

FOOTHILLS COUNTY
Consolidated Financial Statements
For the year ended December 31, 2025

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FOOTHILLS COUNTY
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For the year ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To: The Reeve and Members of Council of
the Foothills County

Opinion

We have audited the consolidated financial statements of the Foothills County which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, remeasurement gains and losses, 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, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foothills County as at December 31, 2025, the results of its operations, remeasurement gains and losses, change in its net financial assets 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 report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Those charged with governance are responsible for overseeing the County'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:

INDEPENDENT AUDITOR'S REPORT, continued

- 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 County'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 County'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 29, 2026

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Chartered Professional Accountants

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Foothills County 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 County'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 external auditors have full access to the Audit Committee with and without the presence of management. The County 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 County. The accompanying independent Auditor's Report outlines their responsibilities, the scope of the examination and their opinion on the County's consolidated financial statements.

Chief Administrative Officer

Director of Corporate Services

FOOTHILLS COUNTY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2025

	2025	2024
Financial assets		
Cash and temporary investments (note 2)	\$ 50,797,282	\$ 67,805,338
Taxes and grants in place of taxes receivable (note 3)	3,013,675	3,217,601
Trade and other receivables (note 4)	6,697,923	8,071,055
Land held for resale	598,267	-
Investments (note 5)	457,589	457,587
	61,564,736	79,551,581
Liabilities		
Bank indebtedness (note 6)	1,755,000	-
Accounts payable and accrued liabilities	11,064,460	12,528,451
Employee benefit obligations (note 7)	1,360,851	1,296,381
Deposits	9,904,928	8,624,218
Provision for gravel pit reclamation (note 8)	1,808,847	1,738,823
Deferred revenue (note 9)	17,344,040	19,185,128
Long-term debt (note 10)	8,336,952	9,874,226
Asset retirement obligation (note 11)	2,662,765	2,544,448
	54,237,843	55,791,675
Net financial assets	7,326,893	23,759,906
Non-financial assets		
Prepaid expenses	720,349	575,546
Inventory for consumption (note 12)	4,068,553	4,174,447
Intangible assets (note 13)	8,643,587	8,643,587
Tangible capital assets (schedule 2)	257,700,622	231,362,123
	271,133,111	244,755,703
Accumulated surplus (note 14 and schedule 1)		
Accumulated operating surplus	278,460,004	268,515,609
Accumulated remeasurement gains (losses)	-	-
	\$ 278,460,004	\$ 268,515,609

Commitments and contingencies (note 25)

Approved on behalf of Council:

Councillor _____

Councillor _____

FOOTHILLS COUNTY
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2025

	Budget (Unaudited)	2025	2024
Revenue			
Net municipal taxes (note 15)	\$ 50,268,251	\$ 50,044,403	\$ 45,825,078
User fees and sales of goods	5,959,413	7,610,067	7,583,138
Government transfers for operating (note 16)	1,642,670	1,799,688	1,777,663
Investment income	1,800,000	1,506,398	2,513,577
Penalties and costs of taxes	629,000	802,487	684,780
Licenses and permits	1,615,000	2,193,556	1,735,831
Gain on disposal of tangible capital assets	10,000	181,244	437,659
Rental	550,800	589,222	512,802
Other	604,500	855,364	686,422
Fines	113,500	86,296	31,161
	63,193,134	65,668,725	61,788,111
Expenses (note 17)			
General government			
Legislative	1,230,879	1,244,195	1,175,099
Administration	10,682,113	9,101,904	8,437,909
Protective services			
Protective services	10,947,495	11,168,647	10,521,593
Ambulance services and first aid	247,500	234,132	228,834
Transportation services			
Roads, streets, walks, lighting	35,449,021	27,259,774	27,337,134
Airport	20,875	302,462	21,927
Storm sewers and drainage	-	76,791	-
Environmental use and protection			
Water supply and distribution	7,381,970	6,113,527	6,027,733
Wastewater treatment and disposal	251,384	537,148	489,558
Waste management	394,512	422,233	429,296
Public health and welfare			
Family and community support services	705,327	752,109	668,070
Cemeteries and crematoriums	371,597	378,957	334,618
Planning and development			
Land use planning, zoning and development	3,520,740	3,315,245	2,863,052
Economic and agricultural development	1,292,607	1,428,028	1,265,129
Recreation and culture			
Recreation boards	2,500,000	2,328,934	2,199,214
Parks and recreation	1,932,925	1,826,614	1,814,873
Culture - libraries, museums, halls	842,000	761,449	699,140
	77,770,945	67,252,149	64,513,179
Deficiency of revenue over expenses before capital revenue	(14,577,811)	(1,583,424)	(2,725,068)

FOOTHILLS COUNTY
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2025

	Budget (Unaudited)	2025	2024
Capital revenue			
Government transfers for capital (note 16)	6,930,348	9,901,487	9,046,487
Contributed assets (note 18)	-	666,870	1,257,354
	6,930,348	10,568,357	10,303,841
(Deficiency) excess of revenue over expenses	(7,647,463)	8,984,933	7,578,773
Accumulated operating surplus, beginning of year	268,515,609	268,515,609	260,936,836
Foothills Regional Airport Ltd. (note 19)	-	959,462	-
Accumulated operating surplus, end of year	\$ 260,868,146	\$ 278,460,004	\$ 268,515,609

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FOOTHILLS COUNTY
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	\$ -	\$ -

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FOOTHILLS COUNTY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2025

	Budget (Unaudited)	2025	2024
(Deficiency) excess of revenue over expenses	\$ (7,647,463)	\$ 8,984,933	\$ 7,578,773
Acquisition of tangible capital assets	(32,106,548)	(42,642,776)	(20,350,921)
Amortization of tangible capital assets	17,128,794	16,595,321	16,974,439
Contributed tangible capital assets	-	(666,870)	(1,257,354)
Net loss on disposal of tangible capital assets	-	403,204	432,444
Proceeds on disposal of tangible capital assets	-	661,120	505,328
	(14,977,754)	(25,650,001)	(3,696,064)
Net change in inventory for consumption	-	105,893	(926,429)
Net change in prepaid expense	-	(144,803)	(37,007)
Net financial assets of Foothills Regional Airport Ltd. (note 19)	-	270,965	-
	-	232,055	(963,436)
Change in net financial assets	(22,625,217)	(16,433,013)	2,919,273
Net financial assets, beginning of year	23,759,906	23,759,906	20,840,633
Net financial assets, end of year	\$ 1,134,689	\$ 7,326,893	\$ 23,759,906

FOOTHILLS COUNTY
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2025

	2025	2024
Operating transactions		
Excess of revenue over expenses	\$ 8,984,933	\$ 7,578,773
Adjustments for items which do not affect cash		
Net loss on disposal of tangible capital assets	403,204	432,444
Amortization of tangible capital assets	16,595,321	16,974,439
Contributed tangible capital assets	(666,870)	(1,257,354)
Accretion of asset retirement obligation	118,317	113,061
Excess of revenue over expenses of Foothills Regional Airport Ltd.	(72,707)	-
	25,362,198	23,841,363
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	203,926	(490,780)
Trade and other receivables	1,384,005	(1,965,160)
Land held for resale	(519,739)	109,126
Investments	(2)	-
Inventory for consumption	105,893	(926,429)
Prepaid expenses	(144,803)	(37,007)
Accounts payable and accrued liabilities	(1,469,177)	4,537,087
Employee benefit obligations	64,470	144,986
Deposits	1,280,710	4,268,661
Deferred revenue	(1,841,088)	(3,135,600)
Provision for gravel pit reclamation	70,024	40,116
Bank indebtedness	1,755,000	-
	26,251,417	26,386,363
Capital transactions		
Proceeds on disposal of tangible capital assets	661,120	505,328
Acquisition of tangible capital assets	(42,642,776)	(20,350,921)
	(41,981,656)	(19,845,593)
Investing transactions		
Cash of Foothills Regional Airport Ltd.	259,457	-
Financing transactions		
Repayment of long-term debt	(1,537,274)	(1,500,613)
(Decrease) increase in cash and temporary investments	(17,008,056)	5,040,157
Cash and temporary investments, beginning of year	67,805,338	62,765,181
Cash and temporary investments, end of year	\$ 50,797,282	\$ 67,805,338

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. Significant accounting policies

The consolidated financial statements of the County are the representations of management prepared in accordance with public sector accounting standards for local government established by the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the County 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 County and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

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) Inventories for resale

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

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. Significant accounting policies, continued

(d) 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.

(e) Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

(f) 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.

(g) Long-term debt

Long-term debt is initially recognized net of any premiums, discounts, fees and transactions costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. Significant accounting policies, continued

(h) Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

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

(i) Revenue recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the County 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) 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.

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. Significant accounting policies, continued

(k) 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.

(l) 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.

(m) 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 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.

There is measurement uncertainty related to asset retirement obligations and the provision for gravel pit reclamation as these involves estimates in determining settlement amount, discount rates and timing of settlement. Changes to any of these estimates and assumptions may result in change to the obligation.

(n) Valuation of financial assets and liabilities

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

<u>Financial statement component</u>	<u>Measurement</u>
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
Loans receivable and debt charges recoverable	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term debt	Amortized cost

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. Significant accounting policies, continued

(o) 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	10-40
Buildings	25-40
Engineered structures	5-70
Machinery and equipment	10-20
Vehicles	8-20

Amortization is charged at 50% in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(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.

(vi) Cultural and historical tangible capital assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. Significant accounting policies, continued

(p) 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.

(q) Future change in accounting policy

The following summarizes upcoming changes to Canadian public sector accounting standards. In 2026, the County 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.

2. Cash and temporary investments

	2025	2024
Cash	\$ 427,970	\$ 4,272,207
Temporary investments	46,594,570	60,081,236
Bonds	3,774,742	3,451,895
	\$ 50,797,282	\$ 67,805,338

The temporary investments are comprised of guaranteed investment certificates and term deposits with interest rates ranging between 2.55% and 3.22% and maturity dates of May 2026 to October 2026. The carrying value of these investments approximates fair value.

The bond portfolio has interest rates in the range of 2.65% to 3.05% with maturity dates from 2026 to 2032. The market value of the bonds as at December 31, 2025 was \$3,818,177.

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

3. Taxes and grants in place of taxes receivables

	2025	2024
Taxes and grants in place of taxes receivable	\$ 2,600,418	\$ 3,039,859
Arrears	880,370	339,827
	3,480,788	3,379,686
Allowance for doubtful accounts	(467,113)	(162,085)
	\$ 3,013,675	\$ 3,217,601

4. Trade and other receivables

	2025	2024
Due from provincial government	\$ 4,122,048	\$ 4,766,534
Trade receivables	803,502	837,816
Goods and Services Tax (GST)	676,191	631,575
Utilities	602,330	950,276
Other receivables	469,902	832,993
Due from local government	40,000	67,941
Allowance for doubtful accounts	(16,050)	(16,080)
	\$ 6,697,923	\$ 8,071,055

5. Investments

	2025		2024	
	Carrying value	Market value	Carrying value	Market value
Sheep River Regional Utility Corp.	\$ 457,293	\$ 457,293	\$ 457,293	\$ 457,293
Portfolio investments	296	296	294	294
	\$ 457,589	\$ 457,589	\$ 457,587	\$ 457,587

The County purchased 10 class A common shares in Sheep River Regional Utility Corp. (SRRUC) for 10% ownership in the amount of \$1.

SRRUC was formed in partnership with the Town of Diamond Valley, Foothills County and the Village of Longview. SRRUC is responsible for distribution of water to its partnering municipalities.

Effective July 27, 2016, the County advanced a shareholder loan to SRRUC in the amount of \$457,292 to contribute to the purchase of a water system asset. The loan is non-interest bearing and has no specific terms of repayment. The loan is secured by a general security agreement, land mortgage over SRRUC's assets, and other security, resolutions, and certificates.

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

6. Bank indebtedness

Under its credit facility with TD Canada Trust, the County holds a line of credit to a maximum of \$2,000,000. The line of credit is due on demand and bears interest at the prime rate less 0.75%. As at December 31, 2025 the line of credit balance was drawn at \$1,755,000 (2024 - undrawn).

7. Employee benefit obligations

	2025	2024
Vacation	\$ 843,532	\$ 695,942
Post employment benefits	481,368	589,921
Overtime	35,951	10,518
	\$ 1,360,851	\$ 1,296,381

Vacation

The vacation liability is comprised of the vacation 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.

Post-employment benefits

The County provides a service recognition benefit for its employees. Retiring employees over the age of 55 with over 10 years of service to the County are eligible to receive 1% of salary for each year of employment. Councilors who have served more than two terms (six years) receive 1% of salary for each year served.

Overtime

The overtime liability is comprised of overtime hours that employees have earned and are entitled to within the next budgetary year.

8. Provision for gravel pit reclamation

The estimated total liability related to reclamation work on various gravel pits including final coverage and landscaping is \$1,808,847 (2024 - \$1,738,823).

The County has not designated assets for settling reclamation liabilities.

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

9. Deferred revenue

	2025	2024
Lower Highwood Flood Mitigation	\$ 9,068,135	\$ 10,471,376
Canada Community Building Fund	3,546,182	2,922,771
Municipal Sustainability Initiative	2,310,968	2,626,093
Flood Recovery Erosion Control	1,748,283	1,697,362
Local Government Fiscal Framework	451,793	1,197,923
Hoeh Dike Reinforcement Grants	107,424	104,295
United Way Healthy Aging Alberta	70,005	134,558
Alberta Jobs, Economy and Trade Grant	29,250	-
Millarville Racing and Ag Society	12,000	12,000
Alberta Community Policing Grant	-	14,250
Alberta Health Services	-	4,500
	\$ 17,344,040	\$ 19,185,128

Funding in the amount of \$5,974,500 (2024 - \$5,554,084) was received in the current year from various provincial grant programs. The use of these funds is restricted to eligible projects under the various programs.

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

10. Long-term debt

	2025	2024
Tangible capital assets		
Road debenture	\$ 2,833,979	\$ 3,032,356
Heritage Pointe Fire Hall	2,223,113	2,381,637
Aldersyde shop	285,047	557,158
Fire Hall Land	173,072	343,101
Equipment purchase	-	294,667
	5,515,211	6,608,919
Intangible assets		
Aldersyde Water License	2,821,741	3,265,307
	\$ 8,336,952	\$ 9,874,226
Current portion	\$ 1,277,790	\$ 1,537,274

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2026	\$ 1,277,790	\$ 220,181	\$ 1,497,971
2027	839,388	188,062	1,027,450
2028	859,634	167,816	1,027,450
2029	880,425	147,025	1,027,450
2030	901,775	125,675	1,027,450
Thereafter	3,577,940	371,617	3,949,557
	\$ 8,336,952	\$ 1,220,376	\$ 9,557,328

Debenture debt is repayable to Alberta Capital Finance Authority and is issued on the credit and security of the County at large. The average annual interest rate is 2.59% for 2025 (2024 - 2.59%).

Interest on long-term debt amounted to \$248,228 (2024 - \$285,183).

The County's total cash payments for interest in 2025 were \$257,341 (2024 - \$294,002).

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

11. Asset retirement obligation

Asbestos abatement

The County owns buildings which contains asbestos and, therefore, the County is legally required to perform abatement activities upon renovation or demolition of this building. Abatement activities include handling and disposal of the asbestos in a prescribed manner when it is disturbed.

Engineering Structures

The County owns and operates a wastewater treatment plant and sewage lagoons where there is a legal obligation for decommissioning and land reclamation upon the permanent retirement of such assets from services. Retirement costs include decommissioning of the infrastructure, reclamation of land surface, revegetation, and work around water considerations according to the method the retirement obligation is likely to be fulfilled.

Machinery and equipment

The County owns fuel and oil tanks where there is a legal obligation under an environmental code of practice to dispose of the assets in a prescribed manner at the end of its useful life.

At December 31, 2025, the discounted amount (2024 - discounted amount) of estimated future cash flows required to settle this obligation is \$2,662,765 (2024 - \$2,544,448). The accretion rate used was 4.65%.

The County has not designated assets for settling the abatement and retirement activities.

Asset retirement obligations are expected to be settled over the next 2 to 33 years.

	2025	2024
Balance, beginning of year	\$ 2,544,448	\$ 2,431,387
Liabilities incurred	-	-
Liabilities settled	-	-
Change in estimated cash flows	-	-
Accretion expenses	118,317	113,061
Balance, end of year	\$ 2,662,765	\$ 2,544,448

12. Inventory for consumption

	2025	2024
Road gravel	\$ 2,773,191	\$ 2,924,423
Sanding chips, fines, salt	530,751	343,144
Other	424,115	537,813
Parts, tires, blades	340,496	369,067
Total	\$ 4,068,553	\$ 4,174,447

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

13. Intangible asset

Indefinite intangible assets consist of water licenses with a carrying value of \$8,643,587.

14. Accumulated operating surplus

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

	2025	2024
Unrestricted surplus	\$ 2,090,395	\$ 2,111,016
Internally restricted reserves (note 20)	21,025,117	38,817,557
Equity in tangible capital assets (note 21)	249,522,646	222,208,756
Equity in intangible assets (note 22)	5,821,846	5,378,280
	\$ 278,460,004	\$ 268,515,609

15. Net municipal property taxes

	Budget (Unaudited)	2025	2024
Net municipal taxes (after requisitions)			
Real property taxes	\$ 33,025,162	\$ 32,537,947	\$ 32,280,355
Commercial/industrial property taxes	9,711,229	9,946,403	8,007,888
Farmland property taxes	1,569,051	1,593,380	1,609,306
Power, pipe, cable t.v. and railway	5,913,373	5,917,237	3,882,140
Federal grants in place of property taxes	37,287	37,287	33,232
Provincial grants in place of property taxes	809	809	817
Local improvement levy	11,340	11,340	11,340
	50,268,251	50,044,403	45,825,078
Requisitions			
Alberta School Foundation Fund	26,592,999	26,593,000	22,559,212
Separate School Board	2,692,804	2,692,804	2,176,000
Seniors' Foundation	1,079,858	1,079,858	1,030,512
Designated Industrial Property	53,352	53,352	46,025
	\$ 30,419,013	\$ 30,419,014	\$ 25,811,749

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

16. Government transfers

	Budget (Unaudited)	2025	2024
Transfers for operating:			
Provincial government	\$ 1,642,670	\$ 1,410,369	\$ 1,441,821
Local government	-	389,319	335,842
	1,642,670	1,799,688	1,777,663
Transfers for capital:			
Provincial government	6,930,348	8,094,979	5,822,293
Federal government	-	1,806,508	3,224,194
	6,930,348	9,901,487	9,046,487
	\$ 8,573,018	\$ 11,701,175	\$ 10,824,150

17. Expenses by object

	Budget (Unaudited)	2025	2024
Salaries, wages and benefits	\$ 25,700,684	\$ 23,941,886	\$ 21,944,832
Contracted and general services	10,878,651	7,284,916	5,517,748
Materials, goods and utilities	11,146,464	7,101,740	8,295,949
Bank charges and short-term interest	62,000	104,013	90,978
Interest on long-term debt	1,703,503	248,228	285,183
Other expenditures	2,237,500	2,582,903	1,979,848
Transfers to local boards and agencies	6,281,822	6,076,022	5,725,652
Purchases from other governments	2,631,527	2,614,356	2,715,386
Amortization of tangible capital assets	17,128,794	16,595,321	16,974,439
Accretion of asset retirement obligation	-	118,317	113,061
Loss on disposal of tangible capital assets	-	584,447	870,103
	\$ 77,770,945	\$ 67,252,149	\$ 64,513,179

18. Contributed assets

During the year, the County assumed control of various lands. The transactions have been recorded at the fair market value at the date of assumption and the contribution has been recognized as revenue during the year.

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

19. Foothills Regional Airport Ltd.

During the year, the FRA was dissolved into the County's operations effective September 2025. The following balances and transactions from the FRA have been transferred to the County:

Financial assets	\$	276,148
Liabilities		5,183
<hr/>		
Net financial assets		270,965
Non-financial assets		688,497
<hr/>		
Accumulated surplus	\$	959,462
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Total revenue	\$	133,097
Total expenses		60,390
<hr/>		
Excess of revenue over expenses	\$	72,707
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20. 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.

Public reserve

Funds in this reserve are acquired through sale of public reserve land or through cash in lieu of land payments. Under the Municipal Government Act, certain subdivisions are required to contribute land for school and recreational purposes.

Public transportation

This reserve consists of unexpended public transportation grant funds. These funds are intended to assist in the provision of transportation of seniors and disabled residents.

Family and Community Support Services (FCSS) reserve

This reserve is the result of unexpended grant funds that will be used at the discretion of Council under the recommendation of the FCSS board to fund future Family and Community Support Services projects.

Cayley offsite contributions

This reserve consists of off site levies and profit from the development and sale of lots in Cayley. Funds will be used for future Cayley developments.

Provincial 75th Anniversary grant

In 1980 the Province of Alberta gave each municipality a grant as part of the Provincial 75th anniversary celebration. Council at that time set up funds as a reserve. The funds from this grant are used to fund operations during the year and reduce the requirement for borrowing until taxes are collected. Excess funds are invested and the interest income is recorded as general revenue.

Blackie cemetery

In 2002, a donation that is to be used for improvements and maintenance at the Blackie cemetery was received from a Blackie business.

20. Reserves, continued

Aldersyde water system

These funds are being set aside for future upgrades as required to the Aldersyde water system.

Calgary annexation compensation

Funds in this reserve came from the compensation paid by the City of Calgary for lost revenue from land annexed into the City of Calgary in 2005. These funds will be used to fund future projects as determined by Council.

Foothills cemetery

In 2010, Foothills County assumed responsibility for the operations of the Foothills cemetery. The reserves include provisions for future operating expenditures, future capital construction, perpetual maintenance and columbarium construction. These reserves can only be used for the Foothills cemetery upon approval of the cemetery Board.

Reserve for future expenses

A reserve has been set up to fund future capital projects. These funds can be used at the discretion of council.

Gladys Union and Pine Creek cemetery

In 2018 Foothills County assumed responsibility for the operations of the Pine Creek Cemetery and the Gladys Union Cemetery. These reserves are the result of these Societies dissolving and turning over the balance in their bank accounts to the County. These reserves can be used at the discretion of Council to enhance these cemeteries.

Cayley cemetery

This reserve is a result from donations and transfers that is to be used for improvements and maintenance at the Cayley cemetery.

Recreation

This reserve is the result of donations received to be used for various recreation items including the West Foothills Recreation Facility and the Fieldhouse.

Hawk's Landing water system

These funds are to be used to maintain the water, sewer, and irrigation system at Hawk's Landing.

Airport

These funds are being set aside for future capital expenditures as required for the Airport.

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

20. Reserves, continued

	2025	2024
Public reserve	\$ 2,151,580	\$ 1,550,171
Public transportation	31,895	31,282
FCSS reserve	6,985	6,985
Cayley offsite contributions	1,242,328	1,242,328
Provincial 75th Anniversary grant	3,111,430	3,111,430
Blackie cemetery	5,298	5,298
Aldersyde water system	-	14,981,398
Calgary annexation compensation	550,488	550,488
Foothills cemetery	755,001	773,844
Reserve for future expenses	12,320,428	15,820,428
Gladys Union cemetery	10,117	10,117
Pine Creek cemetery	17,735	17,735
Cayley cemetery	13,717	23,290
Recreation	481,657	476,366
Hawk's landing water system	216,397	216,397
Airport	110,061	-
	\$ 21,025,117	\$ 38,817,557

21. Equity in tangible capital assets

	2025	2024
Tangible capital assets (schedule 2)	\$ 579,327,167	\$ 540,752,952
Accumulated amortization (schedule 2)	(321,626,545)	(309,390,829)
Asset retirement obligation (note 11)	(2,662,765)	(2,544,448)
Long-term debt (note 10)	(5,515,211)	(6,608,919)
	\$ 249,522,646	\$ 222,208,756

22. Equity in intangible assets

	2025	2024
Intangible assets (note 13)	\$ 8,643,587	\$ 8,643,587
Long-term debt (note 10)	(2,821,741)	(3,265,307)
	\$ 5,821,846	\$ 5,378,280

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

23. 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 County be disclosed as follows:

	2025	2024
Total debt limit	\$ 98,503,086	\$ 92,682,168
Total debt	10,091,952	9,874,226
	\$ 88,411,134	\$ 82,807,942
Debt servicing limit	\$ 16,417,181	\$ 15,447,028
Debt servicing	1,497,971	1,794,615
	\$ 14,919,210	\$ 13,652,413

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.

24. Local authorities pension plan

Employees of the County 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 County 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 County to the LAPP in 2025 were \$1,460,042 (2024 - \$1,368,870). Total current service contributions by the employees of the County to the LAPP in 2025 were \$1,303,728 (2024 - \$1,222,850).

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

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

25. Commitments and contingencies

The County is a member of the Alberta Municipal Insurance Exchange (MUNIX) which provides liability insurance. The investment in this program is not reflected as an asset in the accompanying financial statements.

Under the terms of membership, the County 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.

In 2007 the County entered into an agreement with Lafarge Canada Inc. Under this agreement Lafarge Canada Inc. will have unrestricted use (subject to bans and speed limits imposed) of a designated haul road and the County will be responsible for the road's upkeep. In consideration of the cost involved to maintain the road, Lafarge Canada Inc. has agreed to pay through gravel the equivalent of \$1,300,000 or 1 million tonnes of gravel, over 25 years.

The County has commenced construction of the Aldersyde water treatment plant and associated pipeline infrastructure capital project for an estimated cost of \$49,411,458. As of year end, \$40,339,313 has been spent. The project is expected to be completed in July 2026.

26. 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) Salary	(2) Benefits & allowances	2025	2024
Council				
Division 1	\$ 95,406	\$ 11,222	\$ 106,628	\$ 100,648
Division 2	112,633	7,786	120,419	104,185
Division 3	88,403	6,936	95,339	88,552
Division 4	94,416	10,649	105,065	99,031
Division 5	83,654	10,477	94,131	92,455
Division 6	95,499	7,652	103,151	99,553
Division 7	81,098	10,979	92,077	90,797
Chief Administrative Officer - 1.0	266,910	38,364	305,274	293,176
Designated Officers - 7.0	\$ 1,162,550	\$ 222,938	\$ 1,385,488	\$ 1,041,458

(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.

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

27. Contaminated sites liability

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

28. Financial instruments

The County's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the County is not exposed to significant interest or risk arising from these financial instruments.

The County 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 County 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.

29. Budget amounts

The 2025 budget for the County was approved by Council on December 4, 2024 and has been reported, including any subsequent amendments, 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 deficit per financial statements	\$ (7,647,463)
Less:	Capital expenditures	(32,106,548)
	Long-term debt repayments	(2,450,983)
Add:	Amortization of tangible capital assets	17,128,794
	Transfers from reserves	76,200
	Proceeds on long-term debt acquired	25,000,000
Equals: Balanced budget		\$ -

FOOTHILLS COUNTY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

30. Prior period adjustment

The prior year figures have been adjusted to account for a building that was contributed to the County in a prior year. The effects of these adjustments are as follows:

- increase in tangible capital asset building cost of \$1,116,570 as of December 31, 2023 and December 31, 2024
- increase in tangible capital asset building accumulated amortization of \$1,116,570 as of December 31, 2023 and 2024.

As the building would have been fully amortized by December 31, 2023, there is no impact on prior year excess of revenue over expenses or accumulated surplus.

31. Subsequent events

The County has authorized a \$31,000,000 debenture to finance the Aldersyde water treatment plant and associated pipeline infrastructure. Of this amount, \$11,000,000 was received in January 2026, with the remaining proceeds expected later in 2026.

32. Segmented disclosure

The County 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).

33. Approval of financial statements

These financial statements were approved by Council and Management.

34. Comparative figures

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

FOOTHILLS COUNTY
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	Equity in intangible assets	2025	2024
Balance, beginning of year	\$ 2,111,016	\$ 38,817,557	\$ 222,208,756	\$ 5,378,280	\$ 268,515,609	\$ 260,936,836
Excess of revenue over expenses	8,984,933	-	-	-	8,984,933	7,578,773
Unrestricted funds designated for future use	(578,897)	578,897	-	-	-	-
Restricted funds used for tangible capital assets	-	(18,481,398)	18,481,398	-	-	-
Current year funds used for tangible capital assets	(24,161,379)	-	24,161,379	-	-	-
Contributed tangible capital assets	(666,870)	-	666,870	-	-	-
Disposal of tangible capital assets	1,064,324	-	(1,064,324)	-	-	-
Amortization of tangible capital assets	16,595,321	-	(16,595,321)	-	-	-
Asset retirement obligation accretion expense	118,317	-	(118,317)	-	-	-
Long-term debt related to tangible capital assets repaid	(1,093,708)	-	1,093,708	-	-	-
Long-term debt related to intangible assets repaid	(443,566)	-	-	443,566	-	-
Foothills Regional Airport Ltd.	160,904	110,061	688,497	-	959,462	-
Change in accumulated surplus	(20,621)	(17,792,440)	27,313,890	443,566	9,944,395	7,578,773
Balance, end of year	\$ 2,090,395	\$ 21,025,117	\$ 249,522,646	\$ 5,821,846	\$ 278,460,004	\$ 268,515,609

FOOTHILLS COUNTY
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	2025	2024 (restated)
Cost:								
Balance, beginning of year	\$ 23,233,689	\$ 3,632,418	\$ 47,538,613	\$ 410,742,040	\$ 34,520,234	\$ 21,085,958	\$ 540,752,952	\$ 524,623,721
Acquisitions	2,307,171	727,885	1,883,327	6,953,829	4,977,798	1,178,451	18,028,461	11,994,203
Work-in-progress	-	54,679	20,866	25,894,139	-	-	25,969,684	9,614,073
Disposals	-	-	-	(3,069,556)	(1,630,269)	(724,105)	(5,423,930)	(5,211,040)
Write downs	-	-	-	-	-	-	-	(268,005)
Balance, end of year	25,540,860	4,414,982	49,442,806	440,520,452	37,867,763	21,540,304	579,327,167	540,752,952
Accumulated amortization:								
Balance, beginning of year	-	1,512,982	17,479,507	258,643,497	19,033,039	12,721,804	309,390,829	296,957,659
Annual amortization	-	146,192	1,234,013	11,517,982	2,353,182	1,343,952	16,595,321	16,974,439
Disposals	-	-	-	(2,628,295)	(1,071,048)	(660,262)	(4,359,605)	(4,541,269)
Balance, end of year	-	1,659,174	18,713,520	267,533,184	20,315,173	13,405,494	321,626,545	309,390,829
Net book value	\$ 25,540,860	\$ 2,755,808	\$ 30,729,286	\$ 172,987,268	\$ 17,552,590	\$ 8,134,810	\$ 257,700,622	\$ 231,362,123
2024 net book value	\$ 23,233,689	\$ 2,119,436	\$ 30,059,106	\$ 152,098,543	\$ 15,487,195	\$ 8,364,154	\$ 231,362,123	

Land of \$666,870 (2024 engineered structures - \$1,257,354) was acquired as contributed tangible capital assets.

FOOTHILLS COUNTY
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	Total
Revenue								
Net municipal taxes	\$ 50,044,403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,044,403
User fees and sales of goods	685,299	258,593	1,089,396	4,924,923	185,948	72,817	393,091	7,610,067
Government transfers for operating	763,883	126,653	-	69,030	655,625	184,497	-	1,799,688
Investment income	1,494,673	-	11,725	-	-	-	-	1,506,398
Penalties and costs of taxes	802,487	-	-	-	-	-	-	802,487
Licenses and permits	-	-	-	-	-	2,193,556	-	2,193,556
Gain on disposal of capital assets	181,244	-	-	-	-	-	-	181,244
Rental	66,007	-	119,272	-	-	893	403,050	589,222
Other	4,415	-	271,092	1,162	-	577,907	788	855,364
Fines	-	86,296	-	-	-	-	-	86,296
	54,042,411	471,542	1,491,485	4,995,115	841,573	3,029,670	796,929	65,668,725
Expenses								
Salaries, wages and benefits	5,405,207	4,701,155	7,858,443	1,253,267	286,066	3,889,213	548,535	23,941,886
Contracted and general services	1,799,685	847,783	2,595,329	1,107,042	171,851	635,246	127,980	7,284,916
Materials, goods and utilities	169,594	2,530,008	3,321,703	517,512	138,496	179,406	245,021	7,101,740
Bank charges and short-term interest	103,544	-	469	-	-	-	-	104,013
Interest on long-term debt	-	77,218	120,586	50,424	-	-	-	248,228
Other expenditures	2,582,903	-	-	-	-	-	-	2,582,903
Transfers to local boards and agencies	-	2,333,536	-	179,035	468,067	5,000	3,090,384	6,076,022
Purchases from other governments	-	41,119	-	2,563,616	-	9,621	-	2,614,356
Amortization of tangible capital assets	285,169	871,960	13,133,746	1,307,996	66,586	24,787	905,077	16,595,321
Loss on disposal of tangible capital assets	-	-	584,448	-	-	-	-	584,447
Accretion of asset retirement obligation	-	-	24,301	94,015	-	-	-	118,317
	10,346,102	11,402,779	27,639,025	7,072,907	1,131,066	4,743,273	4,916,997	67,252,149
Excess (deficiency) of revenue over expenses before capital revenue	43,696,309	(10,931,237)	(26,147,540)	(2,077,792)	(289,493)	(1,713,603)	(4,120,068)	(1,583,424)
Other								
Government transfers for capital	-	447,979	7,727,879	604,633	-	-	1,120,996	9,901,487
Contributed assets	-	-	666,870	-	-	-	-	666,870
	-	447,979	8,394,749	604,633	-	-	1,120,996	10,568,357
Excess (deficiency) of revenue over expenses	\$ 43,696,309	\$ (10,483,258)	\$ (17,752,791)	\$ (1,473,159)	\$ (289,493)	\$ (1,713,603)	\$ (2,999,072)	\$ 8,984,933