



AGENDA
SPECIAL COUNCIL MEETING
Monday, April 7, 2025 @ 6:00 PM
Council Chambers, 1 Parklane Drive, Strathmore AB

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1. CALL TO ORDER	
2. CONFIRMATION OF AGENDA	
3. PUBLIC COMMENTS	
4. BUSINESS	
4.1. 2024 Reserve Funding – Accounting Policy Change	2 - 6
Agenda Item - AIR-25-087 - Pdf	
5. CLOSED MEETING	
5.1. Legal Advice – Advice from officials – FOIP S. 24 1(a), 24(1)(b)(i), and 27(1)(a)	
6. ADJOURNMENT	



Request for Decision

To: Council

Staff Contact: Riley Brolly, Manager of Financial Planning, Budgeting & Reporting

Date Prepared: April 1, 2025

Meeting Date: April 7, 2025

SUBJECT: 2024 Reserve Funding - Accounting Policy Change

RECOMMENDATION: THAT Council direct Administration to fund the change in accounting policy, reflected in the 2024 year-end audited financial statements, out of the Financial Stabilization Reserve in the amount of \$125,000.

STRATEGIC PRIORITIES:



Affordable
Housing



Climate
Resiliency



Community
Development



Community
Wellness



Economic
Development



Financial
Sustainability

HOW THE STRATEGIC PRIORITIES ARE MET:

A retroactive change in accounting policy related to Asset Retirement Obligation and accounting for Intangible Capital Assets has necessitated a reduction in the Financial Stabilization Reserve by \$125,000 to accurately account for the retroactive changes.

SUSTAINABILITY

ECONOMIC SUSTAINABILITY:

The transfer ensures that municipal funds are managed in a strategic and responsible manner for future use, and are accounted for correctly in the audited annual financial statements.

SOCIAL SUSTAINABILITY:

Financial reserves ensure that the community has funding available to address the service requirements of the community.

ENVIRONMENTAL SUSTAINABILITY:

Financial reserves are available to support environmental programs and projects of community.

IMPLICATIONS OF RECOMMENDATION:**GENERAL:**

Ensuring that capital and operating reserves are adequately funded and accounted for ensures that the Town can maintain existing infrastructure and, as directed by Council, potentially expand services going forward.

ORGANIZATIONAL:

Accounting for capital and operating reserves will ensure that various departments within the organization will have funding required to undertake capital and operating projects and programs approved by Council.

OPERATIONAL:

There are no operational implications or challenges brought on by recommended action.

FINANCIAL:

Funding the accounting policy change will segregate these funds for future use by Council. Having healthy reserve balances allows Council to undertake critical infrastructure projects and provide important programs and services to the community.

POLICY:

Administration completed a new Reserve Policy in 2023 that enhances and manages the Town's reserves funds in a more strategic and sustainable manner. The Reserve Policy was also updated in early 2025. This report aligns with policy.

IMPLEMENTATION:

If approved, the funding change will be reflected in the 2024 Audited Financial Statements presented at Council.

BACKGROUND:

The 2023 Financial Statements were originally issued with a Qualified Opinion, due to the omission of ARO at the time. Administration completed the calculations for ARO in 2024. Avail

LLP has recommended to retroactively reflect the amounts in restated 2023 Financial Statements.

Administration has substantially completed the 2024 Financial Statement audit. In collaboration with our Auditors at Avail LLP, we have determined that the best course of action is to retroactively apply Changes in Accounting Policy to PS 3280 Asset Retirement Obligation (ARO). The changes are reflected in the 2023 Annual Audited Financial Statements (as restated), and, in the 2024 Annual Audited Financial Statements. The changes are described in Note 2 Change in Accounting Policy of the Draft 2024 Annual Audited Financial Statements.

The change in accounting policy has necessitated a \$125,000 reduction in the Financial Stabilization Reserve to accurately reflect the impact of retroactively applying the PS 3280 Accounting Standard. This is best practice to ensure Reserves are accurately accounted for and represented in the Financials of the Town. Note that this change does not change the overall financial position of the Town, it just accounts for the retroactive changes correctly in the financial statements at December 31, 2024.

Administration agrees with the recommendation of Avail LLP presented in the Background section of this report. The Draft Financial Statements to be presented at the April 16, 2025 Regular Council Meeting will need to reflect the impact of the Motion, due to the timing requirements of having the Financial Statements formally approved and submitted to Municipal Affairs no later than May 1, 2025.

KEY ISSUE(S)/CONCEPT(S):

The key issue for Council's consideration is whether it wishes to approve the recommendation to fund the retroactive ARO.

DESIRED OUTCOMES:

The desired outcome is that Council approves the funding for the change in accounting policy as described in the Motion.

COMMUNICATIONS:

The decision of Council will be reflected in the 2024 financial statements.

ALTERNATIVE ACTIONS/MOTIONS:

That Council direct Administration to refer this matter to a Special Meeting for further discussion around the allocation of the funds.

In considering this alternative, Council should note that this meeting would need to occur prior to April 16, 2025 to ensure that the change is made prior to the presentation on the financial statements. Alternatively, the financial statements could be presented at Special Council Meeting prior to May 1, 2025 to ensure full compliance with the MGA.

ATTACHMENTS:

[Attachment I - Financial Statement Note 2 Draft](#)

Riley Brolly, Manager of Financial Planning, Budgeting & Reporting

Approved
- 03 Apr
2025

Leana Ashbacher, Senior Manager of Financial Services

Approved
- 03 Apr
2025

Kara Rusk, Director of Strategic, Administrative, and Financial Services

Approved
- 03 Apr
2025

Veronica Anderson, Legislative Services Officer

Approved
- 03 Apr
2025

Kevin Scoble, Chief Administrative Officer

Approved
- 03 Apr
2025

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

2. Change in accounting policy

Effective January 1, 2023 the Town adopted the new accounting standard PS 3280 Asset Retirement Obligations and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

On the effective date of the PS 3280 standard, the Town recognized the following to conform to the new standard:

- asset retirement obligations, adjusted for accumulated accretion to the effective date;
- asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- accumulated amortization on the capitalized cost; and
- adjustment to the opening balance of the accumulated surplus/deficit.

Amounts are measured using information, assumptions and discount rates where applicable that are current on the effective date of the standard. The amount recognized as an asset retirement cost is measured as of the date the asset retirement obligation was incurred. Accumulated accretion and amortization are measured for the period from the date the liability would have been recognized had the provisions of this standard been in effect to the date as of which this standard is first applied.

Impact on the prior year's financial statements as a result of the change in accounting policy is as follows:

		2023	
	As previously reported	Adjustment recognized	As restated
Statement of operations			
Revenue	36,227,864	-	36,227,864
Expenses	36,334,721	4,301	36,339,022
Capital revenue	3,048,726	-	3,048,726
Excess of revenue over expenses	2,941,869	(4,301)	2,937,568
Accumulated surplus (deficit), beginning of year	213,191,829	(109,566)	213,082,263
Accumulated surplus (deficit), end of year	216,133,698	(113,867)	216,019,831
Statement of financial position			
Financial assets	21,512,498	-	21,512,498
Liabilities	23,344,056	124,709	23,468,765
Net financial assets (net debt)	(1,831,558)	(124,709)	(1,956,267)
Non-financial assets	217,965,256	10,842	217,976,098
Accumulated surplus (deficit), end of year	216,133,698	(113,867)	216,019,831
Statement of change in net financial assets (net debt)			
Excess of revenue over expenses	2,941,869	(4,301)	2,937,568
Net financial assets (net debt), beginning of year	(6,847,364)	(121,501)	(6,968,865)
Net financial assets (net debt), end of year	(1,831,558)	(124,709)	(1,956,267)