

MUNICIPAL DISTRICT OF RANGLAND NO. 66

Consolidated Financial Statements

For the year ended December 31, 2025

MUNICIPAL DISTRICT OF RANGLAND NO. 66

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INDEPENDENT AUDITOR'S REPORT

To: The Reeve and Members of Council of
the Municipal District of Ranchland No. 66

Qualified Opinion

We have audited the accompanying consolidated financial statements of the Municipal District of Ranchland No. 66 which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the municipal district as at December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Municipal District has not adopted the accounting standard PS 3280 Asset Retirement Obligations, which constitutes a departure from Canadian public sector accounting standards. As a result, we were unable to determine whether any adjustments might be necessary to tangible capital assets, asset retirement obligations, and accumulated surplus as at December 31, 2025, or to revenue and expenses for the year then ended.

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 report. We are independent of the Municipal District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Matter

The financial statements of the Municipal District for the year ended December 31, 2024 were audited by another auditor who expressed a qualified opinion on those financial statements relating to the gravel pit reclamation liability and asset retirement obligation on April 22, 2025.

Emphasis of Matter

We draw your attention to note 26, which describes amendments to the prior year figures. Our opinion is not modified in respect to this matter.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipal District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipal District or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT, continued

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipal District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipal District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Lethbridge, Alberta

April 7, 2026



Chartered Professional Accountants



MUNICIPAL DISTRICT OF RANCLAND NO. 66

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Municipal District of Ranchland No. 66 is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Municipal District's financial position as at December 31, 2025 and the results of its operations for the yearend then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Municipal District Council carries out its responsibilities for review of the consolidated financial statements principally through its Finance and Administration. Council meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to Council with and without the presence of management. The Municipal District Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Avail LLP Chartered Professional Accountants, the independent external auditors appointed by the Municipal District. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of the examination and their opinion on the Municipal District's consolidated financial statements.

Robert Strauss, Chief Administrative Officer

April 7, 2026

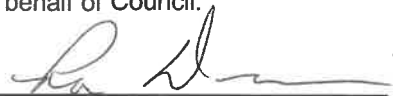
MUNICIPAL DISTRICT OF RANCHLAND NO. 66
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2025

	2025	2024 (restated)
Financial assets		
Cash and temporary investments (note 2)	\$ 4,236,718	\$ 3,233,484
Taxes and grants in place of taxes receivable (note 3)	3,786	11,119
Trade and other receivables (note 4)	128,859	299,201
Investments (note 5)	4,323,974	4,184,817
	8,693,337	7,728,621
Liabilities		
Accounts payable and accrued liabilities	108,426	218,593
Employee benefit obligations (note 6)	89,048	84,736
Provision for reclamation (note 7)	725,313	708,608
Deferred revenue (note 8)	1,123,414	853,041
	2,046,201	1,864,978
Net financial assets	6,647,136	5,863,643
Non-financial assets		
Prepaid expenses	50,426	61,485
Inventory for consumption (note 11)	1,095,645	1,287,195
Tangible capital assets (schedule 2)	10,747,441	10,695,065
	11,893,512	12,043,745
Accumulated surplus (note 12 and schedule 1)		
Accumulated operating surplus	18,540,648	17,907,388
Accumulated remeasurement gains (losses)	-	-
	\$ 18,540,648	\$ 17,907,388

Commitments and contingencies (note 24)

Approved on behalf of Council:

Reeve



Ronald Davis

Councillor



Cameron Gardner

April 7, 2026

MUNICIPAL DISTRICT OF RANGLAND NO. 66
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2025

	Budget (Unaudited)	2025	2024 (restated)
Revenue			
Net municipal property taxes (note 15)	\$ 2,853,511	\$ 2,849,991	\$ 2,585,222
User fees and sales of goods	334,200	500,570	302,664
Government transfers for operating (note 16)	227,718	231,468	381,360
Investment income	171,000	221,150	240,677
Penalties and costs of taxes	500	932	1,063
Rental	80,732	79,053	77,992
Other	73,100	128,117	11,766
Gain on disposal of tangible capital assets	4,000	16,078	143,963
	<u>3,744,761</u>	<u>4,027,359</u>	<u>3,744,707</u>
Expenses (note 17)			
Legislative	741,204	607,545	616,675
General administration	695,511	529,021	557,812
Protective services	296,621	238,391	234,120
Road services	1,702,647	1,546,820	1,597,112
Environmental use and protection	17,990	18,508	10,440
Public health and welfare	39,604	14,827	19,212
Planning and development	53,914	56,446	44,165
Agricultural service and economic development	829,850	760,716	766,445
Recreation and culture	7,258	6,461	5,750
	<u>4,384,599</u>	<u>3,778,735</u>	<u>3,851,731</u>
(Deficiency) excess of revenue over expenses before capital revenue	(639,838)	248,624	(107,024)
Capital revenue			
Government transfers for capital (note 16)	674,270	384,636	1,198,842
Excess of revenue over expenses	34,432	633,260	1,091,818
Accumulated operating surplus, beginning of year			
As previously stated	18,615,996	18,615,996	17,504,482
Prior period adjustment (note 26)	-	(708,608)	(688,912)
As restated	<u>18,615,996</u>	<u>17,907,388</u>	<u>16,815,570</u>
Accumulated operating surplus, end of year	\$ 18,650,428	\$ 18,540,648	\$ 17,907,388

MUNICIPAL DISTRICT OF RANGLAND NO. 66
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
For the year ended December 31, 2025

	2025	2024
Accumulated remeasurement gains (losses), beginning of year	\$ -	\$ -
Unrealized gains (losses) attributable to: Equity investments	-	-
Amounts reclassified to statements of operations: Equity investments realized gains	-	-
Net remeasurement gains (losses) for the year	-	-
Accumulated remeasurement gains (losses), end of year	\$ -	\$ -

MUNICIPAL DISTRICT OF RANGLAND NO. 66
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2025

	Budget (Unaudited)	2025	2024 (restated)
Excess of revenue over expenses	\$ 34,432	\$ 633,260	\$ 1,091,818
Acquisition of tangible capital assets	(697,000)	(456,777)	(1,933,483)
Amortization of tangible capital assets	345,946	368,578	360,049
Net gain on disposal of tangible capital assets	(1,000)	(16,078)	(131,991)
Proceeds on disposal of tangible capital assets	71,000	51,900	770,800
	(281,054)	(52,377)	(934,625)
Net change in inventory for consumption	115,000	191,550	(759,076)
Net change in prepaid expense	-	11,060	(4,257)
	115,000	202,610	(763,333)
Increase (decrease) in net financial assets	(131,622)	783,493	(606,140)
Net financial assets, beginning of year	5,863,643	5,863,643	6,469,783
Net financial assets, end of year	\$ 5,732,021	\$ 6,647,136	\$ 5,863,643

MUNICIPAL DISTRICT OF RANGLAND NO. 66
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2025

	2025	2024 (restated)
Operating transactions		
Excess of revenue over expenses	\$ 633,260	\$ 1,091,818
Adjustments for items which do not affect cash		
Net gain on disposal of tangible capital assets	(16,078)	(131,991)
Amortization of tangible capital assets	368,578	360,049
Gain on disposal of investments	-	(11,867)
	985,760	1,308,009
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	7,333	8,025
Trade and other receivables	170,342	(203,787)
Inventory for consumption	191,550	(759,076)
Prepaid expenses	11,060	(4,257)
Accounts payable and accrued liabilities	(110,167)	53,937
Employee benefit obligations	4,312	14,285
Deferred revenue	270,373	(864,283)
Provision for reclamation	16,705	19,696
	1,547,268	(427,451)
Capital transactions		
Proceeds on disposal of tangible capital assets	51,900	770,800
Acquisition of tangible capital assets	(456,777)	(1,933,483)
	(404,877)	(1,162,683)
Investing transactions		
Purchase of investments	(966,131)	(303,247)
Proceeds on sale of investments	826,974	738,188
	(139,157)	434,941
Increase (decrease) in cash and temporary investments	1,003,234	(1,155,193)
Cash and temporary investments, beginning of year	3,233,484	4,388,677
Cash and temporary investments, end of year	\$ 4,236,718	\$ 3,233,484

MUNICIPAL DISTRICT OF RANGLAND NO. 66
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. Significant accounting policies

The consolidated financial statements of the Municipal District of Ranchland No. 66 are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipal District are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Municipal District and are, therefore, accountable to the Council for the administration of their financial affairs and resources. They include the following:

Nanton Health Centre Management Committee (NHCMC) 1/3 portion held by the Municipal District

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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

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

(c) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expense during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

MUNICIPAL DISTRICT OF RANGLAND NO. 66
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. Significant accounting policies, continued

(d) Valuation of financial assets and liabilities

The Municipal District's financial assets and financial liabilities are measured as follows:

Financial statement component	Measurement
Cash	Cost and amortized cost
Short-term investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term debt	Amortized cost

(e) Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations.

Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(f) Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(g) Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

(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 material 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.

MUNICIPAL DISTRICT OF RANCLAND NO. 66
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. Significant accounting policies, continued

(i) Revenue recognition

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

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

(j) 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.

(k) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

(i) Tangible capital assets

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

	Years
Land improvements	20
Buildings	25-50
Engineered structures	60-75
Machinery and equipment	5-25
Vehicles	10-25

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

MUNICIPAL DISTRICT OF RANGLAND NO. 66
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. Significant accounting policies, continued

- (ii) Contributions 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) Intangible asset
Intangible assets with an indefinite life are not amortized and are monitored annually for impairment.
- (iv) Leases
Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.
- (v) Inventories
Inventories held for consumption are recorded at the lower of cost and replacement cost.
- (l) Deferred revenue
Deferred revenue represent government transfers, donations, and other amounts which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met. Interest earned on deferred revenues, reserves, and offsite levies are calculated using an average investment earnings monthly.
- (m) Future change in accounting policy
The following summarizes upcoming changes to Canadian public sector accounting standards. In 2026, the Municipal District will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently.
 - a) The Conceptual Framework of Financial Reporting in the Public Sector
The Conceptual Framework is the foundation for public sector financial reporting standard setting. 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 the specific standards. The standard is applicable for the fiscal years beginning on or after April 1, 2026.
 - b) PS 1202 Financial Statement Presentation
Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework. The standard is applicable for the fiscal years beginning on or after April 1, 2026.

MUNICIPAL DISTRICT OF RANGLAND NO. 66
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

2. Cash

	2025	2024
Cash	\$ 3,828,043	\$ 2,696,124
Investment cash account	408,675	537,360
	\$ 4,236,718	\$ 3,233,484

Included in cash is a restricted amount of \$1,123,414 (2024 – \$853,041) received from various programs and initiatives and held exclusively for approved projects (Note 8).

Included in cash is the Municipal District's 1/3 portion in the Nanton Health Centre of \$179,676 (2024 - \$152,325)

Under its credit facility with CIBC, the Municipal District holds a line of credit to a maximum of \$800,000 and bears interest at the bank's prime lending rate minus 0.5%. At December 31, 2025 the line of credit was undrawn.

3. Taxes and grants in place of taxes receivables

	2025	2024
Current taxes and grants in place of taxes	\$ 3,786	\$ 11,119
	\$ 3,786	\$ 11,119

4. Trade and other receivables

	2025	2024
Trade accounts	\$ 68,436	\$ 86,438
Interest	36,646	31,898
GST receivable	23,777	130,870
Grant receivable	-	49,995
	\$ 128,859	\$ 299,201

MUNICIPAL DISTRICT OF RANGLAND NO. 66
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

5. Investments

	2025		2024	
	Amortized cost	Market value	Amortized cost	Market value
Government and government guaranteed bonds	\$ 3,873,974	\$ 3,831,171	\$ 3,484,817	\$ 3,428,789
Canadian GIC's and T-bills	450,000	450,000	700,000	700,000
	\$ 4,323,974	\$ 4,281,171	\$ 4,184,817	\$ 4,128,789

Government and government guaranteed bonds have effective interest rates of 1.75% to 5.62% (2024 - 1.55% to 5.76%) with maturity dates from June 2026 to December 2048.

Investment income recognized in the statement of operations includes \$221,150 (2024 - \$240,677) of interest income.

6. Employee benefit obligations

	2025	2024
Vacation	\$ 78,735	\$ 67,442
Overtime	10,313	17,294
	\$ 89,048	\$ 84,736

Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

7. Provision for reclamation

The Municipal District operates two gravel sites that it is legally required to perform closure activities upon retirement of the sites. The estimated total liability related to the reclamation work is \$725,313 (2024 - \$708,608).

The Municipal District has not designated assets for settling reclamation liabilities.

MUNICIPAL DISTRICT OF RANGLAND NO. 66
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

8. Deferred revenue

	2025	Received	Recognized	2024
Municipal Sustainability Initiative - Capital	\$ 198,890	\$ 10,264	\$ 125,002	\$ 313,628
Canada Community Building Fund	116,583	114,856	-	1,727
Watercourse Crossing Remediation Program	291,301	16,981	259,634	533,954
Carnivore Conflict Resolution Initiative	2,779	2,500	3,453	3,732
Strategic Transportation Infrastructure Program	513,861	513,861	-	-
	\$ 1,123,414	\$ 658,462	\$ 388,089	\$ 853,041

Deferred revenue is comprised of the funds noted above, the use of which, together with any earnings thereon, is restricted by agreement. These funds are recognized as revenue in the period they are used for the purpose specified.

Unexpended funds related to the advance are supported by cash (note 2).

9. Contaminated sites liability

The Municipal District has adopted PS3260 liability for contaminated sites. The Municipal District did not identify any financial liabilities in 2025 (2024 - nil) as a result of this standard.

MUNICIPAL DISTRICT OF RANGLAND NO. 66
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

10. Debt limits and debt servicing limit

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

	2025	2024
Total debt limit	\$ 6,041,037	\$ 5,617,061
Debt servicing limit	\$ 1,006,840	\$ 936,177

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

11. Inventory for consumption

	2025	2024
Gravel	\$ 984,066	\$ 1,165,677
Other	111,579	121,518
	\$ 1,095,645	\$ 1,287,195

12. Accumulated operating surplus

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

	2025	2024 (restated)
Unrestricted surplus	\$ 477,310	\$ 245,653
Internally restricted reserves (note 14)	7,315,897	6,966,670
Equity in tangible capital assets (note 13)	10,747,441	10,695,065
	\$ 18,540,648	\$ 17,907,388

MUNICIPAL DISTRICT OF RANGLAND NO. 66
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

13. Equity in tangible capital assets

	2025	2024
Tangible capital assets (schedule 2)	\$ 18,275,655	\$ 17,902,151
Accumulated amortization (schedule 2)	(7,528,214)	(7,207,086)
	\$ 10,747,441	\$ 10,695,065

14. Reserves

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

	2025	2024
Operating		
General - unspecified	\$ 114,000	\$ 50,000
Non-Functional - General	2,338,799	2,338,799
Non-Functional - Accounts Receivable	130,000	99,009
Non-Functional - ASFF School Requisition	342,500	300,000
Non-Functional - Inventories for Consumption	1,106,595	1,281,942
Non-Functional - Prepaid Expenses	60,000	56,762
Legislative - General	30,000	30,000
Legislative - Legal	134,452	160,000
Protective services - General	20,000	20,000
Transportation - General	140,000	180,000
Agriculture services - General	50,000	45,000
Agriculture services - Small Capital under 15K	50,000	35,000
Agriculture services - Producer weed assist program	19,670	10,000
Agriculture services - Producer riparian assist program	11,830	10,000
Gravel Crushing	430,600	-
Gravel Pit Reclamation	-	250,000
	4,978,446	4,866,512
Capital		
General Admin - Building	162,391	162,391
Transportation - Buildings	250,000	250,000
Transportation - Engineered Structures	350,000	350,000
Transportation - Machinery & Equipment	950,000	850,000
Transportation - Vehicles	110,000	110,000
Agriculture services - Buildings	135,000	125,000
Agriculture services - Vehicles	95,000	(5,112)
Nanton Health Centre	185,060	157,879
Asset Retirement Obligations	100,000	100,000
	2,337,451	2,100,158
	\$ 7,315,897	\$ 6,966,670

MUNICIPAL DISTRICT OF RANGLAND NO. 66
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

15. Net municipal property taxes

	Budget (Unaudited)	2025	2024
Net municipal taxes (excluding requisitions)			
Real property taxes	\$ 2,841,711	\$ 2,838,123	\$ 2,577,578
Government grants in place of property taxes	11,800	11,868	7,644
	<u>2,853,511</u>	<u>2,849,991</u>	<u>2,585,222</u>
Requisitions			
Alberta School Foundation Fund	685,181	686,222	632,100
Seniors Lodge	17,334	17,360	17,575
Designated Industrial Property	15,753	15,721	16,360
	<u>\$ 718,268</u>	<u>\$ 719,303</u>	<u>\$ 666,035</u>

16. Government transfers

	Budget (Unaudited)	2025	2024
Transfers for operating:			
Provincial government	\$ 227,718	\$ 231,468	\$ 381,360
Transfers for capital:			
Provincial government	674,270	384,636	1,198,842
	<u>\$ 901,988</u>	<u>\$ 616,104</u>	<u>\$ 1,580,202</u>

17. Expenses by object

	Budget (Unaudited)	2025	2024
Salaries, wages and benefits	\$ 1,851,976	\$ 1,638,121	\$ 1,618,610
Contracted and general services	1,542,386	1,160,180	1,335,952
Materials, goods, supplies and utilities	527,600	509,007	444,658
Bank charges and short-term interest	8,100	10,788	8,326
Transfers to organizations and others	92,691	90,707	74,843
Other expenses	12,900	1,354	3,620
Amortization of tangible capital assets	345,946	368,578	360,049
Loss on disposal of tangible capital assets	3,000	-	5,673
	<u>\$ 4,384,599</u>	<u>\$ 3,778,735</u>	<u>\$ 3,851,731</u>

MUNICIPAL DISTRICT OF RANGLAND NO. 66
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

18. 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:

	(1)	(2)	2025	2024
	Salary	Benefits & allowances		
Council				
Ron Davis	\$ 30,615	\$ 6,176	\$ 36,791	\$ 32,795
Harry Streeter	33,914	5,876	39,790	39,167
Cameron Gardner	26,261	6,908	33,169	28,978
Chief Administrative Officer	140,509	34,615	175,124	179,352
Local Assessor by Contract	\$ 14,000	\$ -	\$ 14,000	\$ 14,000

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long- and short-term disability plans, professional memberships, and tuition.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

19. Segmented disclosure

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

Refer to the schedule of segmented disclosure (schedule 3).

General government includes council and other legislative, and general administration. Protective services includes bylaw enforcement, police, and fire. Transportation includes roads, streets, walks and lighting. Planning and development includes land use planning, zoning and subdivision land and development. Public health and welfare includes family and community support. Recreation and culture includes parks and recreation, libraries, museums and halls. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management.

MUNICIPAL DISTRICT OF RANGLAND NO. 66
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

20. Local authorities pension 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 Pensions Plans Act. The LAPP is financed by the employer and employee contributions and by 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% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% on pensionable earnings above this amount.

Total current service contributions by the Municipal District to the LAPP in 2025 were \$78,639 (2024 - \$74,690). Total current service contributions by the employees of the Municipal District to the LAPP in 2025 were \$70,254 (2024 - \$66,668).

At December 31, 2024, the LAPP disclosed an actuarial surplus of \$19.56 billion.

21. Financial instruments

The Municipal District's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities. It is management's opinion that the Municipal District is not exposed to significant interest or credit risk arising from these financial instruments.

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

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

MUNICIPAL DISTRICT OF RANGLAND NO. 66
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

22. Nanton Health Centre Management Committee

The Municipal District of Ranchland participated in a Joint Venture with the Municipal District of Willow Creek and the Town of Nanton in operating the Nanton Health Centre Management Committee (o/a the Nanton Health Centre). The three stakeholders share responsibilities for 1/3 of the operating revenues and expenses of the Centre. The Joint Venture is proportionately consolidated with the Municipal District of Ranchland's consolidated financial statements on a line by line basis.

The following table presents condensed financial information for the Nanton Health Management Committee as of December 31, 2025:

	2025	2024
Financial assets	555,720	473,879
Liabilities	537	478
Net financial debt	555,183	473,401
Non-financial assets	-	-
Accumulated surplus	555,183	473,401
Total revenue	103,648	96,145
Total expenses	21,867	31,476
Excess of revenue over expenses	81,781	64,669

23. Budget amounts

The 2025 budget for the Municipal District was approved by Council on May 6, 2025 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

Budgeted surplus per financial statements	\$	34,432
Less:		
Capital expenditures		(697,000)
Net gain from disposal of tangible capital assets		(1,000)
Transfers to reserves		(136,378)
Add:		
Amortization of tangible capital assets		345,946
Transfers from reserves		268,000
Proceeds from disposal of tangible capital assets		71,000
Use of inventory		115,000
Equals: Balanced budget	\$	-

MUNICIPAL DISTRICT OF RANGLAND NO. 66
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

24. Commitments and contingencies

(a) Commitments

The Municipal District has entered into the following contracts with third party agencies to provide services on behalf of the Municipal District:

- (i) Municipal District of Willow Creek. This agreement is to provide Community Peace Officer services to the Municipal District expiring December 31, 2027. Agreement contains the following agreed upon amounts plus GST:
2026- 2025 costs plus 2025's inflation factor as determined by Statistics Canada
2027- 2026 costs plus 2026's inflation factor as determined by Statistics Canada

- (ii) The Municipal District contracts the services of a consultant to prepare assessments on all property assessments within its jurisdiction. The agreement expires December 31, 2027 and has an annual cost of \$14,000.

(b) Contingencies

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

25. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

26. Prior period adjustment

The Municipal District has entered into surface lease agreements to use various gravel pits. The Municipal District is responsible for any costs associated with the eventual site reclamation of these gravel pits. The prior year numbers have been adjusted to reflect the estimate of cost of the reclamations. The Municipal District engaged engineers to assist with determining the cost to reclaim the gravel pits, which was estimated to be \$633,000 as of December 31, 2021. The 2021 estimation was adjusted to 2024 balances using an inflation calculation. The effects of these adjustments are:

- a decrease in the opening unrestricted net assets of \$688,912
- an increase in accounts payable and accrued liability of \$708,608
- a decrease in the excess of revenue over expenditures of \$19,696
- a decrease in the closing unrestricted net assets of \$708,608

No reclamation work occurred for the December 31, 2025 year.

27. Approval of financial statements

These financial statements were approved by Council and Management.

MUNICIPAL DISTRICT OF RANGLAND NO. 66
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

Schedule of changes in accumulated operating surplus					Schedule 1	
	Unrestricted	Restricted reserves	Equity in tangible capital assets	2025	2024	
Balance, beginning of year						
As previously stated	\$ 954,263	\$ 6,966,670	\$ 10,695,063	\$ 18,615,996	\$ 17,504,482	
Prior period adjustment (note 26)	(708,608)	-	-	(708,608)	(688,912)	
As restated	245,655	6,966,670	10,695,063	17,907,388	16,815,570	
Excess of revenue over expenses	633,260	-	-	633,260	1,091,818	
Unrestricted funds designated for future use	(840,122)	840,122	-	-	-	
Restricted funds used for operations	490,895	(490,895)	-	-	-	
Current year funds used for tangible capital assets	(456,777)	-	456,777	-	-	
Disposal of tangible capital assets	35,821	-	(35,821)	-	-	
Amortization of tangible capital assets	368,578	-	(368,578)	-	-	
Change in accumulated surplus	231,655	349,227	52,378	633,260	1,091,818	
Balance, end of year	\$ 477,310	\$ 7,315,897	\$ 10,747,441	\$ 18,540,648	\$ 17,907,388	

MUNICIPAL DISTRICT OF RANGLAND NO. 66
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

Schedule of tangible capital assets

Schedule 2

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2025	2024
Cost:									
Balance, beginning of year	\$ 423,258	\$ 31,640	\$ 1,622,070	\$ 11,814,905	\$ 2,696,237	\$ 571,824	\$ 742,217	\$ 17,902,151	\$ 16,829,482
Acquisitions	-	-	-	174,135	-	116,766	165,876	456,777	1,933,483
Transfers	-	-	-	742,217	-	-	(742,217)	-	-
Disposals	-	-	-	-	-	(83,273)	-	(83,273)	(860,814)
Balance, end of year	423,258	31,640	1,622,070	12,731,257	2,696,237	605,317	165,876	18,275,655	17,902,151
Accumulated amortization:									
Balance, beginning of year	-	28,987	614,916	5,969,449	446,609	147,125	-	7,207,086	7,069,042
Annual amortization	-	602	32,975	160,009	117,637	57,355	-	368,578	360,049
Disposals	-	-	-	-	-	(47,450)	-	(47,450)	(222,005)
Balance, end of year	-	29,589	647,891	6,129,458	564,246	157,030	-	7,528,214	7,207,086
Net book value	\$ 423,258	\$ 2,051	\$ 974,179	\$ 6,601,799	\$ 2,131,991	\$ 448,287	\$ 165,876	\$ 10,747,441	\$ 10,695,065
2024 net book value	\$ 423,258	\$ 2,652	\$ 1,007,154	\$ 5,845,457	\$ 2,249,629	\$ 424,698	\$ 742,217	\$ 10,695,065	

There were no assets acquired as contributed tangible capital assets in 2025 (2024 - nil).

MUNICIPAL DISTRICT OF RANGLAND NO. 66
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

Schedule of segmented disclosure

Schedule 3

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Agricultural services	Total
Revenue									
Net municipal property taxes	\$ 2,849,991	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,849,991
User fees and sales of goods	251	10,506	351,834	-	-	784	769	136,426	500,570
Government transfers for operating	43,368	-	-	-	3,103	-	-	184,997	231,468
Investment income	215,586	-	-	-	5,564	-	-	-	221,150
Penalties and costs of taxes	932	-	-	-	-	-	-	-	932
Gain on disposal of capital assets	-	-	14,581	-	-	-	-	1,497	16,078
Rental	1,405	-	47,162	-	28,986	-	-	1,500	79,053
Other	109,483	9,987	2,194	-	-	-	-	6,453	128,117
	3,221,016	20,493	415,771	-	37,653	784	769	330,873	4,027,359
Expenses									
Salaries, wages and benefits	630,766	25,084	508,823	7,860	3,097	35,015	-	427,477	1,638,121
Contracted and general services	432,200	170,397	358,066	8,233	7,428	1,041	4,050	178,765	1,160,180
Materials, goods, supplies and utilities	39,010	4,292	371,943	-	-	-	1,792	91,969	509,007
Bank charges and short-term interest	10,788	-	-	-	-	-	-	-	10,788
Transfers to organizations and others	2,000	35,260	-	-	3,878	20,290	-	29,279	90,707
Other expenses	-	1,080	-	-	-	100	-	174	1,354
Amortization of tangible capital assets	21,801	2,280	307,989	2,415	424	-	618	33,051	368,578
	1,136,565	238,393	1,546,821	18,508	14,827	56,446	6,460	760,715	3,778,735
Excess (deficiency) of revenue over expenses before capital revenue	2,084,451	(217,900)	(1,131,050)	(18,508)	22,826	(55,662)	(5,691)	(429,842)	248,624
Other									
Government transfers for capital	8,239	-	376,397	-	-	-	-	-	384,636
Excess (deficiency) of revenue over expenses	\$ 2,092,690	\$ (217,900)	\$ (754,653)	\$ (18,508)	\$ 22,826	\$ (55,662)	\$ (5,691)	\$ (429,842)	\$ 633,260