

**PARKLAND COUNTY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

DRAFT

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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. This 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 Parkland County are composed entirely of individuals who are neither management nor employees of the County. 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 County'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.

Laura Swain, MPA, Chief Administrative Officer

Jeff Dyck, CPA, CA Chief Operating Officer

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of Parkland County

Opinion

We have audited the accompanying consolidated financial statements of Parkland County (the "County"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the County as at December 31, 2025, and the results of its consolidated operations 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 Financial Statements* section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the 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.

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

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

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

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

Auditors' 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 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 the financial statements.

(Continues)

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County'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 County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 County 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the 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.

Chartered Professional Accountants

Edmonton, Alberta

Parkland County
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At December 31, 2025

	<u>2025</u>	<u>2024</u>
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 3)</i>	\$ 34,059,199	\$ 16,513,693
Accounts receivable <i>(Note 4)</i>	25,116,650	29,068,939
Investments <i>(Note 5)</i>	158,903,771	160,792,726
Debt charges recoverable <i>(Note 6)</i>	5,076,912	5,195,186
Land held for resale	<u>540,000</u>	<u>560,765</u>
	<u>223,696,532</u>	<u>212,131,309</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 7)</i>	15,862,483	17,938,710
Deposit liabilities	3,103,588	2,605,171
Deferred revenue <i>(Note 8)</i>	21,283,703	23,226,237
Long-term debt <i>(Note 9)</i>	48,964,637	44,988,118
Asset retirement obligations <i>(Note 11)</i>	5,531,557	5,524,080
Environmental liabilities <i>(Note 12)</i>	<u>2,648,174</u>	<u>3,144,259</u>
	<u>97,394,142</u>	<u>97,426,575</u>
NET FINANCIAL ASSETS	<u>126,302,390</u>	<u>114,704,734</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 13)</i>	590,239,745	581,782,687
Inventory for consumption <i>(Note 14)</i>	10,350,389	10,615,979
Prepaid expenses	<u>2,119,425</u>	<u>2,142,300</u>
	<u>602,709,559</u>	<u>594,540,966</u>
ACCUMULATED SURPLUS <i>(Note 15)</i>	<u>\$ 729,011,949</u>	<u>\$ 709,245,700</u>
Contractual rights <i>(Note 16)</i>		
Contractual obligations <i>(Note 17)</i>		
Contingent assets and liabilities <i>(Note 18)</i>		

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

APPROVED ON BEHALF OF COUNCIL:

Rod Shaigec
Mayor

John McNab
Deputy Mayor

Parkland County
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2025

	2025 (Budget) (Note 26)	2025 (Actual)	2024 (Actual)
REVENUES			
Net municipal property taxes <i>(Note 19)</i>	\$ 80,593,000	\$ 80,566,449	\$ 74,905,549
User fees and sales	13,577,524	14,731,540	14,224,324
Government transfers for operating <i>(Note 20)</i>	6,126,582	12,329,888	5,557,569
Investment income	3,159,780	6,770,624	6,308,239
Other revenue	897,355	1,710,811	1,017,109
Penalties	1,066,900	1,148,965	1,053,270
Licenses and permits	<u>1,243,000</u>	<u>1,067,357</u>	<u>970,620</u>
	<u>106,664,141</u>	<u>118,325,634</u>	<u>104,036,680</u>
EXPENSES			
Salaries, wages, and employee benefits	43,164,057	43,226,575	39,461,741
Contracted and general services	25,058,694	22,590,513	19,638,556
Amortization of tangible capital assets <i>(Note 13)</i>	21,224,700	19,846,419	20,164,860
Transfers to governments, agencies and organizations	7,117,622	11,868,854	8,823,572
Materials, goods, supplies and utilities	9,934,539	9,291,664	9,556,943
Purchases from other governments	6,205,100	5,885,095	5,711,196
Interest on long term debt	2,007,400	1,530,801	1,201,665
Bank charges	69,900	97,384	89,022
Accretion of asset retirement obligations <i>(Note 11)</i>	-	71,500	63,208
Other expenses - operating	<u>634,590</u>	<u>39,216</u>	<u>64,697</u>
	<u>115,416,602</u>	<u>114,448,021</u>	<u>104,775,460</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>(8,752,461)</u>	<u>3,877,613</u>	<u>(738,780)</u>
OTHER			
Government transfers for capital <i>(Note 20)</i>	32,936,731	13,430,737	20,413,375
Developer and Customer Contributions - Capital	-	2,096,612	-
Contributed tangible capital assets <i>(Note 13)</i>	33,968,400	550,700	124,178
Other revenue - capital	120,700	12,925	-
Gain on asset retirement obligations settlement	-	-	40,880
Gain (Loss) on disposal of tangible capital assets	<u>159,100</u>	<u>(202,338)</u>	<u>(600,198)</u>
ANNUAL SURPLUS	58,432,470	19,766,249	19,239,455
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>709,245,700</u>	<u>709,245,700</u>	<u>690,006,245</u>
ACCUMULATED SURPLUS, END OF YEAR <i>(NOTE 15)</i>	\$ <u>767,678,170</u>	\$ <u>729,011,949</u>	\$ <u>709,245,700</u>

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

Parkland County
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2025

	<u>2025</u> (Budget) (Note 26)	<u>2025</u> (Actual)	<u>2024</u> (Actual)
ANNUAL SURPLUS	\$ <u>58,432,470</u>	\$ <u>19,766,249</u>	\$ <u>19,239,455</u>
Acquisition of tangible capital assets	(48,858,166)	(29,311,507)	(32,862,505)
Contributed tangible capital assets	(33,968,400)	(550,700)	(124,178)
Proceeds on disposal of tangible capital assets	973,200	1,356,392	338,702
Amortization of tangible capital assets	21,224,700	19,846,419	20,164,860
Gain on asset retirement obligations settlement	-	-	40,880
(Gain) Loss on disposal of tangible capital assets	<u>(159,100)</u>	<u>202,338</u>	<u>559,318</u>
	<u>(60,787,766)</u>	<u>(8,457,058)</u>	<u>(11,882,923)</u>
Net change in inventory for consumption	-	265,590	613,732
Net change in prepaid expenses	<u>-</u>	<u>22,875</u>	<u>(153,782)</u>
	<u>-</u>	<u>288,465</u>	<u>459,950</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(2,355,296)	11,597,656	7,816,482
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>114,704,734</u>	<u>114,704,734</u>	<u>106,888,252</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u><u>112,349,438</u></u>	\$ <u><u>126,302,390</u></u>	\$ <u><u>114,704,734</u></u>

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

Parkland County
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
OPERATING ACTIVITIES		
Annual surplus	\$ 19,766,249	\$ 19,239,455
Non-cash items included in excess of revenue over expenses:		
Loss on disposal of tangible capital assets	202,338	559,318
Gain on asset retirement obligations settlement	-	40,880
Amortization of tangible capital assets	19,846,419	20,164,860
Contributed tangible capital assets	(550,700)	(124,178)
Change in non-cash working capital balances:		
Accounts receivable	3,952,289	(5,443,856)
Debt charges recoverable	118,274	(5,195,186)
Land held for resale	20,765	489,440
Accounts payable and accrued liabilities	(2,076,227)	5,919,584
Deposit liabilities	498,417	109,125
Deferred revenue	(1,942,534)	3,298,347
Asset retirement obligations	7,477	(278,406)
Environmental liabilities	(496,085)	278,923
Consumable inventories	265,590	613,732
Prepaid expenses	22,875	(153,782)
	<u>39,635,147</u>	<u>39,518,256</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(29,311,507)	(32,862,505)
Proceeds on disposal of tangible capital assets	1,356,392	338,702
	<u>(27,955,115)</u>	<u>(32,523,803)</u>
INVESTING ACTIVITIES		
Acquisition of investments	(155,594,742)	(100,178,915)
Maturity of investments	157,690,600	95,182,051
Amortization of investment premiums/discounts	(206,903)	(196,878)
	<u>1,888,955</u>	<u>(5,193,742)</u>
FINANCING ACTIVITIES		
Long-term debt issued	6,489,312	7,916,124
Long-term debt repaid	(2,512,793)	(2,509,124)
	<u>3,976,519</u>	<u>5,407,000</u>
INCREASE IN CASH AND CASH EQUIVALENTS	17,545,506	7,207,711
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>16,513,693</u>	<u>9,305,982</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (NOTE 3)	\$ <u>34,059,199</u>	\$ <u>16,513,693</u>

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

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

Parkland County is a municipality in the Province of Alberta, Canada and operates under the provisions of the *Municipal Government Act*.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Parkland County (the "County") are prepared by management in accordance with Canadian Public Sector Accounting Standards. Significant accounting policies adopted by the County are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the government reporting entity. The government reporting entity is comprised of all the organizations, committees, and local boards accountable for the administration of their financial affairs and resources to the County and which are owned or controlled by the County.

The County's consolidated financial statements include the proportionate share of assets, liabilities, revenues and expenses for the Tri-Municipal Leisure Facility Corporation (a Part 9 company operating as the TransAlta Tri Leisure Centre).

The financial statements of Parkland County Library Board are fully consolidated in the County's financial statements.

The County is also a member of boards and commissions that are not included in the government reporting entity.

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

Property taxes levied also include requisitions for education and seniors housing; organizations that are not part of the government reporting entity.

(b) Basis of Accounting

The County follows the accrual basis of accounting. Revenues are recognized in the year in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the specified purpose. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of legal obligation to pay.

The County elects to recognize the exchange gains and losses of accounts payable denominated in a foreign currency directly in the statement of operations.

(c) Cash and Cash Equivalents

Cash consists of balances held with Canadian financial institutions and cash-in-transit. Cash equivalents consist of term deposits, guaranteed investment certificates (GICs), and other investments that are readily convertible to cash in less than three months and are recorded at cost.

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investments

Investments consist of instruments such as term deposits, growth index deposits, notes, bonds, and guaranteed investment certificates. Term deposits, market-linked principal protected notes, guaranteed investment certificates, notes, and bonds are recorded at amortized cost. Investment premiums and discounts are amortized over the term of the respective investments. When there has been a loss in the value that is other than a temporary decline, the respective investment is written down to recognize the loss. Investments are held to maturity in accordance with the County's established buy-and-hold policy.

In 2025, the County determined the most appropriate method to record its market-linked principal protected notes was at cost due to the above-noted buy-and-hold policy. As a result, a Statement of Remeasurement Gains and Losses was not required for the 2025 consolidated financial statements.

(e) Land Held for Resale

Land held for resale is recorded at the lower of cost and net realizable value on a specific item basis.

(f) Debt Charges Recoverable

Debt charges recoverable consist of amounts that are borrowed by the County that are recoverable under loans or other financial arrangements made to non-profit organizations. These debt charges recoverable amounts are recorded at a value equivalent to the offsetting outstanding long-term debt balances as at December 31, 2025.

(g) Employee Benefit Obligations

The costs of multi-employer defined benefit pension plan benefits including LAPP and APEX pensions are the employer's contributions to the plan in the period. Health/vision and dental benefits are administered by Blue Cross on an administrative services only basis. The County is responsible for the employer share of benefit premiums throughout the year as well as any shortfall or surplus at the end of the period. Accumulated sick and vacation days are set up as a liability to the extent to which days are expected to be paid out and/or used by employees.

(h) 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.

(Continues)

Parkland County
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Non-Financial Assets (Continued)

(i) *Tangible Capital Assets*

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

	<u>Years</u>
Land improvements	15 - 30
Buildings	5 - 50
Engineered structures	
Roadway systems	10 - 60
Storm	50 - 75
Water system	45 - 75
Wastewater system	45 - 75
Machinery and equipment	5 - 40
Vehicles	10 - 20

Annual amortization is pro-rated 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 recorded as revenue.

(iii) *Works of Art and Cultural and Historic Assets*

The County owns original artworks that are on permanent display at the County facilities. The artworks were purchased by the County and have significant cultural and historical value in perpetuity. The artworks are not recorded as tangible capital assets in the consolidated financial statements.

(iv) *Interest Capitalization*

The County does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(v) *Consumable Inventories*

Inventories of materials and supplies for consumption are valued at the lower of cost and replacement cost with cost determined using the average cost method.

(vi) *Leases*

Leases are classified as capital or operating leases. Leases which transfer substantially all 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.

(i) **Government Transfers**

Government transfers are recognized in the financial statements as revenues 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 made.

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Government Transfers (Continued)

A transfer with or without eligibility criteria but with stipulations is recognized in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfers gives rise to an obligation that meets the definition of a liability.

(j) 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. 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.

(k) Tax Revenue Recognition

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

(l) Permit Revenue Recognition

Permit revenues are recognised based of the following criteria:

- A percentage of building residential permit revenue is recognized when the permit is issued (30%) with additional revenue recognized when the permit foundation inspection (15%), permit framing inspection (25%), permit insulation inspection (15%), and permit final inspection (15%) are passed.
- A percentage of building industrial commercial permit revenue is recognized when the permit is issued (30%) with additional revenue recognized when the permit framing inspection (30%), permit insulation inspection (20%), and permit final inspection (20%) are passed.
- A percentage of building accessory permit revenue is recognized when the permit is issued (30%) with additional revenue recognized when the permit foundation inspection (15%), permit framing inspection (25%), permit insulation inspection (15%), and permit final inspection (15%) are passed.
- A percentage of building other permits is recognized when the permit is issued (30%) with additional revenue recognized when the permit final inspection (70%) is passed.
- A percentage of safety permits is recognized when the permit is issued (10%) with additional revenue recognized when the permit rough-in inspection (45%) and permit final inspection (45%) are passed.

(m) Asset Retirement Obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire the tangible capital asset when, at the financial statement date:

- There is a legal obligation for the County to incur retirement costs;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Asset Retirement Obligations (Continued)

Management's best estimate of the liability includes all costs directly attributable to asset retirement activities based on information available at year end. In some instances, the best estimate of the asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. In other instances, the asset retirement obligation is valued at current estimated cost to settle or otherwise extinguish the liability.

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

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

(n) Liabilities for Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced in soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is based on management's estimate of the cost of post remediation including operation, maintenance, and monitoring. The liability is recorded net of any expected recoveries. A liability is applicable to sites that are not in productive use or where an unexpected event has caused contamination in the year.

(o) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for amortization and accrued liabilities, including asset retirement obligations and environmental liabilities. Actual results could differ from those estimates.

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Valuation of Financial Assets and Liabilities

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

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and cash equivalents	Cost/Carrying value
Accounts receivable	Lower of cost or net recoverable value
Debt charges recoverable	Amortized cost
Investments	Cost or amortized cost
Land held for resale	Lower of cost or net realizable value
Accounts payable and other accrued liabilities	Cost/Carrying value
Long-term debt	Amortized cost

(q) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to Public Sector Accounting Standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently.

Public Sector Accounting Standard	Name	Effective date(fiscal years beginning on or after)
PS1202	Financial Statement Presentation	April 1, 2026
PS3251	Employee Benefits	April 1, 2029
PS3150	Tangible Capital Assets	April 1, 2030

Management is currently assessing the impact of these new standards on the financial statements.

2. FINANCIAL RISK MANAGEMENT

The County recognizes the importance of managing risks by using policies, procedures, and oversight designed to reduce risks identified to an appropriate threshold. The risks that the County is exposed to through its financial instruments are credit risk, liquidity risk, and market risk. There was no significant change to these risks or its processes for managing these risks from the prior year.

(a) Credit Risk

The County is subject to credit risk arising from its investment portfolio and accounts receivable, which are comprised primarily of interest receivable, government transfers receivable, and taxes receivable.

Credit risk pertaining to the investment portfolio is deemed to be low, as investments are comprised primarily of high-quality fixed income securities such as GICs, investment grade bonds and principal protected notes issued by Canadian chartered banks covered through Canadian Deposit Insurance Corporation. Credit risk associated with government transfers receivable and interest receivable is also deemed to be low. Taxes receivable credit risk arises from the possibility that taxpayers and entities to which the County provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity Risk

Liquidity risk is the risk that the County will not be able to meet the obligations associated with financial liabilities. The County takes an active approach to address liquidity risk through debt management policy, cash flow forecasting and modelling, credit facilities, and other strategies.

(c) Market Risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument fluctuates based on market factors. Market risk includes currency risk, interest rate risk, and other price risks. The County is not exposed to significant foreign exchange, interest rate, or other price risk.

3. CASH AND CASH EQUIVALENTS

	<u>2025</u>	<u>2024</u>
Cash	\$ 17,135,089	\$ 11,495,908
Cash equivalents	<u>16,924,110</u>	<u>5,017,785</u>
	<u>\$ 34,059,199</u>	<u>\$ 16,513,693</u>

Cash equivalents include investments that have effective interest rates of 2.65% to 3.32% (2024 - 3.65% to 3.75%).

4. ACCOUNTS RECEIVABLE

The accounts receivable is made up of the following:

	<u>2025</u>	<u>2024</u>
Government transfers receivable	\$ 10,850,263	\$ 15,345,904
Accrued interest receivable - investments	6,470,554	5,779,276
Taxes - current	2,940,056	2,926,710
Trade and other	2,759,151	2,976,454
Taxes - arrears	1,989,945	1,833,846
Local improvements	95,572	148,684
Requisition underlevy	<u>23,769</u>	<u>75,015</u>
	25,129,310	29,085,889
Less: Allowance for doubtful accounts	<u>(12,660)</u>	<u>(16,950)</u>
	<u>\$ 25,116,650</u>	<u>\$ 29,068,939</u>

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

5. INVESTMENTS

	<u>2025</u>		<u>2024</u>	
	<u>Carrying Amount</u>	<u>Market Amount</u>	<u>Carrying Amount</u>	<u>Market Amount</u>
Cash invested	\$ 707	\$ 707	\$ 51,927	\$ 51,927
Other:				
Bank and callable bonds	91,538,929	89,505,655	90,966,100	86,952,050
Principal protected notes	45,900,600	46,534,729	43,696,587	43,825,745
Guaranteed investment certificate	11,021,474	11,021,474	25,874,834	25,874,834
Notes and deposits	10,238,877	10,238,877	94	94
Memberships/shares	<u>203,184</u>	<u>203,184</u>	<u>203,184</u>	<u>203,184</u>
	<u>\$ 158,903,771</u>	<u>\$ 157,504,626</u>	<u>\$ 160,792,726</u>	<u>\$ 156,907,834</u>

Investments have effective interest rates of 1.80% to 5.30% (2024 - 1.80% to 6.09%) while Principal Protected Notes have variable interest and are linked to the performance of an equity market index with maturity dates between September 2026 to December 2035 (2024 - April 2031 to August 2034).

Market values are based on quoted market values received on December 31, 2025. The market values fluctuate with changes in market interest rates. Should there be a loss in value that is not considered temporary, the respective investment is written down to recognize the loss.

6. DEBT CHARGES RECOVERABLE

Debt charges recoverable of \$5,076,912 (2024 - \$5,195,186) consists of amounts borrowed and loaned to the Meridian Housing Foundation ("MHF") in accordance with section 264 of the Municipal Government Act bearing an interest rate of 4.74% (2024 - 5.45%). The financial arrangements are authorized by County bylaws and have the same general repayment terms as the respective debt with interest accrued on outstanding amounts. MHF has the right to requisition taxpayers for their annual share of the debt recovery payments. As of December 31, 2025, MHF is in compliance with the terms of the financial arrangement.

Principal and interest payments recoverable for each of the next five years and thereafter are estimated as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 165,531	\$ 237,069	\$ 402,600
2027	173,550	229,050	402,600
2028	181,324	221,276	402,600
2029	190,741	211,859	402,600
2030	199,981	202,619	402,600
Thereafter	<u>4,165,785</u>	<u>1,573,975</u>	<u>5,739,760</u>
	<u>\$ 5,076,912</u>	<u>\$ 2,675,848</u>	<u>\$ 7,752,760</u>

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities is made up of the following:

	<u>2025</u>	<u>2024</u>
Trade and other accounts payable	\$ 6,412,339	\$ 11,784,620
Payable to other governments	3,737,025	883,424
Earned vacation and overtime liability	2,196,016	2,113,879
Wage and benefit obligations	1,836,479	1,198,010
Holdbacks payable	1,629,403	1,903,906
Accrued interest on long-term debt	<u>51,221</u>	<u>54,871</u>
	<u>\$ 15,862,483</u>	<u>\$ 17,938,710</u>

8. DEFERRED REVENUE

	<u>2024</u>	<u>Contributions</u>	<u>Interest Earned</u>	<u>Amount Utilized</u>	<u>2025</u>
Government Transfers					
Capital:					
Canada Community-Building Fund	\$ 6,096,449	\$ 2,056,022	\$ 160,306	\$ (2,075,167)	\$ 6,237,610
Local Government Fiscal Framework	4,746,334	5,458,327	-	(5,433,368)	4,771,293
Municipal Sustainability Initiative	3,199,322	-	54,018	(352,205)	2,901,135
Other capital grant	27,972	1,882,938	12,220	(1,458,196)	464,934
Prairies Economic Development Canada	-	10,371,504	-	(10,371,504)	-
Operating:					
9-1-1 Grant	1,242,212	2,075,140	16,952	(2,890,316)	443,988
Other operating grant	310,485	1,514,585	2,778	(1,505,886)	321,962
Local Government Fiscal Framework	-	687,452	1,772	(689,224)	-
Family and Community Support Services	<u>86,886</u>	<u>814,060</u>	<u>-</u>	<u>(900,946)</u>	<u>-</u>
	<u>15,709,660</u>	<u>24,860,028</u>	<u>248,046</u>	<u>(25,676,812)</u>	<u>15,140,922</u>
Other Deferred Revenue					
Developer Contributions - Capital	5,596,788	1,009,244	221,656	(2,771,789)	4,055,899
Other revenue	1,444,899	1,580,835	7,625	(1,545,161)	1,488,198
Performance obligations	<u>474,890</u>	<u>529,184</u>	<u>-</u>	<u>(405,390)</u>	<u>598,684</u>
	<u>7,516,577</u>	<u>3,119,263</u>	<u>229,281</u>	<u>(4,722,340)</u>	<u>6,142,781</u>
	<u>\$ 23,226,237</u>	<u>\$ 27,979,291</u>	<u>\$ 477,327</u>	<u>\$(30,399,152)</u>	<u>\$21,283,703</u>

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

9. LONG-TERM DEBT

	<u>2025</u>	<u>2024</u>
Alberta Treasury Board and Finance	\$ 34,947,964	\$ 35,613,326
Servus Credit Union	<u>14,016,673</u>	<u>9,374,792</u>
	<u>\$ 48,964,637</u>	<u>\$ 44,988,118</u>

Debenture debt is repayable to Alberta Treasury Board and Finance. The debt is issued on the credit and security of the County at large. It is payable and due over various periods up to the year 2047 with effective interest rates ranging from 2.08% to 4.88% (2024 - 2.08% to 4.88%).

The County entered into an infrastructure loan facility agreement with Servus Credit Union with a maximum of \$16,500,000 for a term of 20 years, bearing interest at 3.95% (2024 - 4.95%) based on the Credit Union's prime rate less 0.5%. The loan can be paid in full prior to maturity and is provided on the faith and credit of the County. As at December 31, 2025, \$14,016,673 had been drawn from the infrastructure loan facility agreement.

Principal and interest amounts due on debentures each of the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 3,808,724	\$ 1,002,001	\$ 4,810,725
2027	2,546,501	906,294	3,452,795
2028	2,611,631	841,163	3,452,794
2029	2,678,586	774,209	3,452,795
2030	2,747,421	705,373	3,452,794
Thereafter	<u>20,555,101</u>	<u>5,066,166</u>	<u>25,621,267</u>
	<u>\$ 34,947,964</u>	<u>\$ 9,295,206</u>	<u>\$ 44,243,170</u>

Total interest on long-term debt which is reported on the consolidated statement of operations and accumulated surplus amounted to \$1,530,801 in 2025 (2024 - \$1,201,665).

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

10. 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 County be disclosed as follows:

	<u>2025</u>	<u>2024</u>
Total debt limit	\$ 177,488,451	\$ 156,055,020
Total debt	<u>(48,964,637)</u>	<u>(44,988,118)</u>
Amount of debt limit unused	<u>\$ 128,523,814</u>	<u>\$ 111,066,902</u>
Service on debt limit	\$ 29,581,409	\$ 26,009,170
Service on debt	<u>(4,810,725)</u>	<u>(3,387,150)</u>
Amount of service on debt limit unused	<u>\$ 24,770,684</u>	<u>\$ 22,622,020</u>

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

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

11. ASSET RETIREMENT OBLIGATIONS

The County has identified a number of tangible capital assets where asset retirements obligations exist. As at December 31, 2025, the total asset retirement obligations liabilities are as follows:

	<u>2025</u>	<u>2024</u>
Asset retirement obligations, beginning of year	\$ 5,524,080	\$ 5,802,486
Asset retirement obligations liabilities settled	(64,023)	(111,614)
Accretion expense	71,500	63,208
Revision in estimates	<u>-</u>	<u>(230,000)</u>
 Asset retirement obligations, end of year	 <u>\$ 5,531,557</u>	 <u>\$ 5,524,080</u>

Included in ARO liabilities, \$2,239,347 (2024 - \$2,303,370) is valued using the present value technique with an undiscounted amount of estimated future cash flows required to settle this obligation of \$2,329,036 (2024 - \$2,594,916). The discount rate used for the present value technique was 4.46% (2024 - 5.04%) and these obligations are expected to be settled between 2026 and 2043. The total ARO liabilities also include \$3,292,210 (2024 - \$3,220,710) of undiscounted future cash flows valued using the cost escalation technique as the settlement dates related to these liabilities have not been determined.

The above asset retirement obligations relate to buildings, engineered structures, and land improvements.

The County estimated the nature and extent of the hazardous materials in its buildings based on the potential square feet and average costs per square foot to remove and dispose of the hazardous materials. The estimate of these obligations is based on assessments provided by third party and internal experts.

The County estimated the nature and extent of the hazardous materials used to construct engineered structures based on the potential meters and average costs per meter to remove and dispose of the underground infrastructure. The estimate of these obligations is based on assessments provided by third party and internal experts.

Under Provincial legislation, the County is required to reclaim lands used for the extraction of aggregate material. Reclamation requirements have been defined in accordance with industry standards and include revegetation of sites upon closure. The County owns and operates a number of aggregate extraction sites. The aggregate is used for road maintenance and construction projects within the County. The estimate of these obligations is based on assessments provided by third party and internal experts.

The reported liabilities are based on estimates and assumptions using the best information available at the end of the reporting period. Future events, such as changes in regulatory requirements, may result in significant changes to the estimated total liabilities and will be recognized prospectively, as a change in estimate, when applicable.

The County maintains four wastewater lagoons which operate under the Code of Practice (CoP) for Wastewater Systems Using a Wastewater Lagoon and the Environmental Protection and Enhancement Act (EPEA). There is a requirement to return these sites to equivalent land capability at end of life, and as such an obligation exists with respect to retirement of the lagoons. However, these lagoons can have an indefinite useful life with regular maintenance, upkeep, and monitoring over time. Given the significant uncertainty in estimating a liability to be incurred at an indeterminable point in time, and the immaterial present value of such a liability, no asset retirement obligation has been recognized in the financial statements related to the retirement of these lagoons.

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

12. ENVIRONMENTAL LIABILITIES

Under Provincial legislation, the County is required to provide for closure and post closure care for its landfill sites which are classified as land improvements. Post closure activities include surface and ground water monitoring, leachate control, and visual inspection for a period of 25 years after the landfill has been closed. The County currently has no active landfill sites. The estimate of these obligations is based on assessments provided by third party and internal experts.

Under Provincial legislation, the County is required to remediate lands with contamination in excess of Provincial Environmental Standards. Reclamation requirements have been defined in accordance with industry standards and include ongoing environmental monitoring, site inspections and maintenance. The County Services Building yard contains a salt storage site where contamination is in excess of environmental standards. A parcel in Wabamun was identified as having metal and hydrocarbon exceedances above the remediation guidelines with a corresponding liability to be recorded. Environmental liabilities of \$2,648,174 (2024 - \$3,144,259) are valued using the present value technique with a discount rate of 4.46% (2024 - 5.04%) based on the County's average long term borrowing rate.

In addition to the landfill sites with associated liabilities, there were three identified historic landfill sites within Parkland County. Phase II environmental site assessment (ESA) indicate that contaminant concentrations exceed the applicable provincial guidelines. The County has fulfilled its statutory obligations by reporting these findings to the Alberta Environmental Protection Agency (EPA) under the Alberta Release Reporting Regulation. The files have been transferred from EPA's compliance team to the Contaminated Sites team for review. These assessments will ultimately confirm the extent of risk management and reclamation efforts that are required but, as of the financial statement date, the costs are not yet determinable.

There are an additional five parcels within the County's hamlets that have identified contamination. As with the above landfill sites, these parcels will be undergoing supplementary Phase II environmental site assessments to determine the extent of contamination and costs required to reclaim the sites which will ultimately confirm the extent of risk management and reclamation efforts that are required. The costs are not yet determinable as of the financial statement date. One subdivision lot underwent phase II in 2024 that identified metal exceedances in soil and groundwater that exceeds Tier 1 soils and groundwater remediation guidelines. Localized petroleum hydrocarbon F3 exceedances were noted as well. A supplementary phase II ESA will occur in 2026 to assess metal and hydrocarbon exceedances.

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

13. TANGIBLE CAPITAL ASSETS

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Assets Under Construction^(a)</u>	<u>2025</u>
COST:								
Balance, Beginning of Year	\$ 166,330,524	\$ 16,406,630	\$ 70,966,546	\$ 647,793,211	\$ 32,908,149	\$ 22,142,394	\$ 19,379,404	\$ 975,926,858
Additions	35,890	353,524	2,526,289	15,015,152	3,419,432	2,935,186	5,026,034	29,311,507
Contributed assets ^(b)	28,100	-	-	522,600	-	-	-	550,700
Disposals	(65,517)	(35,001)	(67,455)	(1,050,233)	(2,408,794)	(1,929,489)	-	(5,556,489)
Transfers	-	2,222,359	41,171	13,697,886	379,565	370,724	(16,711,705)	-
Balance, End of Year	<u>166,328,997</u>	<u>18,947,512</u>	<u>73,466,551</u>	<u>675,978,616</u>	<u>34,298,352</u>	<u>23,518,815</u>	<u>7,693,733</u>	<u>1,000,232,576</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	6,046,889	18,761,058	342,362,482	16,549,154	10,424,588	-	394,144,171
Amortization	-	891,223	1,587,177	13,048,850	2,847,478	1,471,691	-	19,846,419
Disposals	-	(33,640)	(6,496)	(588,909)	(1,778,714)	(1,590,000)	-	(3,997,759)
Balance, End of Year	<u>-</u>	<u>6,904,472</u>	<u>20,341,739</u>	<u>354,822,423</u>	<u>17,617,918</u>	<u>10,306,279</u>	<u>-</u>	<u>409,992,831</u>
NET BOOK VALUE	<u>\$ 166,328,997</u>	<u>\$ 12,043,040</u>	<u>\$ 53,124,812</u>	<u>\$ 321,156,193</u>	<u>\$ 16,680,434</u>	<u>\$ 13,212,536</u>	<u>\$ 7,693,733</u>	<u>\$ 590,239,745</u>

(a) Assets Under Construction

Assets under construction totaling \$7,693,733 (2024 - \$19,379,404) have not been amortized. Amortization of these assets will commence when they are put into service.

(b) Contributed Tangible Capital Assets

Contributed tangible capital assets have been recognized at fair value at the date of contribution. Contributed tangible capital assets consisting of land, roads, drainage and water/wastewater infrastructure received during the year have a value of \$550,700 (2024 - \$124,178).

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

13. TANGIBLE CAPITAL ASSETS (CONTINUED)

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Assets Under Construction</u>	<u>2024</u>
COST:								
Balance, Beginning of Year	\$ 166,238,431	\$ 15,549,347	\$ 70,335,511	\$ 636,487,829	\$ 30,799,355	\$ 21,062,949	\$ 4,436,315	\$ 944,909,737
Additions	37,733	1,053,246	30,858	11,445,895	2,578,323	784,989	16,931,461	32,862,505
Contributed assets	54,360	-	-	69,818	-	-	-	124,178
Disposals	-	(195,963)	-	(572,984)	(952,056)	(248,559)	-	(1,969,562)
Transfers	-	-	600,177	362,653	482,527	543,015	(1,988,372)	-
Balance, End of Year	<u>166,330,524</u>	<u>16,406,630</u>	<u>70,966,546</u>	<u>647,793,211</u>	<u>32,908,149</u>	<u>22,142,394</u>	<u>19,379,404</u>	<u>975,926,858</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	5,300,895	17,189,465	328,831,535	14,462,897	9,225,181	-	375,009,973
Amortization	-	807,261	1,571,593	13,622,338	2,715,703	1,447,965	-	20,164,860
Disposals	-	(61,267)	-	(91,391)	(629,446)	(248,558)	-	(1,030,662)
Balance, End of Year	<u>-</u>	<u>6,046,889</u>	<u>18,761,058</u>	<u>342,362,482</u>	<u>16,549,154</u>	<u>10,424,588</u>	<u>-</u>	<u>394,144,171</u>
NET BOOK VALUE	<u>\$ 166,330,524</u>	<u>\$ 10,359,741</u>	<u>\$ 52,205,488</u>	<u>\$ 305,430,729</u>	<u>\$ 16,358,995</u>	<u>\$ 11,717,806</u>	<u>\$ 19,379,404</u>	<u>\$ 581,782,687</u>

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

14. INVENTORY FOR CONSUMPTION

Inventory for consumption consists of the following:

	<u>2025</u>	<u>2024</u>
Gravel - pit run	\$ 8,601,944	\$ 8,825,461
Gravel - crushed	1,271,931	1,308,019
Other	254,474	283,514
Gas, oil and parts	<u>222,040</u>	<u>198,985</u>
	<u>\$ 10,350,389</u>	<u>\$ 10,615,979</u>

15. ACCUMULATED SURPLUS

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

	<u>2025</u>	<u>2024</u>
Unrestricted surplus	\$ 4,082,757	\$ 3,890,164
Restricted surplus	184,108,729	168,889,861
Invested in tangible capital assets	<u>540,820,463</u>	<u>536,465,675</u>
	<u>\$ 729,011,949</u>	<u>\$ 709,245,700</u>

RESTRICTED SURPLUS

	<u>2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>2025</u>
Long term sustainability	\$ 53,330,645	\$ 5,899,439	\$ 738,478	\$ 58,491,606
Lifecycle	25,864,371	7,935,908	6,853,338	26,946,941
Developer recoveries	15,147,219	2,352,737	3,098,286	14,401,670
Future operating	9,853,881	3,824,062	1,693,697	11,984,246
County facilities	12,515,648	400,000	992,115	11,923,533
Future capital	8,385,731	3,788,129	344,216	11,829,644
Business attraction fund	10,189,067	907,000	-	11,096,067
Extreme events	9,734,766	170,742	-	9,905,508
Recreation	7,637,829	2,430,800	656,325	9,412,304
Water and wastewater	6,823,120	1,671,675	1,738,008	6,756,787
Environmental	4,217,598	1,129,796	512,440	4,834,954
Information technology	2,578,694	1,525,300	671,144	3,432,850
Municipal park	1,169,694	447,703	9,321	1,608,076
Benefit premium stabilization	<u>494,456</u>	<u>-</u>	<u>25,000</u>	<u>469,456</u>
	<u>\$ 167,942,719</u>	<u>\$ 32,483,291</u>	<u>\$ 17,332,368</u>	<u>\$ 183,093,642</u>
Parkland County Library Board	757,441	29,787	14,218	773,010
TransAlta Tri Leisure Centre	<u>189,701</u>	<u>52,376</u>	<u>-</u>	<u>242,077</u>
	<u>\$ 168,889,861</u>	<u>\$ 32,565,454</u>	<u>\$ 17,346,586</u>	<u>\$ 184,108,729</u>

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

15. ACCUMULATED SURPLUS (CONTINUED)

INVESTED IN TANGIBLE CAPITAL ASSETS	<u>2025</u>	<u>2024</u>
Tangible capital assets (net book value)	\$ 590,239,745	\$ 581,782,687
Long-term debt	(48,964,637)	(44,988,118)
Debt charges recoverable	5,076,912	5,195,186
Asset retirement obligations	<u>(5,531,557)</u>	<u>(5,524,080)</u>
	<u>\$ 540,820,463</u>	<u>\$ 536,465,675</u>

16. CONTRACTUAL RIGHTS

The County has a contractual right to Provincial funds to be allocated to the County in future years. The receipt of these assets will depend on submission and approval of project applications and satisfying subsequent reporting requirements.

The County has a contractual right to future lease revenue from another government organization. This lease revenue is for the use of a County-owned facility. The lease term expires January 31, 2035 with an annual lease payment of \$543,459.

The County has a contractual right to future lease revenue from another government organization. This lease revenue is for the use of a County-owned facility. The lease term expires March 31, 2027 with an annual lease payment of \$15,144.

The County entered into separate Memorandum of Agreements with Alberta Transportation with the below two agreements related to projects yet to be completed as at December 31, 2025. The outstanding projects state the following, respectively:

- The lesser of \$2,175,000 or seventy-five percent (75%) of the actual shareable costs for eligible project expenditures will be contributed for bridge culvert replacement.
- The lesser of \$75,000 or seventy-five percent (75%) of the actual shareable costs for eligible project expenditures will be contributed for bridge culvert replacement.

The County entered into two agreements with Prairies Economic Development Canada (formerly Western Economic Diversification Canada). These agreements will provide funding up to \$29,900,000 for eligible project expenditures as detailed in the agreement with \$25,977,558 spent at December 31, 2025.

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

17. CONTRACTUAL OBLIGATIONS

The County has outstanding commitments of \$23,138,797 (2024 - \$31,995,834). Significant commitments included in this balance are services for bulk fuel supply, IT support services, supply of aggregates, Prospector's Point Road rehabilitation, purchase of custom fire apparatus, purchase of maintenance equipment, and local government cost share agreements.

The County has entered into lease agreements for land. The lease commitments over the next five years and thereafter are as follows:

2026	\$ 12,717
2027	12,951
2028	12,190
2029	12,434
2030	12,682
Thereafter	<u>172,500</u>
	<u>\$ 235,474</u>

18. CONTINGENT ASSETS AND LIABILITIES

The County has initiated a number of insurance claims that arose from the normal course of operations. The outcomes of these claims may result in assets in the future and cannot be estimated at this time. These amounts are not recorded in the consolidated financial statements.

The County is a party in various lawsuits and other proceedings as at December 31, 2025. 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 County related to ongoing matters.

The County continues to review environmental objectives and liabilities for its activities and properties as well as any potential reclamation obligations. There may be contaminated sites that the County has identified that have the potential to result in remediation obligations. Where the resulting liability, if any, cannot be estimated or the responsibility for the site in question is not determinable, amounts have not been recorded.

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

19. NET MUNICIPAL PROPERTY TAXES

	2025 (Budget) (Note 26)	<u>2025</u> (Actual)	<u>2024</u> (Actual)
Taxation			
Residential	\$ 56,821,891	\$ 56,640,381	\$ 51,264,208
Non-residential	58,309,249	58,367,350	54,430,017
Government grants in place of property taxes	<u>25,959</u>	<u>25,959</u>	<u>25,785</u>
	<u>115,157,099</u>	<u>115,033,690</u>	<u>105,720,010</u>
Less taxes collected on behalf of:			
Alberta School Foundation Fund	(31,851,133)	(31,755,464)	(28,491,629)
Evergreen Separate School	(2,413,301)	(2,439,969)	(2,217,825)
St. Thomas Aquinas	(12,588)	(10,197)	(7,997)
Senior's Foundation	(1,688,630)	(1,686,471)	(1,448,920)
Designated Industrial Property	<u>(119,547)</u>	<u>(119,540)</u>	<u>(127,593)</u>
	<u>(36,085,199)</u>	<u>(36,011,641)</u>	<u>(32,293,964)</u>
Net Municipal Property Taxes	<u>79,071,900</u>	<u>79,022,049</u>	<u>73,426,046</u>
Other Taxes			
Community aggregate levy	1,121,100	1,144,349	1,082,858
Special taxes and frontages	<u>400,000</u>	<u>400,051</u>	<u>396,645</u>
Net Municipal Taxes	<u>\$ 80,593,000</u>	<u>\$ 80,566,449</u>	<u>\$ 74,905,549</u>

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

20. GOVERNMENT TRANSFERS

	2025 (Budget) (Note 26)	<u>2025</u> (Actual)	<u>2024</u> (Actual)
TRANSFERS FOR OPERATING			
Federal	\$ 183,000	\$ 7,139,500	\$ 115,067
Provincial	5,448,833	4,499,378	4,698,158
Other local governments	<u>494,749</u>	<u>691,010</u>	<u>744,344</u>
	<u>6,126,582</u>	<u>12,329,888</u>	<u>5,557,569</u>
TRANSFERS FOR CAPITAL			
Federal	14,308,106	3,254,098	14,841,931
Provincial	18,620,644	10,069,526	5,628,042
Other local government	<u>7,981</u>	<u>107,113</u>	<u>(56,598)</u>
	<u>32,936,731</u>	<u>13,430,737</u>	<u>20,413,375</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 39,063,313</u>	<u>\$ 25,760,625</u>	<u>\$ 25,970,944</u>

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

21. SALARY AND BENEFITS DISCLOSURE

Alberta Regulation 313/2000 of the *Municipal Government Act* requires the salaries and benefits for elected municipal officials, the chief administrative officer, and designated officers be disclosed as follows:

	<u>Salary</u> _(a)	<u>Benefits</u> _(b)	<u>Allowances</u> _(c)	<u>2025</u>	<u>2024</u>
Mayor - Former	\$ 104,085	\$ 21,729	\$ 3,613	\$ 129,427	\$ 144,932
Mayor - Current	22,347	5,043	891	28,281	-
Councillor - Division 1 - Current	81,738	16,344	3,340	101,422	102,166
Councillor - Division 2 - Former	68,956	17,782	2,710	89,448	100,456
Councillor - Division 2 - Current	13,156	3,392	716	17,264	-
Councillor - Division 3 - Former	73,753	3,741	1,786	79,280	90,714
Councillor - Division 3 - Current	14,152	2,934	441	17,527	-
Councillor - Division 4 - Former	59,853	16,376	5,387	81,616	97,714
Councillor - Division 4 - Current	14,318	3,576	485	18,379	-
Councillor - Division 5 - Former	71,048	18,163	4,037	93,248	100,607
Councillor - Division 5 - Current	13,987	3,532	664	18,183	-
Councillor - Division 6 - Former	-	-	-	-	46,729
Councillor - Division 6 - Current	<u>14,569</u>	<u>3,748</u>	<u>2,159</u>	<u>20,476</u>	<u>-</u>
	<u>\$ 551,962</u>	<u>\$ 116,360</u>	<u>\$ 26,229</u>	<u>\$ 694,551</u>	<u>\$ 683,318</u>
CAO	225,000	43,016	5,750	273,766	167,601
Interim CAO	<u>8,603</u>	<u>2,410</u>	<u>250</u>	<u>11,263</u>	<u>185,839</u>
	<u>\$ 233,603</u>	<u>\$ 45,426</u>	<u>\$ 6,000</u>	<u>\$ 285,029</u>	<u>\$ 353,440</u>
Designated Officers _(d)	<u>\$ 835,414</u>	<u>\$ 151,768</u>	<u>\$ 1,650</u>	<u>\$ 988,832</u>	<u>\$ 733,716</u>

(a) Salary for Council includes regular base pay and honoraria. The Deputy Mayor also receives an additional amount per month.

Councillors also serve on a number of other Committees/Boards for which they receive remuneration directly from that organization and which are not included in the above salary and benefits disclosure. The list of Committees/Boards that Council members are appointed to at the annual organizational meeting are listed on the County's website for public access.

The Division 6 Councillor position was vacant for 4 months during 2024 and 10 months during 2025.

(b) Benefits include an employer's share of all employee benefits (pension or Registered Retirement Savings Plan, health, vision, dental, life insurance, accidental death and dismemberment, and Workers' Compensation coverage).

(c) Allowances include costs for Internet, phone, and mileage to attend Council meetings as well as car allowance and other cash payments.

(d) The County had four designated officers in 2025.

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

22. PENSION PLANS

(a) APEX

The APEX supplementary pension plan commenced on January 1, 2006 and provides supplementary pension benefits to a prescribed class of employees (approximately 53 in 2025). The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the County at a rate of 2.42% and 2.96% (2024 - 2.42% and 2.96%) respectively of pensionable earnings up to \$187,834 (2024 - \$180,500).

Total current service contributions by the County to APEX in 2025 were \$164,709 (2024 - \$166,975). Total current service contributions by the employees of the County were \$134,663 (2024 - \$136,514).

The cost of post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement ages of employees. The cost of post retirement benefits is fully funded.

(b) Local Authorities Pension Plan

Employees of the County participate in the *Local Authorities Pension Plan* ("LAPP"), which is covered by the *Alberta Public Sector Pension Plans Act*. The Plan serves about 316,938 people and 453 employers. It is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

The County 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 County are required to make current service contributions of 7.45% (2024 - 7.45%) of pensionable salary up to the year's maximum pensionable salary and 10.65% (2024 - 10.65%) on pensionable salary above this amount.

Total current service contributions made by the County to the LAPP in 2025 were \$2,297,162 (2024 - \$2,219,220). Total current service contributions made by the employees of the County to the LAPP in 2025 were \$2,051,852 (2024 - \$1,982,272).

At December 31, 2024, the LAPP disclosed an actuarial surplus of \$19.56 billion (2023 - \$15.06 billion).

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

23. SEGMENTED INFORMATION

The County provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Segmented information has been identified based upon lines of service provided by the County. County services are provided by departments and their activities are reported by functional area as follows:

(a) General Government

County Council makes decisions regarding service delivery and service levels on behalf of the municipality in order to balance the needs and wants of County residents in a financially responsible manner. Corporate and Shared Services is responsible for the administration of the municipality as a whole.

(b) Protective Services

Protective Services is responsible for enforcing Provincial Acts and Municipal Bylaws. Fire Services is responsible for providing fire suppression services, fire prevention programs, training and education related to prevention, and detection or extinguishment of fires. The mandate of Emergency Management is to help maintain safe communities and manage risk. The Emergency Communications Centre provides emergency fire dispatch, community peace officer dispatch, and alarm monitoring.

(c) Transportation and Roadway Services

Engineering Services and Public Works are responsible for the planning, development, maintenance and providing for the off roadway systems, storm systems and drainage activities.

(d) Utilities

Engineering Services, Public Works, and Environment Services provide the engineering and operation of water and wastewater systems, waste management, and other environmental use and protection activities.

(e) Community Services

Community Services provides recreational and cultural services, activities which promote the health and well being of its citizens, and activities related to parks and cemetery maintenance and operation. Facilities Services manages facilities for administration and operations throughout the County.

(f) Development Services

Planning and Development Services manages current and long range planning, development permits, and safety code disciplines. Economic Development actively promotes business growth and development. Agriculture supports farming and rural communities, fosters new rural-based business and works toward diversifying the local economy and business composition. Land Management relates to the development of land for use by the municipality for resale.

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

23. SEGMENTED INFORMATION (CONTINUED)

	General Government	Protective Services	Transportation and Roadway Services	Utilities	Community Services	Development Services	2025
REVENUE							
Net municipal property taxes	\$ 28,869,690	\$ 10,009,894	\$ 24,581,543	\$ 4,562,192	\$ 6,721,064	\$ 5,822,066	\$ 80,566,449
Government transfers	787,673	3,116,880	13,138,353	2,409,142	2,574,223	3,734,354	25,760,625
User fees and sales of goods	223,422	3,377,919	180,324	8,068,755	2,363,708	517,412	14,731,540
Investment income	6,563,326	-	-	120,265	87,033	-	6,770,624
Developer and customer contributions - capital	2,096,612	-	-	-	-	-	2,096,612
Other revenues	128,267	557,608	26,157	541,415	377,307	92,982	1,723,736
Penalties	1,125,397	-	-	23,568	-	-	1,148,965
Licenses and permits	-	18,110	12,768	-	-	1,036,479	1,067,357
Contributed tangible capital assets	28,100	-	275,000	247,600	-	-	550,700
Total Revenues	<u>39,822,487</u>	<u>17,080,411</u>	<u>38,214,145</u>	<u>15,972,937</u>	<u>12,123,335</u>	<u>11,203,293</u>	<u>134,416,608</u>
Budgeted Revenues	<u>30,996,400</u>	<u>16,720,535</u>	<u>51,798,830</u>	<u>44,832,641</u>	<u>11,027,262</u>	<u>18,314,304</u>	<u>173,689,972</u>
EXPENSES							
Salaries, wages and benefits	12,987,763	8,260,311	7,845,183	3,798,621	4,188,379	6,146,318	43,226,575
Contracted and general services	8,703,995	1,784,841	3,586,720	3,615,025	1,864,460	3,035,472	22,590,513
Amortization of tangible capital assets	1,155,112	921,143	3,902,294	2,678,466	1,260,328	9,929,076	19,846,419
Transfers to governments, agencies and organizations	(62,744)	2,729,132	4,783,409	882,739	3,521,818	14,500	11,868,854
Materials, supplies and utilities	1,197,423	721,033	5,363,207	494,390	1,317,845	197,766	9,291,664
Purchases from other governments	34,725	1,361,764	461,951	4,026,655	-	-	5,885,095
Interest on long term debt	243,906	-	806,469	480,426	-	-	1,530,801
Loss (gain) on disposal of tangible capital assets	13,608	-	(127,712)	450,663	62,320	(196,541)	202,338
Bank charges	94,742	-	-	-	575	2,067	97,384
Asset retirement obligation accretion expense	10,171	-	-	61,329	-	-	71,500
Other expenses	1,427	2,238	-	1,931	33,620	-	39,216
Total Expenses	<u>24,380,128</u>	<u>15,780,462</u>	<u>26,621,521</u>	<u>16,490,245</u>	<u>12,249,345</u>	<u>19,128,658</u>	<u>114,650,359</u>
Budgeted Expenses	<u>27,635,078</u>	<u>15,221,016</u>	<u>23,544,415</u>	<u>17,188,898</u>	<u>12,610,259</u>	<u>19,057,836</u>	<u>115,257,502</u>
Annual Surplus (Deficit)	\$ 15,442,359	\$ 1,299,949	\$ 11,592,624	\$ (517,308)	\$ (126,010)	\$ (7,925,365)	\$ 19,766,249
Net Budget	<u>\$ 3,361,322</u>	<u>\$ 1,499,519</u>	<u>\$ 28,254,415</u>	<u>\$ 27,643,743</u>	<u>\$ (1,582,997)</u>	<u>\$ (743,532)</u>	<u>\$ 58,432,470</u>

(Continues)

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

23. SEGMENTED INFORMATION (CONTINUED)

	General Government	Protective Services	Transportation and Roadway Services	Utilities	Community Services	Development Services	<u>2024</u>
REVENUE							
Net municipal property taxes	\$ 24,445,866	\$ 8,918,249	\$ 25,793,091	\$ 2,986,533	\$ 5,782,331	\$ 6,979,479	\$ 74,905,549
Government transfers	3,309,048	2,619,976	14,642,329	3,843,987	1,431,208	124,396	25,970,944
User fees and sales of goods	114,547	3,250,846	137,785	7,575,735	2,314,085	831,326	14,224,324
Investment income	6,009,067	-	-	116,335	182,837	-	6,308,239
Penalties	1,029,800	-	-	23,470	-	-	1,053,270
Other revenues	130,581	72,019	144,493	146,912	519,041	4,063	1,017,109
Licenses and permits	-	16,739	11,407	-	-	942,474	970,620
Contributed tangible capital assets	54,361	-	14,400	55,417	-	-	124,178
Gain on asset retirement obligations settlement	-	-	-	40,880	-	-	40,880
Total Revenues	<u>35,093,270</u>	<u>14,877,829</u>	<u>40,743,505</u>	<u>14,789,269</u>	<u>10,229,502</u>	<u>8,881,738</u>	<u>124,615,113</u>
EXPENSES							
Salaries, wages and benefits	11,110,022	7,856,390	7,813,489	2,907,414	3,652,750	6,121,676	39,461,741
Amortization of tangible capital assets	997,795	724,774	4,533,954	2,595,710	1,035,095	10,277,532	20,164,860
Contracted and general services	8,400,442	1,248,265	3,937,206	2,896,134	1,528,911	1,627,598	19,638,556
Materials, supplies and utilities	842,272	792,575	5,951,799	550,417	807,495	612,385	9,556,943
Transfers to governments, agencies and organizations	3,175	2,837,935	6,717	311,112	5,577,280	87,353	8,823,572
Purchases from other governments	-	1,097,013	439,143	4,175,040	-	-	5,711,196
Interest on long term debt	76,136	-	856,963	268,566	-	-	1,201,665
Loss/(gain) on disposal of tangible capital assets	5,469	193	(12,242)	498,853	107,925	-	600,198
Bank charges	88,596	-	-	-	426	-	89,022
Other expenses	20,057	-	-	-	44,640	-	64,697
Asset retirement obligation accretion expense	-	-	9,040	54,168	-	-	63,208
Total Expenses	<u>21,543,964</u>	<u>14,557,145</u>	<u>23,536,069</u>	<u>14,257,414</u>	<u>12,754,522</u>	<u>18,726,544</u>	<u>105,375,658</u>
Annual Surplus (Deficit)	<u>\$ 13,549,306</u>	<u>\$ 320,684</u>	<u>\$ 17,207,436</u>	<u>\$ 531,855</u>	<u>\$ (2,525,020)</u>	<u>\$ (9,844,806)</u>	<u>\$ 19,239,455</u>

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

24. TRANSALTA TRI LEISURE CENTRE (TLC)

The County, the Town of Stony Plain, and the City of Spruce Grove have jointly developed, constructed, and are now operating the TransAlta Tri Leisure Centre (the "TLC"). The Building is jointly owned by the County, the Town of Stony Plain, and the City of Spruce Grove. The County's proportionate ownership of the TLC is 33.5% (2024 - 33.5%).

The Tri-Municipal Leisure Facility Corporation (the "Corporation") operates and manages the TLC. The County, the Town of Stony Plain, and the City of Spruce Grove provide annual contributions to support the operations of the TLC, with the County's share being 23.4% (2024 - 23.4%).

The County's proportionate ownership share (33.5%) of the financial position and operations of the Corporation is as follows:

	<u>2025</u>	<u>2024</u>
FINANCIAL POSITION		
Financial Assets	\$ 1,061,574	\$ 858,310
Liabilities	<u>(529,119)</u>	<u>(481,474)</u>
Net Financial Assets	532,455	376,836
Non-Financial Assets	<u>520,031</u>	<u>562,521</u>
Accumulated Surplus	<u>\$ 1,052,486</u>	<u>\$ 939,357</u>
OPERATIONS		
Revenue	\$ 3,479,359	\$ 3,407,632
Expenses	<u>(3,366,230)</u>	<u>(3,243,923)</u>
Annual Surplus	<u>\$ 113,129</u>	<u>\$ 163,709</u>

Accumulated surplus consists of restricted and unrestricted amounts and invested tangible capital asset as follows:

	<u>2025</u>	<u>2024</u>
Restricted surplus	\$ 242,077	\$ 189,701
Invested in tangible capital assets	444,842	507,600
Unrestricted surplus	<u>365,566</u>	<u>242,056</u>
	<u>\$ 1,052,485</u>	<u>\$ 939,357</u>

Parkland County
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025

25. RELATED PARTIES DISCLOSURE

Related parties include the County's key management personnel and their close family members who are defined as follows:

- Key management personnel encompass the Council, Chief Administrative Officer (CAO), and General Managers.
- Close family members are defined as an individual's spouse or adult interdependent partner, the individual's children, the parent(s) of the individual, and the parent(s) of the individual's spouse or interdependent partner.

Transactions with related parties are considered to be in the normal course of operations.

26. BUDGET INFORMATION

The County budget information presented in these consolidated financial statements is based on the budget approved by Council on April 8, 2025. Amortization was included in the budget but was removed for the calculation of the taxation requirement.

27. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by Council and management on April 14, 2026.