

TOWN OF COCHRANE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Town of Cochrane

Opinion

We have audited the accompanying consolidated financial statements of the Town of Cochrane (the Town), which comprise the consolidated statement of financial position as at December 31, 2025 and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, changes in net debt, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2025, and the consolidated results of its operations, its consolidated remeasurement gains and losses, consolidated changes in net assets, and its consolidated 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 27 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2024 has been restated. Our opinion is not modified in respect of this matter.

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

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

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

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

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies 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 Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the Town or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
April 27, 2026

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. The responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The elected Mayor and Council of the Town of Cochrane are composed entirely of individuals who are neither management nor employees of the Town. The Mayor and Council have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the Town's external auditors.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the consolidated financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with both the Mayor and Council and management to discuss their audit findings.



Drew Hyndman
Chief Administrative Officer



Robbie Lowden
Acting Director, Financial and Assessment Services

April 27, 2026
Cochrane, Alberta

TOWN OF COCHRANE
Consolidated Statement of Financial Position
For The Year Ended December 31, 2025

		<u>2025</u>	<u>2024</u> (Restated) (Note 27)
FINANCIAL ASSETS			
Cash and temporary investments	(Note 2)	\$ 19,939,998	\$ 42,799,037
Taxes and grants in place of taxes receivable	(Note 3)	1,794,275	1,354,936
Trade and other receivables	(Note 4)	26,051,367	24,027,461
Land held for resale		-	320,000
Investments	(Note 5)	<u>137,836,507</u>	<u>104,771,902</u>
		<u>185,622,147</u>	<u>173,273,336</u>
LIABILITIES			
Accounts payable and accrued liabilities	(Note 6)	12,146,651	13,537,265
Deposit liabilities		2,126,132	1,884,893
Employee benefits obligation	(Note 7)	1,678,355	1,751,118
Deferred revenue	(Note 8)	66,028,668	42,564,974
Capital leases	(Note 9)	5,532,066	5,802,798
Long-term debt	(Note 11)	50,798,030	42,367,506
Asset retirement obligations	(Note 10)	<u>1,076,292</u>	<u>826,527</u>
		<u>139,386,194</u>	<u>108,735,081</u>
NET FINANCIAL ASSETS		<u>46,235,953</u>	<u>64,538,255</u>
NON-FINANCIAL ASSETS			
Tangible capital assets	(Schedule 1)	595,081,289	555,415,802
Intangible assets		5,150,970	-
Prepaid expenses		430,325	153,415
Inventory for consumption		<u>43,473</u>	<u>115,762</u>
		<u>600,706,057</u>	<u>555,684,979</u>
ACCUMULATED SURPLUS	(Note 15)	<u>\$646,942,010</u>	<u>\$620,223,234</u>
Accumulated surplus consists of:			
Accumulated surplus from operations	(Schedule 2)	\$646,182,840	\$621,112,809
Accumulated rereasurement gains (losses)		<u>759,170</u>	<u>(889,575)</u>
		<u>\$646,942,010</u>	<u>\$620,223,234</u>
CONTINGENCIES	(Note 18)		
CONTRACTUAL OBLIGATIONS	(Note 19)		

ON BEHALF OF THE COUNCIL:



MAYOR



COUNCILLOR

TOWN OF COCHRANE

Consolidated Statement of Operations and Accumulated Surplus

For The Year Ended December 31, 2025

	<u>2025</u> (Budget) (Note 23)	<u>2025</u> (Actual)	<u>2024</u> (Restated) (Note 27)
REVENUE			
Net municipal taxes (Schedule 3)	\$ 40,414,905	\$ 42,361,021	\$ 39,515,609
User fees and sales of goods	26,044,762	29,573,571	25,953,660
Investment income	9,116,464	5,999,879	5,894,956
Franchise fees and concession contracts (Note 14)	5,404,747	5,282,998	5,133,274
Licenses and permits	2,687,800	3,659,142	3,159,125
Government transfers for operating (Schedule 4)	2,927,115	3,524,389	3,338,029
Rentals	853,521	1,077,166	1,009,251
Other	314,831	989,518	515,272
Penalties on taxes	704,750	610,750	680,812
Fines	<u>307,000</u>	<u>294,961</u>	<u>240,578</u>
	<u>88,775,895</u>	<u>93,373,395</u>	<u>85,440,566</u>
EXPENSES			
Utility services	17,938,767	22,402,099	20,464,996
Community services	17,592,058	21,210,961	18,731,848
Protective services	17,371,459	15,529,935	15,358,780
General government services	12,772,583	13,023,245	12,184,474
Transportation services	7,007,797	11,518,093	12,072,457
Planning and development services	<u>5,968,167</u>	<u>5,583,347</u>	<u>5,258,536</u>
	<u>78,650,831</u>	<u>89,267,680</u>	<u>84,071,091</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>10,125,064</u>	<u>4,105,715</u>	<u>1,369,475</u>
OTHER INCOME			
Contributed assets (Schedule 1)	-	10,377,689	4,966,080
Offsite levies	493,102	6,921,310	8,336,370
Government transfers for capital (Schedule 4)	-	3,555,460	641,663
Gain on disposal of tangible capital assets	<u>-</u>	<u>109,857</u>	<u>69,566</u>
	<u>493,102</u>	<u>20,964,316</u>	<u>14,013,679</u>
ANNUAL SURPLUS	10,618,166	25,070,031	15,383,154
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED	<u>619,459,626</u>	<u>619,459,626</u>	<u>604,076,472</u>
Restatement (Note 27)	<u>1,653,183</u>	<u>1,653,183</u>	<u>1,653,183</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED	<u>621,112,809</u>	<u>621,112,809</u>	<u>605,729,655</u>
ACCUMULATED SURPLUS, END OF YEAR (SCHEDULE 2, NOTE 15)	<u>\$631,730,975</u>	<u>\$646,182,840</u>	<u>\$621,112,809</u>

TOWN OF COCHRANE
Consolidated Statement of Change in Net Financial Assets
For The Year Ended December 31, 2025

	<u>2025</u> (Budget) (Note 23)	<u>2025</u> (Actual)	<u>2024</u> (Restated) (Note 27)
ANNUAL SURPLUS	\$ <u>10,618,166</u>	\$ <u>25,070,031</u>	\$ <u>15,383,154</u>
Acquisition of tangible capital assets	(86,469,000)	(45,836,008)	(21,281,185)
Contributed tangible capital assets	-	(10,377,689)	(4,966,080)
Acquisition of intangible assets	-	(5,250,000)	-
Proceeds on disposal of tangible capital assets	-	831,500	196,484
Amortization of capital assets	-	15,925,597	15,293,528
Gain on disposal of tangible capital assets	-	(109,857)	(69,566)
	<u>(86,469,000)</u>	<u>(44,816,457)</u>	<u>(10,826,819)</u>
Use (acquisition) of prepaid expenses	-	(276,910)	85,781
Acquisition (use) of inventory for consumption	-	72,289	(12,222)
	-	<u>(204,621)</u>	<u>73,559</u>
Change in accumulated remeasurement loss	-	1,648,745	(889,575)
CHANGE IN NET FINANCIAL ASSETS	(75,850,834)	(18,302,302)	3,740,319
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>64,538,255</u>	<u>64,538,255</u>	<u>60,797,936</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>(11,312,579)</u>	\$ <u>46,235,953</u>	\$ <u>64,538,255</u>

TOWN OF COCHRANE
Consolidated Statement of Remeasurement Gains and Losses
For The Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
ACCUMULATED REMEASUREMENT LOSSES, OPENING	\$ (889,575)	\$ -
Amounts reclassified to consolidated statement of operations:		
Investments designated at fair value.	889,575	-
Unrealized gain (loss) attributable to:		
Investments designated at fair value	<u>759,170</u>	<u>(889,575)</u>
NET CHANGE FOR THE YEAR	<u>1,648,745</u>	<u>(889,575)</u>
ACCUMULATED REMEASUREMENT LOSSES, CLOSING	\$ <u>759,170</u>	\$ <u>(889,575)</u>

TOWN OF COCHRANE
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES		
Cash from operations:		
Annual surplus	\$ 25,070,031	\$ 15,383,154
Non-cash items included in annual surplus:		
Amortization of capital assets	15,925,597	15,293,528
Acquisition of contributed capital assets	(10,377,689)	(4,966,080)
Loss (gain) on disposal of tangible capital assets	(109,857)	(69,566)
Change in estimate of asset retirement obligations	203,116	(140,280)
Asset retirement obligation accretion	46,649	45,960
Gain on sale of investments	-	(3,962,973)
Amortization of bond premiums	141,813	32,323
	<u>30,899,660</u>	<u>21,616,066</u>
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	(439,339)	815,659
Trade and other receivables	(2,023,906)	1,953,460
Land held for resale	320,000	-
Prepaid expenses	(276,910)	85,781
Inventory for consumption	72,289	(12,222)
Accounts payable and accrued liabilities	(1,390,614)	(1,807,686)
Deposit liabilities	241,239	(298,744)
Employee benefit obligations	(72,763)	254,703
Deferred revenue	23,463,694	14,063,591
	<u>19,893,690</u>	<u>15,054,542</u>
	<u>50,793,350</u>	<u>36,670,608</u>
FINANCING ACTIVITIES		
Issued long-term debt	10,830,000	-
Repayment of long-term debt	(2,399,476)	(2,322,662)
Repayment of capital lease	(270,732)	(251,719)
	<u>8,159,792</u>	<u>(2,574,381)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(45,836,008)	(21,281,185)
Proceeds on disposal of tangible capital assets	831,500	196,484
Acquisition of intangible assets	(5,250,000)	-
	<u>(50,254,508)</u>	<u>(21,084,701)</u>
INVESTING ACTIVITIES		
Purchase of investments	(92,635,261)	-
Proceeds on redemption of investments	61,077,588	11,803,005
	<u>(31,557,673)</u>	<u>11,803,005</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS	(22,859,039)	24,814,531
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>42,799,037</u>	<u>17,984,506</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR (NOTE 2)	<u>\$ 19,939,998</u>	<u>\$ 42,799,037</u>

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Schedule of Tangible Capital Assets

For The Year Ended December 31, 2025

	<u>Land and Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Construction in Progress*</u>	<u>2025</u>	<u>2024</u>
COST:								
Balance, Beginning of Year	\$ 99,867,116	\$ 125,264,698	\$ 459,758,369	\$ 13,732,203	\$ 13,179,149	\$ 25,935,319	\$ 737,736,854	\$ 712,066,623
Additions	5,763,938	2,856,834	351,179	15,182	1,191,788	35,657,087	45,836,008	21,281,185
Contributed assets	3,901,813	-	6,475,876	-	-	-	10,377,689	4,966,080
Disposals	-	(297)	-	(336,725)	(373,195)	(685,656)	(1,395,873)	(577,034)
Transfers	3,612,595	188,006	10,596,491	138,070	-	(14,535,162)	-	-
Write down of tangible capital assets	-	-	-	-	-	(115,594)	(115,594)	-
Balance, End of Year	<u>113,145,462</u>	<u>128,309,241</u>	<u>477,181,915</u>	<u>13,548,730</u>	<u>13,997,742</u>	<u>46,255,994</u>	<u>792,439,084</u>	<u>737,736,854</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	12,492,368	38,496,277	115,551,306	9,022,660	6,758,441	-	182,321,052	167,477,640
Amortization	1,230,161	3,604,312	8,692,718	1,242,313	941,469	-	15,710,973	15,293,528
Disposals	-	(297)	-	(300,738)	(373,195)	-	(674,230)	(450,116)
Balance, End of Year	<u>13,722,529</u>	<u>42,100,292</u>	<u>124,244,024</u>	<u>9,964,235</u>	<u>7,326,715</u>	<u>-</u>	<u>197,357,795</u>	<u>182,321,052</u>
NET BOOK VALUE, END OF YEAR	\$ <u>99,422,933</u>	\$ <u>86,208,949</u>	\$ <u>352,937,891</u>	\$ <u>3,584,495</u>	\$ <u>6,671,027</u>	\$ <u>46,255,994</u>	\$ <u>595,081,289</u>	\$ <u>555,415,802</u>
NET BOOK VALUE, BEGINNING OF YEAR	\$ <u>86,477,957</u>	\$ <u>90,211,399</u>	\$ <u>339,771,293</u>	\$ <u>5,714,374</u>	\$ <u>5,210,328</u>	\$ <u>17,203,632</u>	\$ <u>544,588,983</u>	\$ <u>544,588,983</u>
*Construction in progress is comprised of	\$ <u>351,268</u>	\$ <u>520,025</u>	\$ <u>43,554,378</u>	\$ <u>298,692</u>	\$ <u>1,531,631</u>	\$ <u>-</u>	\$ <u>46,255,994</u>	\$ <u>25,935,319</u>

Consolidated Schedule of Changes in Accumulated Surplus
For The Year Ended December 31, 2025

	Unrestricted and <u>Developer Deficit</u>	<u>Restricted</u>	Equity in <u>Capital Assets</u>	<u>2025</u>	<u>2024</u> (Restated) (Note 27)
BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY STATED	\$ 48,734,889	\$ 64,305,766	\$506,418,971	\$619,459,626	\$604,076,472
Restatement (Note 27)	<u>1,653,183</u>	-	-	<u>1,653,183</u>	<u>1,653,183</u>
BALANCE, BEGINNING OF YEAR, AS RESTATED	50,388,072	64,305,766	506,418,971	621,112,809	605,729,655
Annual surplus	25,070,031	-	-	25,070,031	15,383,154
Unrestricted funds designated for future use	(5,134,130)	5,134,130	-	-	-
Restricted funds used for tangible capital assets	-	-	-	-	-
Current year funds used for tangible capital assets	(45,836,008)	-	45,836,008	-	-
Contributed tangible capital assets	(10,377,689)	-	10,377,689	-	-
Disposal of tangible capital assets	721,643	-	(721,643)	-	-
Current year funds used for intangible assets	(5,250,000)	-	5,250,000	-	-
Annual amortization of capital assets	15,925,597	-	(15,925,597)	-	-
Long term debt and capital leases issued	10,830,000	-	(10,830,000)	-	-
Long term debt and capital leases repaid	(2,670,208)	-	2,670,208	-	-
Change in estimate of asset retirement obligations	203,116	-	(203,116)	-	-
Asset retirement obligation accretion	<u>46,649</u>	-	<u>(46,649)</u>	-	-
BALANCE, END OF YEAR	<u>\$ 33,917,073</u>	<u>\$ 69,439,896</u>	<u>\$542,825,871</u>	<u>\$646,182,840</u>	<u>\$621,112,809</u>

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF COCHRANE
Consolidated Schedule of Property and Other Taxes
For The Year Ended December 31, 2025

Schedule 3

	<u>2025</u> (Budget) (Note 23)	<u>2025</u> (Actual)	<u>2024</u> (Actual)
TAXATION			
Real property taxes	\$ 62,518,602	\$ 65,040,861	\$ 57,633,927
Community revitalization levy	-	1,634,636	1,559,512
Linear property taxes	-	686,395	629,885
Government grants in lieu of property taxes	<u>-</u>	<u>105,666</u>	<u>106,492</u>
	<u>62,518,602</u>	<u>67,467,558</u>	<u>59,929,816</u>
REQUISITIONS			
Alberta School Foundation Fund	19,440,839	22,284,999	17,862,281
Calgary Catholic School Board	1,980,868	2,182,319	1,895,984
Rockyview Foundation	677,440	634,871	651,422
Designated Industrial Property	<u>4,550</u>	<u>4,348</u>	<u>4,520</u>
	<u>22,103,697</u>	<u>25,106,537</u>	<u>20,414,207</u>
NET MUNICIPAL TAXES	<u>\$ 40,414,905</u>	<u>\$ 42,361,021</u>	<u>\$ 39,515,609</u>

TOWN OF COCHRANE
Consolidated Schedule of Government Transfers
For The Year Ended December 31, 2025

Schedule 4

	<u>2025</u> (Budget) (Note 23)	<u>2025</u> (Actual)	<u>2024</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 2,143,254	\$ 2,528,251	\$ 2,557,473
Local governments	783,861	844,451	780,556
Federal government	<u>-</u>	<u>151,687</u>	<u>-</u>
	<u>2,927,115</u>	<u>3,524,389</u>	<u>3,338,029</u>
TRANSFERS FOR CAPITAL			
Provincial government	-	2,895,460	641,663
Federal government	<u>-</u>	<u>660,000</u>	<u>-</u>
	<u>-</u>	<u>3,555,460</u>	<u>641,663</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 2,927,115</u>	<u>\$ 7,079,849</u>	<u>\$ 3,979,692</u>

TOWN OF COCHRANE
Consolidated Schedule of Segmented Information
For The Year Ended December 31, 2025

Schedule 5

	Protective Services	Transportation Services	Planning & Development	Community Services	Utility Services	General Government	2025 Total
REVENUE							
Net municipal taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,361,021	\$ 42,361,021
User fees and sales of goods	85,555	153,878	763,415	735,114	27,641,729	193,880	29,573,571
Investment income	-	-	-	43,297	-	5,956,582	5,999,879
Franchise fees and concession contracts	-	-	-	-	-	5,282,998	5,282,998
Government transfers for operating	809,007	-	104,529	2,005,739	153,826	451,288	3,524,389
Licenses and permits	206,423	-	3,362,764	2,640	-	87,315	3,659,142
Rentals	678,999	-	-	397,767	400	-	1,077,166
Penalties on taxes	-	-	-	-	35,971	574,779	610,750
Other (expenses)	620	457,316	(821)	320,153	203,268	8,982	989,518
Fines	294,961	-	-	-	-	-	294,961
	<u>2,075,565</u>	<u>611,194</u>	<u>4,229,887</u>	<u>3,504,710</u>	<u>28,035,194</u>	<u>54,916,845</u>	<u>93,373,395</u>
EXPENSES							
Salaries, wages, and benefits	7,804,337	1,126,250	4,344,767	7,593,874	3,589,219	8,181,759	32,640,206
Contracted and general services	1,247,237	2,417,514	1,074,742	2,895,998	6,493,991	3,285,833	17,415,315
Transfers to other governments	4,583,639	-	-	-	4,574,603	1,080	9,159,322
Materials, goods, supplies and utilities	274,832	2,454,742	20,195	1,764,066	2,071,883	50,906	6,636,624
Transfers to local boards and organizations	-	433,028	125,000	3,891,675	-	-	4,449,703
Interest on long-term debt and capital leases	1,279,270	407,272	-	17,229	342,614	-	2,046,385
Other	-	-	-	10,603	238,237	745,688	994,528
	<u>15,189,315</u>	<u>6,838,806</u>	<u>5,564,704</u>	<u>16,173,445</u>	<u>17,310,547</u>	<u>12,265,266</u>	<u>73,342,083</u>
ANNUAL SURPLUS (DEFICIT) BEFORE AMORTIZATION	(13,113,750)	(6,227,612)	(1,334,817)	(12,668,735)	10,724,647	42,651,579	20,031,312
Amortization of capital assets	340,620	4,679,287	18,643	5,037,516	5,091,552	757,979	15,925,597
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE (EXPENSES)	<u>(13,454,370)</u>	<u>(10,906,899)</u>	<u>(1,353,460)</u>	<u>(17,706,251)</u>	<u>5,633,095</u>	<u>41,893,600</u>	<u>4,105,715</u>
Contributed assets	-	3,607,357	-	-	2,868,519	3,901,813	10,377,689
Development levies	-	4,620,159	-	-	2,301,151	-	6,921,310
Government transfers for capital	-	69,039	23,957	660,000	2,802,464	-	3,555,460
Gain (loss) on disposal of tangible capital assets	-	-	-	(645)	-	110,502	109,857
	<u>-</u>	<u>8,296,555</u>	<u>23,957</u>	<u>659,355</u>	<u>7,972,134</u>	<u>4,012,315</u>	<u>20,964,316</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$(13,454,370)</u>	<u>\$(2,610,344)</u>	<u>\$(1,329,503)</u>	<u>\$(17,046,896)</u>	<u>\$ 13,605,229</u>	<u>\$ 45,905,915</u>	<u>\$ 25,070,031</u>

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF COCHRANE

Consolidated Schedule of Segmented Information

For The Year Ended December 31, 2024

	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Planning & Development</u>	<u>Community Services</u>	<u>Utility Services</u>	<u>General Government</u>	<u>2024 Total</u>
REVENUE							
Net municipal taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,515,609	\$ 39,515,609
User fees and sales of goods	67,570	168,619	771,455	874,090	23,889,597	182,329	25,953,660
Investment income	-	-	-	28,989	-	5,865,967	5,894,956
Franchise fees and concession contracts	-	-	-	-	-	5,133,274	5,133,274
Government transfers for operating	707,774	-	-	2,067,644	111,323	451,288	3,338,029
Licenses and permits	209,747	-	2,874,513	3,225	-	71,640	3,159,125
Rentals	713,742	-	-	295,109	400	-	1,009,251
Penalties on taxes	-	-	-	-	-	680,812	680,812
Other (expenses)	710	143,971	(71)	187,992	175,482	7,188	515,272
Fines	240,578	-	-	-	-	-	240,578
	<u>1,940,121</u>	<u>312,590</u>	<u>3,645,897</u>	<u>3,457,049</u>	<u>24,176,802</u>	<u>51,908,107</u>	<u>85,440,566</u>
EXPENSES							
Salaries, wages, and benefits	7,447,689	1,451,775	4,122,904	6,792,500	3,254,176	7,380,394	30,449,438
Contracted and general services	877,113	1,926,347	998,583	2,444,869	5,748,826	3,539,604	15,535,342
Transfers to other governments	4,993,811	-	-	-	4,420,354	2,007	9,416,172
Materials, goods, supplies and utilities	362,908	3,683,535	18,772	1,065,630	1,680,400	162,423	6,973,668
Transfers to local boards and organizations	-	305,601	100,000	3,502,822	-	-	3,908,423
Interest on long-term debt and capital leases	1,321,321	337,045	-	18,066	458,458	-	2,134,890
Other	-	-	-	8,452	55,267	295,911	359,630
	<u>15,002,842</u>	<u>7,704,303</u>	<u>5,240,259</u>	<u>13,832,339</u>	<u>15,617,481</u>	<u>11,380,339</u>	<u>68,777,563</u>
ANNUAL SURPLUS (DEFICIT) BEFORE AMORTIZATION	(13,062,721)	(7,391,713)	(1,594,362)	(10,375,290)	8,559,321	40,527,768	16,663,003
Amortization of tangible capital assets	355,940	4,368,154	18,276	4,899,509	4,847,515	804,134	15,293,528
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE (EXPENSES)	(13,418,661)	(11,759,867)	(1,612,638)	(15,274,799)	3,711,806	39,723,634	1,369,475
Development levies	-	3,730,493	-	-	4,605,877	-	8,336,370
Government transfers for capital	-	407,209	75,294	-	159,160	-	641,663
Contributed assets	-	2,683,455	-	-	2,219,925	62,700	4,966,080
Gain (loss) on disposals of tangible capital assets	-	-	-	13,519	-	56,047	69,566
	-	6,821,157	75,294	13,519	6,984,962	118,747	14,013,679
ANNUAL SURPLUS (DEFICIT)	<u>\$(13,418,661)</u>	<u>\$(4,938,710)</u>	<u>\$(1,537,344)</u>	<u>\$(15,261,280)</u>	<u>\$ 10,696,768</u>	<u>\$ 39,842,381</u>	<u>\$ 15,383,154</u>

The accompanying notes are an integral part of these consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Cochrane (the "Town") are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and change in net financial assets and cash flows of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources. They include the Town of Cochrane Library Board.

Interdepartmental and inter-organizational transactions and balances between these entities and organizations are eliminated.

The schedule of taxes levied also includes requisitions for education and seniors foundations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties.

(b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and 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.

(c) Cash and Temporary Investments

Cash and temporary investments include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of three months or less at acquisition.

(d) Land Held for Resale

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

(e) Investments

Investments consist of authorized investments pursuant to provisions of the Municipal Government Act and comprise financial instruments issued by the Canadian government and Schedule I, II and III banks as well as asset backed securities. All investments are in accordance with the Investment Policy approved by Council.

Investments with original maturity dates of more than 90 days are classified as investments on the consolidated statement of financial position.

(continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investments (continued)

Investment income is reported as revenue in the period earned. When required by agreement or legislation, investment income earned on deferred revenue is added to the deferred revenue balance. Discounts and premiums arising on the purchase of investments are amortized over the term of the investment. Should there be a loss in value that is not considered temporary, the respective investment is written down to recognize the loss.

Principal protected notes contain embedded derivatives and have been designated at fair value. Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses. When the investments are disposed of, the accumulated gains or losses are reclassified to the Consolidated Statement of Operations.

(f) Revenue Recognition

i. Tax Revenue

Property tax revenue is based on assessments determined in accordance with the *Municipal Government Act*. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the Town. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

ii. Government Transfers

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

Government transfers are recognized in the consolidated financial statements as revenue in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the Town, and reasonable estimates of the amounts can be made.

iii. Developer Contributions

Developer contributions are recognized as revenue in the period they are used for the purpose specified.

iv. Developer Offsite Levies

Offsite levies are collected from developers upon the execution of a development agreement as per the offsite levy bylaw. These funds are restricted to fund the construction of specific infrastructure and are recognized as revenue once the infrastructure has been built and the Town has provided a construction completion certificate.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Requisition Over-Levies and Under-Levies

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. In situations 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.

(h) Asset Retirement Obligations

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

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

Asset retirement obligations are initially measured at the later of the date of acquisition or legislative obligation. When a liability for an asset retirement obligation is recognized, the asset retirement costs are added to the carrying amount of the related tangible capital asset in productive use and are amortized over the estimated useful life of the related tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets or for tangible capital assets no longer in productive use are expensed in the consolidated statement of operations.

When the future retirement date is unknown, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. When the future retirement date is known, a present value technique is used to measure the liability. Subsequent to the initial measurement, the asset retirement obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation and is recognized as an accretion expense in the consolidated statement of operations.

(i) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditure during the period. Where management uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Use of Estimates (continued)

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, future cash flows associated with asset retirement obligations, and accrued liabilities are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

(j) Pension Expenses

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

(k) Valuation of Financial Assets and Liabilities

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

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and temporary investments	Cost
Receivables	Lower of cost and net realizable value
Investments	Fair value and amortized cost
Accounts payable and accrued liabilities	Cost
Employee benefit obligations	Cost
Long-term debt	Amortized cost
Asset retirement obligations	Amortized cost
Capital leases	Amortized cost

Unrealized gains and losses from changes in the fair value of financial assets and liabilities are recognized in the consolidated statement of remeasurement gains and losses.

(l) 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.

(continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Non-Financial Assets (continued)

(i) Tangible Capital Assets (continued)

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Buildings	40 years
Engineered Structures	30 - 75 years
Machinery and Equipment	5 - 10 years
Land improvements	20 years
Vehicles	10 - 25 years

One-half of the annual amortization is charged in the year of acquisition and 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) Cultural and Historical Tangible Capital Assets

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

(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) Intangible Assets

Intangible asset is comprised of purchased water licenses providing the Town right to access additional water sources. The water licenses are recorded at cost, which include the purchase price and any directly attributable costs required to secure the license and prepare it for use.

The water licenses have a finite useful life based on its contractual term of 25 years and is amortized on a straight-line basis over this period.

(vi) Inventory for Consumption

Inventory held for consumption is recorded at the lower of cost and replacement cost with cost determined using the first-in-first-out (FIFO) method.

(continued)

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to the Canadian public sector accounting standards. The Town will continue to assess the impact and prepare for the adoption of these standards.

i) Financial Statement Presentation

PS 1202, Financial Statement Presentation, sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement principles are based on the concepts in the Conceptual Framework for Financial Reporting in the Public Sector. This standard is applicable to fiscal years beginning on or after April 1, 2026.

ii) The Conceptual Framework for Financial Reporting

The PSAB's framework replaces the conceptual aspects of PS 1000 – Financial Statement Concepts, and PS 1100 – Financial Statement Objectives. This standard is applicable to fiscal years beginning on or after April 1, 2026.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2025</u>	<u>2024</u>
Cash	\$ 14,918,099	\$ 16,636,371
Temporary investments	<u>5,021,899</u>	<u>26,162,666</u>
	<u>\$ 19,939,998</u>	<u>\$ 42,799,037</u>

Temporary investments are short-term deposits with original maturities of three months or less bearing interest at 2.9% (2024 - 3.8%) maturing in 2026.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2025</u>	<u>2024</u>
Taxes and grants in place of taxes		
Current taxes	\$ 1,470,217	\$ 1,093,887
Arrears taxes	<u>324,058</u>	<u>261,049</u>
	<u>\$ 1,794,275</u>	<u>\$ 1,354,936</u>

4. TRADE AND OTHER RECEIVABLES

	<u>2025</u>	<u>2024</u>
Trade and other receivables	\$ 16,840,282	\$ 18,160,487
Receivable from other governments	8,398,004	5,450,162
Goods and Services Tax recoverable	<u>813,081</u>	<u>416,812</u>
	<u>\$ 26,051,367</u>	<u>\$ 24,027,461</u>

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

5. INVESTMENTS

	<u>2025</u>	<u>2024</u>
Investments - amortized cost	\$ 86,737,237	\$ 55,661,477
Investments - fair value	<u>51,099,270</u>	<u>49,110,425</u>
	<u>\$137,836,507</u>	<u>\$104,771,902</u>

The composition of investments measure at amortized costs is as follows:

	Amortized Cost <u>2025</u>	Market Value <u>2025</u>	Amortized Cost <u>2024</u>	Market Value <u>2024</u>
Bonds	\$ 60,608,393	\$ 59,855,872	\$ 54,730,402	\$ 54,397,943
Term deposits	26,126,504	26,126,504	929,075	929,075
Other	<u>2,340</u>	<u>2,340</u>	<u>2,000</u>	<u>2,000</u>
	<u>\$ 86,737,237</u>	<u>\$ 85,984,716</u>	<u>\$ 55,661,477</u>	<u>\$ 55,329,018</u>

Bonds have an effective interest rate ranging from 3.89% to 4.20% (2024 - 3.90% to 4.16%) , maturing between February 2028 to September 2035 (2024 - November 2025 to November 2034).

Term deposits have interest rates ranging from 3.53% to 4.10% (2024 - 0.85% to 6.21%) with maturity dates ranging from Juner 2026 to September 2027 (2024 - January 2025 to September 2025).

The composition of investments measured at fair value is as follows

	<u>2025</u>			
	Level 1	Level 2	Level 3	Total
Principal protected notes	\$ -	\$ <u>51,099,270</u>	\$ -	\$ <u>51,099,270</u>
	<u>2024</u>			
	Level 1	Level 2	Level 3	Total
Principal protected notes	\$ -	\$ <u>49,110,425</u>	\$ -	\$ <u>49,110,425</u>

Fair Values are those derived from:

- Level 1: Fair value is based on quoted prices in active market.
- Level 2: Fair value is based on model based valuation methods for which all significant assumptions are observable in the market quoted prices similar but not identical assets.
- Level 3: Fair value is based on valuation methods where inputs that are based on non-observable market date have a significant impact on valuation.

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2025</u>	<u>2024</u>
Trade and other accounts payable	\$ 11,133,625	\$ 13,362,257
Payable to other governments	<u>1,013,026</u>	<u>175,008</u>
	<u>\$ 12,146,651</u>	<u>\$ 13,537,265</u>

7. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2025</u>	<u>2024</u>
Employee benefit obligations	<u>\$ 1,678,355</u>	<u>\$ 1,751,118</u>

Employee benefit obligations consist of the vacation, overtime and uniform points liability for unionized personnel that employees are deferring. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year. The Town does not provide post-employment benefits to their employees.

8. DEFERRED REVENUE

Deferred revenue consists of the following amounts, which have been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2024</u> (Restated) (Note 27)	<u>Additions</u>	<u>Revenue</u> <u>Recognized</u>	<u>2025</u>
Deferred developer levies	\$ 23,149,487	\$ 26,367,532	\$ (7,319,448)	\$ 42,197,571
Local Government Fiscal Framework	3,523,342	4,104,262	-	7,627,604
Canada Community Building Fund	4,664,228	2,549,790	-	7,214,018
Municipal Sustainability Initiative	7,816,643	422,091	(2,854,757)	5,383,977
Other	1,892,436	2,393,790	(1,935,922)	2,350,304
Flood Recovery Erosion Control	981,017	52,996	(40,703)	993,310
Prepaid meters, licenses and fees	<u>537,821</u>	<u>2,100,398</u>	<u>(2,376,335)</u>	<u>261,884</u>
	<u>\$ 42,564,974</u>	<u>\$ 37,990,859</u>	<u>\$(14,527,165)</u>	<u>\$ 66,028,668</u>

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

9. CAPITAL LEASES

On March 13, 2006, Council approved a Partnering Agreement with Grand Central Properties Ltd. ("GCP") to construct a Protective Services Facility on their site located on Griffin Road. The facility was completed in August 2007 and the Town began leasing the building for 30 years at a rate of \$18.66 per square foot for the first five years with rent increases of \$2 per square foot every five years to the end of the lease term. The cost of the asset under capital lease is \$7,711,498, the accumulated amortization is \$4,755,424 (2024 - \$4,498,374), and the resulting net book value included in tangible capital assets is \$2,956,074 (2024 - \$3,470,174).

At the end of the lease, the Town has an option to purchase GCP's land for fair market value less a one million dollar credit.

The Protective Services Facility lease bears interest at 8.20% (2024 - 8.20%) and matures in 2037. The lease is collateralized by underlying assets.

On August 12, 2021, the Town entered in a lease agreement with Canadian Western Bank National Leasing ("CWB") for 36 Motorola APX 6000 Radios for a 5 year period. The cost of assets under capital lease are \$282,821, the accumulated amortization is \$127,269 (2024 - \$98,987) and the resulting net book value included in capital assets is \$155,551 (2024 - \$183,834).

At the end of the lease, the Town has an option to purchase the radios for \$1.

The CWB lease bears interest at 3.30% (2024 - 3.30%) and matured in 2025. The leases are collateralized by the underlying assets.

	<u>2025</u>	<u>2024</u>
Protective services facility lease	\$ 5,532,066	\$ 5,742,506
Canadian Western Bank National Leasing	<u>-</u>	<u>60,292</u>
	<u>\$ 5,532,066</u>	<u>\$ 5,802,798</u>

The current portion of the capital lease amounts to \$229,041 (2024 - \$270,733).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 229,041	\$ 461,439	\$ 690,480
2027	266,434	442,713	709,147
2028	325,984	420,496	746,480
2029	355,150	391,330	746,480
2030	386,926	359,554	746,480
Thereafter	<u>3,968,531</u>	<u>1,288,345</u>	<u>5,256,876</u>
	<u>\$ 5,532,066</u>	<u>\$ 3,363,877</u>	<u>\$ 8,895,943</u>

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

10. ASSET RETIREMENT OBLIGATIONS

Tangible capital assets with associated retirement obligations include buildings and engineered structures.

The Town has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from various buildings under its control. Regulations require the Town to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished.

Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the Town to remove the materials when the asset retirement activities occur.

The Town has asset retirement obligations pursuant to the *Environmental Enhancement and Protection Act* (Alberta) to fund the future reclamation of its work sites. Reclamation activities include the final soil cover, landscaping, and visual inspection. Although, the timing of the work site reclamation is conditional on the length of time until the site is expected to be inactive, regulations create an existing obligation for the Town to reclaim the work site when the asset retirement activity occur.

	<u>2025</u>	<u>2024</u>
Balance, Beginning of Year	\$ 826,527	\$ 920,847
Net Change for the Year		
Revision in estimates	203,116	(140,280)
Accretion expense	<u>46,649</u>	<u>45,960</u>
Balance, End of Year	<u>\$ 1,076,292</u>	<u>\$ 826,527</u>

Asset retirement obligations of \$1,076,292 (2024 - \$826,527) were measured using a present value technique. The present value was calculated using estimated total undiscounted cash flow amounting to \$3,876,600 (2024 - \$3,623,039), a discount rate of 5.08% (2024 - 5.70% and 5.89%), and retirement and reclamation activities expected to be settled between 2026 and 2051.

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

11. LONG-TERM DEBT

	<u>2025</u>	<u>2024</u>
Tax supported debentures	<u>\$ 50,798,030</u>	<u>\$ 42,367,506</u>

The current portion of the long-term debt amounts to \$2,833,635 (2024 - \$2,322,662).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,833,635	\$ 1,944,956	\$ 4,778,591
2027	2,931,149	1,847,442	4,778,591
2028	2,115,957	1,752,058	3,868,015
2029	2,162,334	1,737,039	3,899,373
2030	2,208,968	1,588,641	3,797,609
Thereafter	<u>38,545,987</u>	<u>12,707,859</u>	<u>51,253,846</u>
	<u>\$ 50,798,030</u>	<u>\$ 21,577,995</u>	<u>\$ 72,376,025</u>

Debenture debt is repayable to the Province of Alberta and consists of nine amounts, bearing interest at rates ranging from 2.53% - 5.78% per annum maturing in the year 2027 and 2047 respectively. Debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$1,605,479 (2024 - \$1,633,844). The Town's total cash payments for interest is \$1,573,366 (2024 - \$1,268,833).

12. DEBT LIMITS

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

	<u>2025</u>	<u>2024</u>
Total debt limit	<u>\$ 150,442,058</u>	\$ 140,665,404
Total debt	<u>56,330,096</u>	<u>48,170,304</u>
Amount of total debt limit unused	<u>\$ 94,111,962</u>	<u>\$ 92,495,100</u>
Debt servicing limit	<u>\$ 25,073,676</u>	\$ 23,444,234
Debt servicing	<u>5,469,071</u>	<u>4,725,604</u>
Amount of debt servicing limit unused	<u>\$ 19,604,605</u>	<u>\$ 18,718,630</u>

The debt limit is calculated at 1.50 times revenue of the Town (as defined in the Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities that could be at a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the consolidated financial statements must be interpreted as a whole.

In 2006, the Town adopted a debt strategy (Resolution #61/02/06) that requires assuming debt no more than 80% of the above provincial debt limit. As of December 31, 2025 the Town's internal debt limit is \$120,291,228 (2024 - \$112,532,323). The Town is in compliance with the internal debt limit.

Total debt includes \$5,532,066 (2024 - \$5,802,799) related to capital leases.

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

13. INTANGIBLE ASSETS

The Town holds purchased water licenses that provide legal access to water sources for municipal purposes.

	<u>2025</u>	<u>2024</u>
Cost	\$ 5,365,594	\$ -
Accumulated amortization	<u>(214,624)</u>	<u>-</u>
	<u>\$ 5,150,970</u>	<u>\$ -</u>

Amortization of the water licenses for the year amounted to \$214,624 (2024 - \$NIL), and is recorded within Utility services on the consolidated statement of operations.

14. FRANCHISE FEES AND CONCESSION CONTRACTS

Disclosure of utility franchise agreement annual revenues as required by *Alberta Regulation 313/2000* is as follows:

	<u>2025</u>	<u>2024</u>
Fortis Alberta	\$ 3,643,817	\$ 3,552,464
ATCO Gas Ltd.	<u>1,639,182</u>	<u>1,580,810</u>
	<u>\$ 5,282,999</u>	<u>\$ 5,133,274</u>

15. ACCUMULATED SURPLUS

		<u>2025</u>	<u>2024</u> (Restated) (Note 27)
Unrestricted surplus		\$ 55,254,149	\$ 63,599,789
Operating reserves	(Note 16)	17,555,943	17,437,982
Capital reserves	(Note 16)	45,028,161	42,303,519
Other reserves	(Note 16)	6,855,792	4,564,265
Developer deficit		<u>(21,337,076)</u>	<u>(13,211,717)</u>
		103,356,969	114,693,838
Equity in capital assets	(Note 17)	<u>542,825,871</u>	<u>506,418,971</u>
Accumulated surplus from operations	(Schedule 2)	646,182,840	621,112,809
Accumulated remeasurement loss		<u>759,170</u>	<u>(889,575)</u>
		<u>\$646,942,010</u>	<u>\$620,223,234</u>

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

16. RESERVES

Council has set aside funds as an internal allocation of accumulated surplus as follows:

	<u>2025</u>	<u>2024</u>
Operating reserves		
Reserves for contingencies	10,783,051	11,701,483
General administration and other	<u>6,772,892</u>	<u>5,736,499</u>
	17,555,943	17,437,982
Capital reserves		
Fleet and equipment	3,115,303	4,841,968
Community initiatives	1,666,955	1,462,676
Municipal infrastructure	5,225,184	6,407,671
Storm	2,282,019	1,981,044
Water	11,981,761	10,099,568
Wastewater	14,243,563	12,307,260
Waste management	5,205,585	4,124,418
Eco centre	<u>1,307,791</u>	<u>1,078,914</u>
	45,028,161	42,303,519
Other reserves	<u>6,855,792</u>	<u>4,564,265</u>
	\$ 69,439,896	\$ 64,305,766

17. EQUITY IN CAPITAL ASSETS

	<u>2025</u>	<u>2024</u>
Net book value of tangible capital assets	\$ 595,081,289	\$ 555,415,802
Net book value of intangible assets	5,150,970	-
Capital leases	(5,532,066)	(5,802,798)
Long-term debt related to capital assets	(50,798,030)	(42,367,506)
Asset retirement obligations	<u>(1,076,292)</u>	<u>(826,527)</u>
	\$ 542,825,871	\$ 506,418,971

18. CONTINGENCIES

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

From time to time, the Town may become involved in various legal disputes. It is not possible to estimate the outcome of these disputes; however, management believes that there will be no significant adverse effects on the financial position of the Town related to ongoing matters.

19. CONTRACTUAL OBLIGATIONS

(a) Bow Valley High School Servicing Conditional Grant

The Town received a \$5 million conditional grant in 2006 from the Province of Alberta (the "Province") to construct utility services for Bow Valley High School. The total project cost was \$7,608,973 with \$5 million funded by the conditional grant and \$2,608,973 advanced by the developer. The Town recovered the full \$2,608,973 of advances from offsite levies collected. The Province is now receiving payments on the \$5 million conditional grant which is only repayable if there is sufficient offsite levies collected from future development. The Town must provide the Province with annual reports which forecast the amount, nature and timing of expected development and anticipated revenue from associated development levies within the affected area, and the anticipated grant repayment schedule. Offsite levies collected and remitted to the Province in 2026 were \$75,858 (2024 - \$81,618). As of December 31, 2025 the remaining amount to be paid is \$483,631 (2024 - \$559,489) and is included within deferred revenue - offsite levies.

(b) Spray Lake Sawmills Recreation Park Society

Effective June 20, 2017, the Town entered into a reimbursement agreement with the Spray Lake Sawmills Recreation Park Society (the "Society") wherein the Town has agreed to reimburse the Society for operating losses incurred for 7.5 years from the date of the agreement, with an automatic renewal for an additional 7.5 years, unless the agreement is terminated in writing by one or both of the parties not less than twelve months prior to its expiry. During the year, the Town provided \$3,237,006 (2024 - \$2,839,789) to support the Society. The amount is included in transfers to local boards and agencies as disclosed in the Community Services segment in the Consolidated Schedule of Segment Information.

20. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The Town is required to make current service contributions to the Plan of 8.45% (2024 - 8.45%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 11.65% (2024 - 11.65%) for the excess. Employees of the Town are required to make current service contributions of 7.45% (2024 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 10.65% (2024 - 10.65%) on pensionable earnings above this amount.

Total current and past service contributions made by the Town to the LAPP in 2025 were \$2,039,177 (2024 - \$1,959,528). Total current and past service contributions made by the employees of the Town to the LAPP in 2025 were \$1,823,363 (2024 - \$1,752,020).

At December 31, 2024, the LAPP disclosed an actuarial surplus of \$15.06 billion (2023 - \$15.06 billion).

21. SEGMENTED INFORMATION

The Town is a diversified municipal government that provides a wide range of services to its citizens including police, fire, roads, water and waste management.

For management reporting purposes, the Town's operations and activities are organized and reported by functions and services provided. The functions that have been disclosed in the segmented information, along with the services provided are as follows:

i. Protective Services

Protective Services includes police, municipal enforcement and fire.

ii. Transportation Services

Transportation services include roads and transit.

iii. Planning and Development

Planning and Development includes subdivision land development and economic development.

iv. Community Services

Community Services includes parks and recreation, culture and facilities, and family and community services (FCSS).

v. Utility Services

Utility services includes water, wastewater and storm sewer, and waste and recycling.

vi. General Government

General government consists of Town council and general administrative which includes executive leadership, corporate services, legislative services and human resources and communications.

For each segment, revenue and expenses represent amounts that are directly attributable to the segments and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements. For additional information see the Schedule of Segmented Disclosure (Schedule 5).

22. FINANCIAL RISK MANAGEMENT

The Town's financial instruments include cash and temporary investments, taxes and grants in place of taxes receivable, trade and other accounts receivables, accounts payable and accrued liabilities, employee benefit obligations, capital lease, and long-term debt. It is management's opinion that the Town is not exposed to significant market, liquidity, interest or currency risk arising from these consolidated financial instruments.

Credit risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty, debtor or issuer to fully honour its financial obligations with the Town. The Town is exposed to credit risk on investments and has established an investment policy in compliance with the MGA to limit investments with required minimum credit quality standards. The Town's exposure, based on the risk rating of money market holdings and bonds, has not changed significantly year over year.

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

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

23. BUDGET

The budget figures presented in these consolidated financial statements are based on the operating budget approved by the Town's council on December 9, 2024. The Town compiles a budget on a modified accrual basis. The reconciliation below adjusts the annual surplus to align with the budget process. It should not be used as a replacement for the consolidated statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	<u>2025</u> (Budget)	<u>2025</u> (Actual)	<u>2024</u> (Actual)
Annual surplus	\$ 10,618,166	\$ 25,070,031	\$ 15,383,154
Add back (deduct):			
Internal transfers	\$ 780,673	\$ -	\$ -
Net to from reserves	(8,477,729)	(17,032,275)	(13,688,173)
Loss (gain) on disposal of tangible	-	(109,857)	(69,566)
Contributed assets	-	(10,377,689)	(4,966,080)
Principal debt repayments	<u>(2,921,110)</u>	<u>(2,670,208)</u>	<u>(2,574,381)</u>
Operating surplus (deficit)	\$ <u>-</u>	\$ <u>(5,119,998)</u>	\$ <u>(5,915,046)</u>

The operating budget presented above excludes capital activities. In 2025, the Town budgeted \$86,1469,000 in capital expenditures which are to be funded through a combination of capital transfers, offsite levies, other revenues, and debentures over subsequent years.

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

24. SALARIES AND BENEFITS DISCLOSURE

Disclosure of remuneration and benefits for elected municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<u>Salary</u> ¹	<u>Benefits, Travel and Allowances</u> ²	<u>2025 Total</u>	<u>2024 Total</u>
Elected Officials:				
Mayor Nagel	\$ 55,692	\$ 7,049	\$ 62,741	\$ 50,626
Councillor Fedeyko	45,276	10,304	55,580	54,523
Councillor Gale	7,428	1,049	8,477	-
Councillor McFadden	45,276	10,304	55,580	54,522
Councillor McDonald	7,428	1,049	8,477	-
Councillor Singh	7,428	1,049	8,477	-
Councillor Wilson	45,276	10,304	55,580	54,522
Former Elected Officials				
Mayor Genung	91,497	11,386	102,883	118,104
Councillor Flowers	38,437	5,306	43,743	50,626
Councillor Reed	<u>38,437</u>	<u>7,106</u>	<u>45,543</u>	<u>54,522</u>
	<u>\$ 382,175</u>	<u>\$ 64,906</u>	<u>\$ 447,081</u>	<u>\$ 437,445</u>
Chief Administrative Officer ³	<u>\$ 589,476</u>	<u>\$ 48,159</u>	<u>\$ 637,635</u>	<u>\$ 301,392</u>
Designated Officer ⁴	<u>\$ 136,755</u>	<u>\$ 31,707</u>	<u>\$ 168,462</u>	<u>\$ 160,269</u>

- (1) Salary includes gross honoraria, regular base pay, bonuses, overtime, lump sum payments, severance payments and any other direct cash remuneration.
- (2) 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 tuitions. Allowances and the employer's share of the cost of additional taxable benefits, including special leave with pay, car and travel allowances, conferences and memberships.
- (3) The Chief Administrative Officer (CAO) compensation reflects remuneration paid to two individuals, representing the former CAO and the current CAO, each of whom held the position for a portion of the year.
- (4) The Town's designated officer is the municipal assessor.

25. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by Council and Management on April 27, 2026

26. COMPARATIVE FIGURES

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

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

27. RESTATEMENT

The Town has adjusted certain consolidated financial statement accounts due to the following:

- a) The Town determined that certain offsite levies recorded in the prior year were misallocated between transportation and water categories. This error resulted in an incorrect classification of revenue and related balances within the consolidated financial statements.

The above changes have been applied retroactively and the 2024 comparative figures have been restated as follows:

	<u>As Previously Stated</u>	<u>Restatement</u>	<u>As Restated</u>
Consolidated statement of financial position			
Financial assets			
Cash and temporary investments	\$ 42,799,037	\$ -	\$ 42,799,037
Taxes and grants in place of taxes receivable	1,354,936	-	1,354,936
Trade and other receivables	24,027,461	-	24,027,461
Land held for resale	320,000	-	320,000
Investments	<u>104,771,902</u>	<u>-</u>	<u>104,771,902</u>
	<u>173,273,336</u>	<u>-</u>	<u>173,273,336</u>
Liabilities			
Accounts payable and other accrued liabilities	13,537,265	-	13,537,265
Deposit liabilities	1,884,893	-	1,884,893
Employee benefit obligations	1,751,118	-	1,751,118
Deferred revenue	44,218,157	(1,653,183)	42,564,974
Capital leases	5,802,798	-	5,802,798
Long-term debt	42,367,506	-	42,367,506
Asset retirement obligation	<u>826,527</u>	<u>-</u>	<u>826,527</u>
	<u>110,388,264</u>	<u>(1,653,183)</u>	<u>108,735,081</u>
Net financial assets	<u>62,885,072</u>	<u>1,653,183</u>	<u>64,538,255</u>
Non-financial assets			
Tangible capital assets	555,415,802	-	555,415,802
Prepaid expenses	153,415	-	153,415
Inventory for consumption	<u>115,762</u>	<u>-</u>	<u>115,762</u>
	<u>\$555,684,979</u>	<u>\$ -</u>	<u>\$555,684,979</u>

(CONT'D)

TOWN OF COCHRANE
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

27. RESTATEMENT (Continued)

Consolidated statement of operations and accumulated surplus

Revenues			
Net municipal taxes	\$ 39,515,609	\$ -	\$ 39,515,609
User fees and sales of goods	25,953,660	-	25,953,660
Investment income	5,894,956	-	5,894,956
Franchise fees and concession contracts	5,133,274	-	5,133,274
Government transfers for operating	3,338,029	-	3,338,029
Rentals	1,009,251	-	3,159,125
Licenses and permits	3,159,125	-	3,159,125
Penalties on taxes	680,812	-	680,812
Other	515,272	-	515,272
Fines	240,578	-	240,578
	<u>85,440,566</u>	<u>-</u>	<u>85,440,566</u>
Expenses			
Utility services	20,464,996	-	20,464,996
Protective services	15,358,780	-	15,358,780
Community services	18,731,848	-	18,731,848
General government services	12,184,474	-	12,184,474
Transportation services	12,072,457	-	12,072,457
Planning and development services	5,258,536	-	5,258,536
	<u>84,071,091</u>	<u>-</u>	<u>84,071,091</u>
Annual surplus before other revenue (expenses)	1,369,475	-	1,369,475
Other revenue (expenses)			
Offsite levies	8,336,370	-	8,336,370
Government transfers for capital	641,663	-	641,663
Contributed assets	4,966,080	-	4,966,080
Gain (loss) on disposal of tangible capital assets	69,566	-	69,566
	<u>14,013,679</u>	<u>-</u>	<u>14,013,679</u>
Annual surplus	<u>15,383,154</u>	<u>-</u>	<u>15,383,154</u>
Accumulated surplus			
Accumulated surplus - Beginning of year	\$604,076,472	\$ 1,653,183	\$605,729,655
Accumulated surplus - End of year	\$618,570,051	\$ 1,653,183	\$620,223,234