tax)	198,860	329,577	458,831	586,636	-
MD Population	6,081	6,081	6,081	6,081	8
LONG-TERM DEBT PER CAPITA	33	54	75	96	

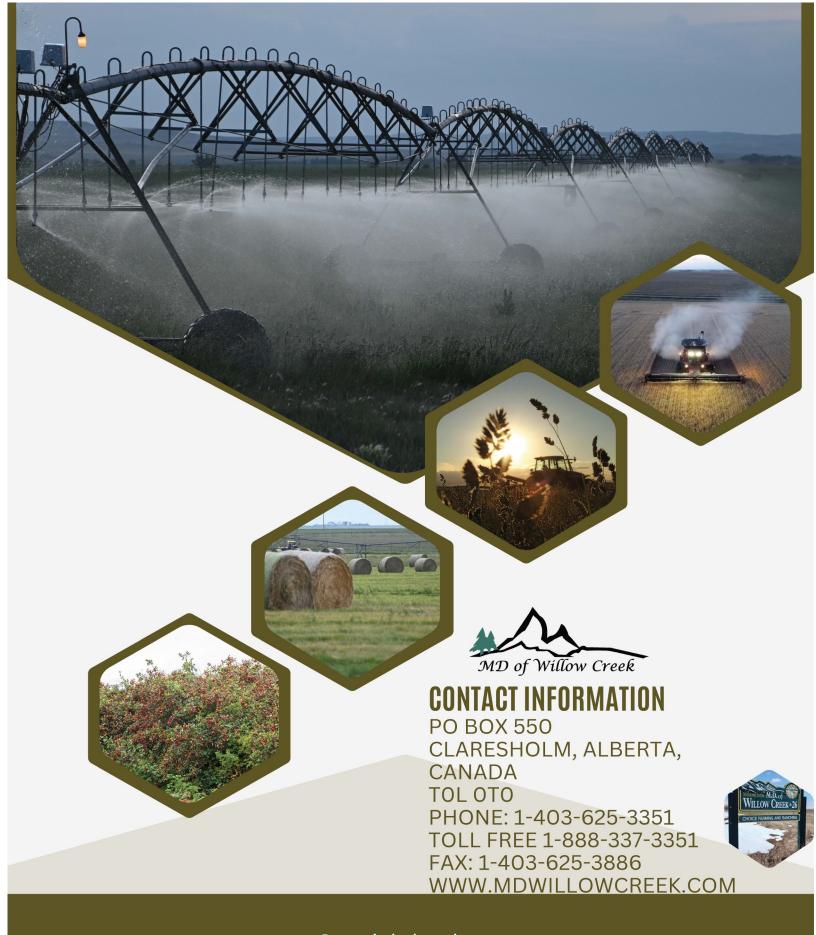
Note: Net Debt is defined by the difference between debt and "cash & cash equivalents", which is zero for all years

TRANSFERS TO LOCAL BOARDS AND AGENCIES

	2024	2023	2022	2021	2020
TRANSFERS TO OTHER LOCAL GOVERNMENTS					
Cemetery Area Contribution	12,000	12,000	12,000	12,000	
Library Boards	129,967	129,683	125,955	125,378	126,376
Recreation Area Contribution	372,275	338,400	291,300	280,037	207,000
Transportation Society	22,500	22,500	22,500	15,000	15,000
Willow Creek Regional Waste	72,972	72,972	66,891	61,886	61,436
Other Local Government & Organizations	250,645	249,581	238,184	244,588	246,452
	860,359	825,136	756,830	738,889	656,264

ANNUAL SURPLUS

	2024	2023	2022	2021	2020
TOTAL REVENUE	21,066,479	20,496,399	19,234,553	18,671,402	17,422,954
TOTAL EXPENSES	22,288,502	21,176,968	20,736,074	20,925,470	19,507,697
ANNUAL SURPLUS	(1,222,023)	(680,569)	(1,501,521)	(2,254,068)	(2,084,743)
ADD: Proceeds from Sale of Tangle	105,488	330,203	171,044	215,273	149,079
Capital Assets					
ADD: Transfers from Restricted Surplus to	(584,695)	(173,105)	(770,182)	95,452	(700,000)
Operations					
ADD: Amortization of Tangible Capital	6,003,152	6,184,418	7,239,305	7,188,024	7,153,216
ADD: Amoritization of ARO Expense	227,711	227,712			
Contributed Capital tangible	(80,514)	(31,042)	(4,300)	(60,993)	(1,191,985)
Assets					
Less: Capital Expenditures	(4,437,742)	(5,781,011)	(5,257,558)	(5,524,287)	(3,457,281)
Accretion expense	96,988	94,163			
Transfer from Granum					58,368
Increase in debt	(130,718)	(129,253)	95,728	363,103	
ALLOCATION TO UNRESTRICTED SURPLUS	(22,353)	41,516	(27,484)	22,504	(73,346)



Special thanks to Denise Pezderic and Sandy Hansma for providing pictures of the MD used in this report