

Consolidated Financial Statements of

TOWN OF PINCHER CREEK

And Independent Auditor's Report thereon

Year ended December 31, 2025

Management's Responsibility for Financial Reporting

Town of Pincher Creek's (the "Town") management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying consolidated financial statements. Management believes that the consolidated financial statements present fairly the Town's financial position as at December 31, 2025 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. Financial statements are not precise, since they include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

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

The Town's Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Town's external auditors.

The consolidated financial statements have been audited by the independent firm of KPMG LLP, Chartered Professional Accountants. Their report to the Members of Council of the Town of Pincher Creek, stating the scope of their examination and opinion on the consolidated financial statements, follows.



Chief Administrative Officer



Director of Corporate Services



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Council of Town of Pincher Creek

Opinion

We have audited the consolidated financial statements of Town of Pincher Creek (the Town), which comprise:

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

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2025, and its consolidated results of operations, its consolidated remeasurement gains and losses, its consolidated changes in net financial 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

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

In preparing the financial statements, management is responsible for assessing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- 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 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 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 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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants

Lethbridge, Canada

April 27, 2026

TOWN OF PINCHER CREEK

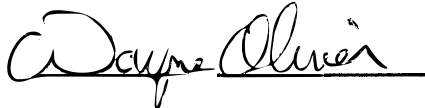
Consolidated Statement of Financial Position

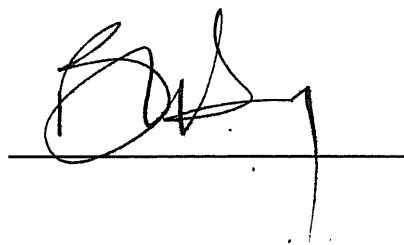
December 31, 2025, with comparative information for 2024

	2025	2024
Financial Assets:		
Cash and short-term investments (note 3)	\$ 6,182,341	\$ 2,762,276
Taxes and grants in place of taxes (note 4)	295,256	261,008
Trade and other receivables (note 5)	1,965,090	2,613,237
Land held for resale	315,729	333,653
Investments (note 6)	5,777,545	6,472,359
	<u>14,535,961</u>	<u>12,442,533</u>
Financial Liabilities:		
Accounts payable and accrued liabilities	1,358,958	1,018,239
Deposits	428,228	108,068
Deferred revenue (note 7)	1,131,625	778,266
Debt (note 8)	2,866,250	3,083,844
Asset retirement obligations (note 9)	3,345,457	3,293,244
	<u>9,130,518</u>	<u>8,281,661</u>
Net financial assets	5,405,443	4,160,872
Non-Financial Assets:		
Prepaid expenses	117,978	130,918
Inventory for consumption	311,810	298,419
Tangible capital assets (Schedule 6)	49,539,635	50,614,049
	<u>49,969,423</u>	<u>51,043,386</u>
Contractual obligations (note 15)		
Contingent liabilities (note 17)		
Accumulated Surplus (note 10):		
Accumulated operating surplus (Schedule 3)	\$ 55,369,013	\$ 55,354,336
Accumulated remeasurement gains (losses)	5,853	(150,078)
	<u>\$ 55,374,866</u>	<u>\$ 55,204,258</u>

See accompanying notes to consolidated financial statements.

On behalf of the Council:


Wayne Oliver



TOWN OF PINCHER CREEK

Consolidated Statement of Operations

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

	Budget (note 18)	2025	2024
Revenue:			
Net municipal property taxes (Schedule 4)	\$ 5,452,339	\$ 5,460,200	\$ 5,234,245
User fees and sales of goods	2,818,293	3,457,434	3,300,809
Government transfers for operating (Schedule 1)	3,166,717	3,125,059	2,832,241
Franchise fees and concession contracts	1,408,000	1,522,350	1,504,721
Rentals	841,362	738,349	740,785
Investment income	240,860	278,571	340,394
Penalties and cost of taxes	83,500	98,930	82,268
Licenses and permits	112,600	227,342	140,961
Other	8,689	202,941	87,275
Total revenue	14,132,360	15,111,176	14,263,699
Expenses (Schedule 5):			
Recreation and culture	4,244,140	5,590,787	5,266,702
Water supply and distribution	1,584,423	1,288,161	1,215,503
Protective services	1,285,531	1,329,052	2,389,845
Roads, streets, walks and lighting	1,638,288	1,400,028	1,331,034
Wastewater treatment and disposal	1,309,378	985,434	916,339
Administration	2,600,349	1,616,945	1,294,496
Waste management	611,205	634,454	568,521
Planning and development	613,842	517,788	577,245
Public health and welfare services	441,120	390,548	384,689
Legislative	1,865,826	1,335,299	372,012
Other	104,885	78,448	71,742
Total expenses	16,298,987	15,166,944	14,388,128
Deficiency of revenue over expenses from operations	(2,166,627)	(55,768)	(124,429)
Government transfers for capital (Schedule 1)	160,974	70,445	250,668
Gain on disposal of tangible capital assets	500	-	87,500
	161,474	70,445	338,168
Excess (deficiency) of revenues over expenses	(2,005,153)	14,677	213,739
Accumulated operating surplus, beginning of year	55,354,336	55,354,336	55,140,597
Accumulated operating surplus, end of year	\$ 53,349,183	\$ 55,369,013	\$ 55,354,336

See accompanying notes to consolidated financial statements.

TOWN OF PINCHER CREEK

Consolidated Statement of Remeasurement Gains and Losses

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

	2025	2024
Unrealized gains (losses) attributed to:		
Derivatives (principal protected notes)	\$ 155,931	\$ (150,078)
Net remeasurement gains (losses) for the year	155,931	(150,078)
Accumulated remeasurement losses, beginning of year	(150,078)	-
Accumulated remeasurement gains (losses), end of year (note 6)	\$ 5,853	\$ (150,078)

See accompanying notes to consolidated financial statements.

TOWN OF PINCHER CREEK

Consolidated Statement of Changes in Net Financial Assets

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

	Budget (note 18)	2025	2024
Excess (deficiency) of revenue over expenses	\$ (2,005,153)	\$ 14,677	\$ 213,739
Acquisition of tangible capital assets	(1,542,351)	(807,835)	(1,148,746)
Amortization of tangible capital assets	1,737,244	1,882,249	1,845,599
Gain on sale of tangible capital assets	-	-	(87,500)
Proceeds on sale of tangible capital assets	-	-	87,500
Net change in prepaid expenses	-	12,940	(22,162)
Net change in inventory for consumption	-	(13,391)	(9,592)
Change in unrealized remeasurement gains (losses)	-	155,931	(150,078)
Change in net financial assets	(1,810,260)	1,244,571	728,760
Net financial assets, beginning of year	4,160,872	4,160,872	3,432,112
Net financial assets, end of year	\$ 2,350,612	\$ 5,405,443	\$ 4,160,872

See accompanying notes to consolidated financial statements.

TOWN OF PINCHER CREEK

Consolidated Statement of Cash Flows

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

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 14,677	\$ 213,739
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	1,882,249	1,845,599
Gain on sale of tangible capital assets	-	(87,500)
Accretion of asset retirement obligations and environmental liabilities	52,213	89,697
	<u>1,949,139</u>	<u>2,061,535</u>
Changes in non-cash assets and liabilities:		
Taxes and grants in place of taxes	(34,248)	(40,722)
Trade and other receivables	648,147	(859,559)
Land held for resale	17,924	47,750
Prepaid expenses	12,940	(22,162)
Accounts payable and accrued liabilities	340,719	(260,462)
Deposits	320,160	(13,639)
Deferred revenue	353,359	(622,758)
Inventory for consumption	(13,391)	(9,592)
	<u>3,594,749</u>	<u>280,391</u>
Capital activities:		
Acquisition of tangible capital assets	(807,835)	(1,148,746)
Proceeds on disposal of tangible capital assets	-	87,500
	<u>(807,835)</u>	<u>(1,061,246)</u>
Investing activities:		
Proceeds on sale of investments	850,745	1,196,910
Financing activities:		
Repayment of debt	(217,594)	(210,518)
Increase in cash and short-term investments	<u>3,420,065</u>	<u>205,537</u>
Cash and short-term investments, beginning of year	2,762,276	2,556,739
Cash and short-term investments, end of year	<u>\$ 6,182,341</u>	<u>\$ 2,762,276</u>

See accompanying notes to consolidated financial statements.

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements

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

1. Significant accounting policies:

The consolidated financial statements of the Town of Pincher Creek (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, revenue and expenses, changes in accumulated surplus and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. Included with the Town is the Pincher Creek Community Early Learning Centre Ltd.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The Town administers certain assets in trust for third parties. These trust assets are held as investments and are not available for the Town's own use. Accordingly, they are excluded from the Town's consolidated financial statements. Trust funds administered by the Town include Family and Community Support Services and cemetery funds. Trust funds administered and held as investments totaled \$393,081 as at December 31, 2025 (2024 - \$366,599).

(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.

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

1. Significant accounting policies (continued):

(c) Cash and short-term investments:

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

(d) Investments:

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transaction 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) Inventories for resale:

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

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

1. Significant accounting policies (continued):

(f) Revenue recognition:

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

i. Government transfers

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

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

ii. Exchange transactions

Revenue from sales and user fees and other exchange transactions is recognized when the Town satisfies its performance obligation with the payor. User fees are recognized over the period of use. Sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance. Licenses and permits which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

iii. Non-exchange transactions

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

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

1. Significant accounting policies (continued):

(g) Asset Retirement Obligations:

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

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

Asset retirement obligations are initially measured when the legal obligation is incurred, based on management's best estimate of the costs required to retire the tangible capital asset. A present value technique is used to measure the obligation, reflecting the expected timing and amount of future cash outflows.

The liability is subsequently remeasured to reflect any new information and the appropriateness of the assumptions used in estimating the obligation. The liability is increased over time to reflect the passage of time, with the resulting increase recognized as accretion expense in the statement of operations and accumulated surplus.

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

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

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

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

1. Significant accounting policies (continued):

(h) Contaminated sites liability:

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

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

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Town is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

1. Significant accounting policies (continued):

(i) Requisition over-levy and under-levy:

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

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

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

(j) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations.

i. Tangible capital assets:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Assets	Years
Buildings	15 - 50
Land improvements	15 - 60
Engineered structures	20 - 98
Machinery and equipment	5 - 10
Vehicles	10

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

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

1. Significant accounting policies (continued):

(j) Non-financial assets (continued):

ii. Contribution of tangible capital assets:

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

iii. Inventories:

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

iv. Asset impairment:

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

(k) Use of estimates:

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Significant areas subject to such estimates and assumptions include the estimated useful life of tangible capital assets, taxes and grants in place of taxes, land held for resale and asset retirement obligations. Actual results could differ from those estimates.

(l) Employee future benefits:

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

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

2. Recent accounting pronouncements:

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

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

The Conceptual Framework for Financial Reporting in the Public Sector, is the foundation for public sector financial reporting standards. It replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards. This revised framework is effective for fiscal years beginning on or after April 1, 2026. Early adoption is permitted. The conceptual framework is to be applied prospectively.

(ii) PS 1202 - Financial Statement Presentation:

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

(iii) PS 3251 - Employee Benefits:

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

3. Cash and short-term investments:

	2025	2024
Cash	\$ 4,919,748	\$ 2,516,163
Short-term investments	1,262,593	246,113
	<u>\$ 6,182,341</u>	<u>\$ 2,762,276</u>

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

4. Taxes and grants in place of taxes:

	2025	2024
Taxes and grants in place of taxes:		
Current taxes and grants in place of taxes	\$ 218,558	\$ 204,267
Arrears taxes	55,928	56,741
Clean Energy Improvement Program ("CEIP") grant	20,770	-
	\$ 295,256	\$ 261,008

5. Trade and other receivables:

	2025	2024
Local improvement levies	\$ 618,381	\$ 708,229
Trade accounts	1,332,552	1,274,401
Goods and services tax recoverable	14,157	15,468
Due from provincial government	-	615,139
	\$ 1,965,090	\$ 2,613,237

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

6. Investments:

	2025	2024
Fixed income securities (amortized cost)	\$ 5,033,334	\$ 5,150,297
Derivatives - Principal protected notes (fair value - due 7/21/2031)	608,653	1,141,022
Accrued investment interest	135,558	181,040
	\$ 5,777,545	\$ 6,472,359

The carrying amount of investments is comprised of the following:

	2025		2024	
	Amortized Cost	Market value	Cost	Market value
Fixed income securities	\$ 5,033,334	\$ 4,938,419	\$ 5,150,297	\$ 5,695,559
Derivatives - Principal protected notes	602,800	608,653	1,291,100	1,141,022
Accrued investment interest	135,558	135,558	181,040	181,040
	\$ 5,771,692	\$ 5,682,630	\$ 6,622,437	\$ 7,017,621

Derivative investments are carried at fair market value in which the measurements are derived from:

Level 1 - Quoted prices in active markets for identical assets

Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Fair value measurements are derived using significant unobservable units (largely based on assumptions rather than observable data)

Derivative investments include principal protected notes that mature in 2031. They are carried at fair value with transaction costs expensed upon initial recognition.

The fixed income securities have interest rates ranging from 1.55% to 4.86% (2024 - 1.55% to 4.86%) with maturity dates from November 2026 to March 2035 (2024 - November 2025 to January 2032)

Unrealized gains (losses) on these investments carried at a fair value of \$5,853 (2024 - (\$150,078)) have been recognized in the statement of remeasurement gains and losses.

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

7. Deferred revenue:

	2025	2024
Deferred revenue, beginning of year	\$ 778,266	\$ 1,401,024
Funds received in the year:		
Operating	2,075,997	479,324
Capital	124,779	3,634
	2,200,776	482,958
Amounts recognized in revenue during the year:		
Operating	(1,805,534)	(512,604)
Capital	(41,883)	(593,112)
	(1,847,417)	(1,105,716)
Deferred revenue, end of year	\$ 1,131,625	\$ 778,266
Deferred revenue is comprised of:		
Prepaid property tax	32,580	39,466
Local Government Fiscal Framework	174,442	-
Other	76,335	71,998
Capital:		
Alberta Municipal Water/Wastewater Program	76,987	88,929
Community Foundations	-	15,000
Canada Community Building Fund	637,440	540,749
Lebel Energy Renewable	22,124	22,124
Other	111,717	-
	\$ 1,131,625	\$ 778,266

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

8. Debt:

	2025	2024
Debenture tax supported	\$ 615,153	\$ 693,778
Other supported debentures	601,097	673,400
Canadian Overnight Repo Rate Average ("CORRA") Loan	1,650,000	1,716,666
	2,866,250	3,083,844
Current portion	(158,352)	(150,927)
Current portion of CORRA repayable	(66,667)	(66,667)
	(225,019)	(217,594)
	\$ 2,641,231	\$ 2,866,250

Principal and interest repayments are as follows:

	Principal	Interest	Total
2026	\$ 225,019	\$ 109,741	\$ 334,760
2027	232,809	99,788	332,597
2028	240,983	89,450	330,433
2029	249,559	78,711	328,270
2030	258,558	67,548	326,106
Thereafter	1,659,322	442,210	2,101,532
	\$ 2,866,250	\$ 887,448	\$ 3,753,698

Debenture debt is repayable to Government of Alberta Department of Treasury Board and Finance and bears interest at the rates of 4.59% to 5% per annum, before Provincial subsidy, and matures in 2032. Debenture debt is issued on the credit and security of the Town at large.

The Town has an authorized demand CORRA loan bearing interest at CORRA Rate plus 0.95% (2024 - 0.95%) with Canadian Imperial Bank of Commerce ("CIBC"). As at December 31, 2025, the balance outstanding was \$1,650,000 (2024 - \$1,716,666). CIBC has indicated that it is accepting term payments of \$5,556 per month plus interest. CORRA interest rate at December 31, 2025 was 2.30% (2024 - 3.32%).

Interest payments on debt amounted to \$105,129 (2024 - \$105,088). All of the Town's debt is related to the purchase of Tangible Capital Assets.

The Town has an authorized operating line of credit to a maximum principal amount of \$1,000,000. Amounts drawn are repayable on demand and bear interest at a rate not exceeding Alberta Treasury Branch's ("ATB") prime lending rate plus 1.00% per annum. As at December 31, 2025, there were no amounts (2024 - \$nil) outstanding on the line of credit. ATB's prime rate at December 31, 2025 was 4.45% (2024 - 5.45%).

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

9. Asset retirement obligations and environmental liabilities:

	2025	2024
Asset retirement obligations, beginning of year	\$ 3,293,244	\$ 3,203,547
Accretion expense	52,213	89,697
	<u>\$ 3,345,457</u>	<u>\$ 3,293,244</u>

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

The asset retirement obligation related to the wastewater lagoon arises from the Town's legal responsibility to close, remediate, and monitor the lagoon site at the end of its useful life in accordance with applicable environmental legislation and regulatory requirements. Retirement activities include, but are not limited to, decommissioning lagoon cells, removal or stabilization of liners and associated infrastructure, site remediation, landscaping, and post closure monitoring and maintenance to mitigate environmental risk. Estimates of the obligation are based on expected future costs, anticipated timing of closure activities, inflation assumptions, and discount rates applied using a present value technique.

The asset retirement obligation associated with equipment relates to the ice plant chiller and condenser. The obligation arises from the requirement to properly decommission and dispose of equipment containing regulated refrigerants at the end of its service life. Retirement activities include the safe removal, handling, and disposal of refrigerants and contaminated components in compliance with environmental and safety regulations, as well as dismantling and disposal of the related equipment. The estimated obligation reflects management's best estimate of future decommissioning and disposal costs, discounted to present value, and is remeasured as required to reflect new information and changes in assumptions.

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

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

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

10. Accumulated surplus:

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

	2025	2024
Unrestricted surplus	\$ 599,069	\$ 644,498
Restricted surplus:		
Operating:		
Municipal income stabilization	970,375	918,842
Early learning centre	63,693	97,006
Legislative	48,389	30,668
Disaster services	13,402	13,402
Technology replacement	27,990	-
Capital:		
Legislative and administration	435,602	425,602
Protective services	135,443	128,338
Fire Equipment	36,484	36,484
Equipment	227,052	80,052
Streets	407,696	397,347
Utilities	1,898,733	1,645,340
Garbage Equipment	405,000	311,250
Recycling	12,871	12,871
Cemetery	41,407	42,407
Land development	1,480,288	1,289,995
Pool	150,605	168,731
Arena building	3,719,060	3,483,320
General parks	348,641	335,928
Cultural	80,336	66,336
General sports field	107,578	149,869
Community recreation centre building	95,714	95,714
Golf Course	261,015	261,015
PC early learning centre	474,642	482,360
	11,442,016	10,472,877
Equity in tangible capital assets	43,327,928	44,236,961
Accumulated operating surplus	\$ 55,369,013	\$ 55,354,336
Accumulated remeasurement gains (losses)	\$ 5,853	\$ (150,078)
Accumulated surplus	\$ 55,374,866	\$ 55,204,258

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

10. Accumulated surplus (continued):

	2025	2024
Equity in tangible capital assets:		
Tangible capital assets (Schedule 6)	\$ 95,140,096	\$ 94,332,261
Accumulated amortization (Schedule 6)	(45,600,461)	(43,718,212)
Debt related to capital assets (note 8)	(2,866,250)	(3,083,844)
Asset retirement obligations (note 9)	(3,345,457)	(3,293,244)
	<u>\$ 43,327,928</u>	<u>\$ 44,236,961</u>

11. Debt limits:

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

	2025	2024
Total debt limit	\$ 22,729,200	\$ 21,902,800
Total debt	(2,866,250)	(3,083,844)
Amount of debt limit unused	<u>19,862,950</u>	<u>18,818,956</u>
Debt servicing limit	3,788,200	3,650,467
Debt servicing	(334,760)	(310,935)
Amount of debt servicing unused	<u>\$ 3,453,440</u>	<u>\$ 3,339,532</u>

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/2000) and the debt service is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Town. Rather, the financial statements must be interpreted as a whole.

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

12. Local Authorities Pension Plan:

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

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

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

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

Total current service contributions by the Town to the LAPP in 2025 were \$287,260 (2024 - \$248,648). Total current service contributions by the employees of the Town to the LAPP in 2025 were \$253,096 (2024 - \$219,011).

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

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

13. Segmented disclosure:

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

(a) General government:

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

(b) Protective services:

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

(c) Transportation services:

Transportation services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, streets, walks and lighting.

(d) Planning and development:

Planning and development is responsible for the administration of residential, commercial, industrial and agricultural development services within the Town.

(e) Recreation and culture:

The recreation and culture department is responsible for operation and maintenance of parks, sports fields, recreation, community and cultural facilities within the Town.

(f) Environmental services:

Environmental services is responsible for water supply and distribution services within the Town, as well as wastewater treatment and disposal activities and waste management functions.

(g) Public health services:

Public health provides funding for programs that support individuals, families, and communities. Programs and services are delivered through Family and Community Support Services.

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

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

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

14. Salary and benefits disclosure:

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

	Salaries (i)	Benefits and Allowances (ii)	Total 2025	Total 2024
Mayor Wayne Oliver (iii)	\$ 25,210	\$ 3,717	\$ 28,927	\$ 22,727
Mayor Don Anderberg (iii)	29,065	1,608	30,673	42,009
Councillor Sahra Nodge	26,620	10,027	36,647	28,693
Councillor Bernice Cyr	5,565	3,036	8,601	-
Councillor Brian McGillivray	6,040	2,301	8,341	-
Councillor Gordon McMullen	5,200	2,325	7,525	-
Councillor Valerie Wynder	5,320	2,118	7,438	-
Councillor Brian Wright	16,785	4,857	21,642	27,491
Councillor David Green	18,905	409	19,314	25,510
Councillor Garry Cleland	16,630	184	16,814	20,563
Councillor Mark Barber	30,935	10,550	41,485	40,884
	\$ 186,275	\$ 41,132	\$ 227,407	\$ 207,877
Chief Administrative Officers	\$ 164,923	\$ 30,606	\$ 195,529	\$ 229,417
Designated Officers	\$ 131,288	\$ 20,273	\$ 151,561	\$ 151,066

- i) Salary includes regular base pay. For Councillors, salary includes a monthly allowance to attend special events and per diem reimbursement for authorized meetings attended.
- ii) For non-elected officials, employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, and long and short-term plans as well as travel allowances.
- iii) In October 2025, Mayor Don Anderberg stepped down and was succeeded by Wayne Oliver, who was elected by acclamation. Prior to this appointment, Wayne Oliver served as a town councillor.

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

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

15. Contractual obligations:

The Town has committed up to \$1,250,000 of funding towards the construction of a new curling rink. As at December 31, 2025, the remaining contractual commitment related to the new curling rink contract is estimated at approximately \$555,000. The project is expected to be completed in 2026.

The Town has committed funding of up to \$1,000,000 toward the renovation of a new fire hall. As at December 31, 2025, the remaining contractual commitment related to this contract is estimated at approximately \$500,000. The project is expected to be completed in 2026.

16. Financial instruments:

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

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

i. Interest rate risk:

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

ii. Credit concentration:

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 fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

iii. Liquidity risk:

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

TOWN OF PINCHER CREEK

Notes to Consolidated Financial Statements (continued)

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

17. Contingent liabilities:

- i. The Town is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.
- ii. The Town has been named as a defendant in a legal action surrounding a contract dispute with a construction contractor. The ultimate resolution of the claim is not determinable at this time.

18. Budget:

The budgeted information presented in these financial statements is based upon the 2025 operating and capital budgets approved by Council on December 9, 2024.

19. Approval of financial statements:

Council and Management approved these financial statements.

20. Comparative information:

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

TOWN OF PINCHER CREEK

Schedule 1 - Schedule of Government Transfers

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

	Budget (note 18)	2025	2024
Transfers for operating:			
Provincial government	\$ 2,441,180	\$ 1,966,920	\$ 1,787,366
Other municipal governments	721,037	1,158,139	1,041,995
Federal government	4,500	-	2,880
	<u>3,166,717</u>	<u>3,125,059</u>	<u>2,832,241</u>
Transfers for capital:			
Provincial government	160,974	28,821	228,368
Other municipal governments	-	41,624	22,300
	<u>160,974</u>	<u>70,445</u>	<u>250,668</u>
Total government transfers	\$ 3,327,691	\$ 3,195,504	\$ 3,082,909

TOWN OF PINCHER CREEK

Schedule 2 - Schedule of Segmented Disclosures

For the year ended December 31, 2025

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	2025
Revenue:								
Net municipal property taxes	\$ 5,460,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,460,200
User fees and sales of goods	-	-	200,742	2,400,790	7,625	169,780	678,497	3,457,434
Government transfers	1,236,417	36,812	-	13,821	189,799	-	1,718,655	3,195,504
Penalties and cost of taxes	80,985	8,543	-	9,402	-	-	-	98,930
Licenses and permits	57,780	1,467	-	-	-	168,095	-	227,342
Franchise and concession contracts	1,522,350	-	-	-	-	-	-	1,522,350
Rentals	9,336	292,934	300	82,170	75,763	103,793	174,053	738,349
Investment income	269,324	-	-	-	9,247	-	-	278,571
Other	30,012	633	-	-	-	-	172,296	202,941
	8,666,404	340,389	201,042	2,506,183	282,434	441,668	2,743,501	15,181,621
Expenses:								
Salaries, wages and benefits	890,405	192,372	513,898	1,050,945	178,829	261,759	3,424,080	6,512,288
Contracted and general services	459,659	828,828	191,999	768,507	52,293	238,055	1,003,128	3,542,469
Materials, goods, and utilities	66,073	55,892	312,724	336,239	4,398	17,974	493,412	1,286,712
Transfers to organizations	1,374,510	106,767	-	39,659	149,243	-	32,851	1,703,030
Interest on debt	-	64,077	-	-	-	-	41,052	105,129
Other expenditures	112,275	-	-	-	-	-	-	112,275
Bank charges and interest	530	-	-	5,074	-	-	17,188	22,792
Amortization	48,792	81,116	381,407	786,073	5,785	-	579,076	1,882,249
	2,952,244	1,329,052	1,400,028	2,986,497	390,548	517,788	5,590,787	15,166,944
Excess (deficiency) of revenue over expenses before								
other	5,714,160	(988,663)	(1,198,986)	(480,314)	(108,114)	(76,120)	(2,847,286)	14,677
Other								
Gain on disposal of tangible capital assets	-	-	-	-	-	-	-	-
Excess (deficiency) of revenue over expenses	\$ 5,714,160	(988,663)	\$ (1,198,986)	\$ (480,314)	\$ (108,114)	\$ (76,120)	\$ (2,847,286)	\$ 14,677

TOWN OF PINCHER CREEK

Schedule 2 - Schedule of Segmented Disclosures

For the year ended December 31, 2024

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	2024
Revenue:								
Net municipal property taxes	\$ 5,234,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,234,245
User fees and sales of goods	-	-	221,113	2,100,863	13,590	556,209	409,034	3,300,809
Government transfers	22,300	1,066,621	179,616	8,296	186,414	-	1,619,662	3,082,909
Penalties and cost of taxes	61,757	10,684	-	9,827	-	-	-	82,268
Licenses and permits	58,263	1,815	-	-	-	80,883	-	140,961
Franchise and concession contracts	1,504,721	-	-	-	-	-	-	1,504,721
Rentals	9,190	291,389	1,100	100,619	73,276	85,022	180,189	740,785
Investment income	329,163	-	-	-	11,231	-	-	340,394
Other	-	-	64,339	17,153	-	-	5,783	87,275
	7,219,639	1,370,509	466,168	2,236,758	284,511	722,114	2,214,668	14,514,367
Expenses:								
Salaries, wages and benefits	928,008	154,327	426,982	956,142	167,245	255,168	2,836,919	5,724,791
Contracted and general services	428,942	767,042	266,460	669,295	58,700	153,271	805,626	3,149,336
Materials, goods, and utilities	61,509	62,008	279,183	324,989	5,322	168,806	537,081	1,438,898
Transfers to organizations	-	1,254,175	-	23,460	147,637	-	481,169	1,906,441
Interest on debt	-	71,178	-	-	-	-	33,910	105,088
Other expenditures	198,641	-	-	-	-	-	-	198,641
Bank charges and interest	659	-	-	4,892	-	-	13,783	19,334
Amortization	48,749	81,115	358,409	793,327	5,785	-	558,214	1,845,599
	1,666,508	2,389,845	1,331,034	2,772,105	384,689	577,245	5,266,702	14,388,128
Excess (deficiency) of revenue over expenses								
before other	5,553,131	(1,019,336)	(864,866)	(535,347)	(100,178)	144,869	(3,052,034)	126,239
Other								
Gain on disposal of tangible capital assets	-	-	87,500	-	-	-	-	87,500
Excess (deficiency) of revenue over expenses								
	\$ 5,553,131	(1,019,336)	\$ (777,366)	\$ (535,347)	\$ (100,178)	\$ 144,869	\$ (3,052,034)	\$ 213,739

TOWN OF PINCHER CREEK

Schedule 3 - Schedule of Changes in Accumulated Operating Surplus

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

	Unrestricted	Restricted surplus	Equity in tangible capital assets	2025	2024
Balance, beginning of year	\$ 644,498	\$ 10,472,877	\$ 44,236,961	\$ 55,354,336	\$ 55,140,597
Excess of revenues over expenses	14,677	-	-	14,677	213,739
Transferred from restricted surplus	961,628	(961,628)	-	-	-
Transferred to restricted surplus	(1,930,767)	1,930,767	-	-	-
Acquisition of tangible capital assets	(807,835)	-	807,835	-	-
Amortization of tangible capital assets	1,865,381	-	(1,865,381)	-	-
Amortization of asset retirement obligations	16,868	-	(16,868)	-	-
Accretion expense	52,213	-	(52,213)	-	-
Capital debt principal paid	(217,594)	-	217,594	-	-
Change in accumulated operating surplus	(45,429)	969,139	(909,033)	14,677	213,739
Balance, end of year	\$ 599,069	\$ 11,442,016	\$ 43,327,928	\$ 55,369,013	\$ 55,354,336

TOWN OF PINCHER CREEK

Schedule 4 - Schedule of Net Municipal Property Taxes

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

	Budget (note 18)	2025	2024
General taxation:			
Real property tax	\$ 7,227,100	\$ 7,237,300	\$ 6,663,113
Linear property tax	118,829	118,829	116,177
Government grants in place of property taxes	57,140	57,140	47,612
Local improvement/special tax	23,334	20,995	22,869
	7,426,403	7,434,264	6,849,771
Requisitions:			
Alberta School Foundation Fund	1,417,344	1,417,344	1,148,853
Holy Spirit School Division	333,841	333,841	294,102
Crestview Lodge	222,879	222,879	172,571
	1,974,064	1,974,064	1,615,526
Net municipal property tax	\$ 5,452,339	\$ 5,460,200	\$ 5,234,245

TOWN OF PINCHER CREEK

Schedule 5 - Schedule of Expenses by Object

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

	Budget (note 18)	2025	2024
Salaries, wages and benefits	\$ 5,020,265	\$ 6,512,288	\$ 5,724,791
Contracted and general services	3,912,097	3,542,469	3,149,336
Materials, goods and utilities	1,648,710	1,286,712	1,438,898
Transfers to organizations	3,786,658	1,703,030	1,906,441
Interest on debt	103,297	105,129	105,088
Other expenditures	79,466	112,275	198,641
Bank charges and short-term interest	11,250	22,792	19,334
Amortization	1,737,244	1,882,249	1,845,599
Total expenses by object	\$ 16,298,987	\$ 15,166,944	\$ 14,388,128

TOWN OF PINCHER CREEK

Schedule 6 - Schedule of Tangible Capital Assets

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

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	2025	2024
Cost:								
Balance, beginning of year	\$ 5,113,777	\$ 5,768,706	\$ 18,040,758	\$ 59,507,895	\$ 4,508,679	\$ 1,392,446	\$ 94,332,261	\$ 103,528,806
Prior period adjustments	-	-	-	-	-	-	-	(10,218,483)
Acquisition of tangible capital assets	-	47,366	235,640	208,012	316,817	-	807,835	1,148,746
Disposal of tangible capital assets	-	-	-	-	-	-	-	(126,808)
Balance, end of year	5,113,777	5,816,072	18,276,398	59,715,907	4,825,496	1,392,446	95,140,096	94,332,261
Accumulated amortization:								
Balance, beginning of year	-	3,367,914	11,210,353	25,711,344	2,444,168	984,433	43,718,212	43,261,619
Prior period adjustments	-	-	-	-	-	-	-	(1,262,199)
Accumulated amortization on disposals	-	-	-	-	-	-	-	(126,805)
Amortization	-	191,995	434,094	873,603	277,232	88,457	1,865,381	1,828,998
Asset retirement obligation amortization	-	-	11,241	5,411	216	-	16,868	16,599
Balance, end of year	-	3,559,909	11,655,688	26,590,358	2,721,616	1,072,890	45,600,461	43,718,212
Net book value of tangible capital assets	5,113,777	2,256,163	6,620,710	33,125,549	2,103,880	319,556	49,539,635	50,614,049
2024 Net book value of tangible capital assets	\$ 5,113,777	\$ 2,400,792	\$ 6,830,405	\$ 33,796,551	\$ 2,064,511	\$ 408,013	\$ 50,614,049	

Included in tangible capital asset additions are work in progress assets that are not yet complete and have not been placed into service. Accordingly, no amortization has been recorded on these assets. Work in progress as at December 31, 2025 is \$482,159 (2024 - \$455,814).