

# **TOWN OF STRATHMORE**

## **Consolidated Financial Statements**

**For the year ended December 31, 2023**

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**TOWN OF STRATHMORE**  
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**For the year ended December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To: The Mayor and Members of Council of  
the Town of Strathmore

### *Qualified Opinion*

We have audited the accompanying consolidated financial statements of the Town of Strathmore which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, remeasurement gains and losses, change in net financial debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the town as at December 31, 2023, and its results of operations, remeasurement gains and losses, change in net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Qualified Opinion*

As discussed in note 2 to the financial statements, the Town has not adopted the new accounting standard PS 3280 Asset Retirement Obligations, which constitutes a departure from Canadian public sector accounting standards. As a result, we were unable to determine whether any adjustments might be necessary to tangible capital assets, asset retirement obligations, and accumulated surplus as at December 31, 2023, or to revenue and expenses for the year then ended.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

## INDEPENDENT AUDITOR'S REPORT, continued

influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Lethbridge, Alberta

April 17, 2024



Chartered Professional Accountants

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Town of Strathmore is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Town's financial position as at December 31, 2023 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the consolidated financial statements are presented fairly in all material respects.

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

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Town Council carries out its responsibilities for review of the consolidated financial statements principally through its Audit Committee. This committee meets with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Audit Committee with and without the presence of management. The Town Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Avail LLP Chartered Professional Accountants, the independent external auditors appointed by the Town. The accompanying independent Auditor's Report outlines their responsibilities, the scope of the examination and their opinion on the Town's consolidated financial statements.

*Kevin Scoble*

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Chief Administrative Officer


**TOWN OF STRATHMORE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2023**

	2023	2022
<b>Financial assets</b>		
Cash and temporary investments (note 3)	\$ 3,986,930	\$ 3,386,297
Taxes and grants in place of taxes receivable (note 4)	644,366	780,916
Trade and other receivables (note 5)	5,175,803	2,112,936
Investments (note 6)	11,705,399	11,728,839
	21,512,498	18,008,988
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,862,730	4,675,566
Employee benefit obligations (note 7)	225,298	176,150
Deposits	787,669	875,251
Deferred revenue (note 8)	2,331,235	410,661
Long-term debt (note 9)	16,137,124	18,718,724
	23,344,056	24,856,352
<b>Net financial debt</b>	(1,831,558)	(6,847,364)
<b>Non-financial assets</b>		
Prepaid expenses	236,122	146,303
Inventory for consumption	118,455	102,065
Tangible capital assets (schedule 2)	217,610,679	219,790,825
	217,965,256	220,039,193
<b>Accumulated surplus</b> (note 11 and schedule 1)		
Accumulated operating surplus	216,133,698	213,191,829
Accumulated remeasurement gains (losses)	-	-
	\$ 216,133,698	\$ 213,191,829

*Commitments and contingencies* (note 19)

Approved on behalf of Council:

Councillor 

Councillor 

**TOWN OF STRATHMORE**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2023

	Budget (Unaudited)	2023	2022
<b>Revenue</b>			
Net municipal property taxes (note 13)	\$ 14,975,700	\$ 14,997,500	\$ 14,013,612
User fees and sales of goods	17,011,100	17,005,651	16,491,011
Government transfers for operating (note 14)	1,425,100	1,647,211	1,325,506
Investment income	284,000	398,167	327,713
Penalties and costs of taxes	216,700	223,635	216,796
Development levies	-	235,348	134,704
Licenses and permits	839,900	569,926	517,530
Gain on disposal of tangible capital assets	-	50,630	29,440
Other	174,900	1,099,796	392,419
	34,927,400	36,227,864	33,448,731
<b>Expenses (note 15)</b>			
General government			
Legislative	513,000	441,912	407,646
Administration	6,661,200	6,124,676	6,394,287
Protective services			
Police, fire, disaster, ambulance and bylaw enforcement	6,364,100	6,081,619	6,377,506
Transportation services			
Transportation services	5,716,900	5,698,221	5,216,553
Environmental use and protection			
Water supply and distribution	3,953,200	3,856,539	4,047,473
Wastewater treatment and disposal	3,882,700	3,969,668	3,818,688
Waste management	1,324,100	1,242,488	1,066,622
Public health and welfare			
Public health and welfare services	1,260,100	1,304,984	975,725
Planning and development			
Planning and development	1,082,200	845,744	633,161
Recreation and culture			
Parks and recreation	6,158,300	5,965,050	5,545,867
Culture - libraries, museums, halls	1,014,800	803,820	826,308
	37,930,600	36,334,721	35,309,836
<b>Deficiency of revenue over expenses before other</b>	(3,003,200)	(106,857)	(1,861,105)
<b>Capital revenue</b>			
Government transfers for capital (note 14)	2,180,000	3,048,726	3,900,126
Contributed assets	-	-	1,647,562
	2,180,000	3,048,726	5,547,688
<b>(Deficiency) excess of revenue over expenses</b>	(823,200)	2,941,869	3,686,583
<b>Accumulated operating surplus, beginning of year</b>	213,191,829	213,191,829	209,505,246
<b>Accumulated operating surplus, end of year</b>	\$ 212,368,629	\$ 216,133,698	\$ 213,191,829

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**TOWN OF STRATHMORE**  
**CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
For the year ended December 31, 2023

	2023	2022
<b>Accumulated remeasurement gains (losses), beginning of year</b>	\$ -	\$ -
Unrealized gains (losses) attributable to: Equity investments	-	-
Amounts reclassified to statements of operations: Equity investments realized gains	-	-
<b>Net remeasurement gains (losses) for the year</b>	-	-
<b>Accumulated remeasurement gains (losses), end of year</b>	\$ -	\$ -

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**TOWN OF STRATHMORE**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT**  
**For the year ended December 31, 2023**

	Budget (Unaudited)	2023	2022
<b>(Deficiency) excess of revenue over expenses</b>	<b>\$ (823,200)</b>	<b>\$ 2,941,869</b>	<b>\$ 3,686,583</b>
Acquisition of tangible capital assets	(2,905,000)	(4,111,534)	(6,153,522)
Amortization of tangible capital assets	6,608,400	6,153,183	6,023,395
Contributed tangible capital assets	-	-	(1,647,562)
Loss on disposal of tangible capital assets	-	42,369	170,916
Proceeds on disposal of tangible capital assets	-	96,128	44,400
	3,703,400	2,180,146	(1,562,373)
Net change in inventory for consumption	-	(16,390)	(102,065)
Net change in prepaid expense	-	(89,819)	125,127
	-	(106,209)	23,062
<b>Increase in net financial debt</b>	<b>2,880,200</b>	<b>5,015,806</b>	<b>2,147,272</b>
<b>Net financial debt, beginning of year</b>	<b>(6,847,364)</b>	<b>(6,847,364)</b>	<b>(8,994,636)</b>
<b>Net financial debt, end of year</b>	<b>\$ (3,967,164)</b>	<b>\$ (1,831,558)</b>	<b>\$ (6,847,364)</b>

**TOWN OF STRATHMORE**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2023

	2023	2022
<b>Operating transactions</b>		
Excess of revenue over expenses	\$ 2,941,869	\$ 3,686,583
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	42,369	170,916
Amortization of tangible capital assets	6,153,183	6,023,395
Contributed tangible capital assets	-	(1,647,562)
	9,137,421	8,233,332
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	136,550	(235,961)
Trade and other receivables	(3,062,868)	(17,083)
Inventory for consumption	(16,390)	(102,065)
Prepaid expenses	(89,819)	125,127
Accounts payable and accrued liabilities	(812,836)	1,006,966
Employee benefit obligations	49,148	(7,071)
Deposits	(87,582)	51,592
Deferred revenue	1,920,574	(2,680,884)
Cash provided by operating transactions	7,174,198	6,373,953
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	96,128	44,400
Acquisition of tangible capital assets	(4,111,534)	(6,153,522)
Cash applied to capital transactions	(4,015,406)	(6,109,122)
<b>Investing transactions</b>		
Decrease of investments	23,440	2,018,747
<b>Financing transactions</b>		
Proceeds of long-term debt	-	351,300
Repayment of long-term debt	(2,581,599)	(4,214,269)
Cash applied to financing transactions	(2,581,599)	(3,862,969)
<b>Increase (decrease) in cash and temporary investments</b>	600,633	(1,579,391)
<b>Cash and temporary investments, beginning of year</b>	3,386,297	4,965,688
<b>Cash and temporary investments, end of year</b>	\$ 3,986,930	\$ 3,386,297

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**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

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**1. Significant accounting policies**

The consolidated financial statements of the Town of Strathmore are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. 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 fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Town and are accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes operating requisitions for educational, and other external organizations that are not controlled by the Municipal Council.

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

(b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Use of estimates

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

(d) Valuation of financial assets and liabilities

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

Financial statement component	Measurement
Cash	Cost and amortized cost
Short-term investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Accounts payable and accrued liabilities	Cost
Bank indebtedness and long-term debt	Amortized cost

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**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

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**1. Significant accounting policies, continued**

(e) Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations.

Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(f) Long-term debt

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

(g) 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.

(h) Tax revenue

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

Requisitions operate as a flow through and are excluded from municipal revenue.

(i) Inventory for resale

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

(j) Contaminated sites liability

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

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**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

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**1. Significant accounting policies, continued**

(k) Revenue recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the Town has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

(l) 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.

(m) Deferred revenue

Deferred revenue represent government transfers, donations, and other amounts which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met. Interest earned on deferred revenues, reserves, and offsite levies are calculated using an average investment earnings monthly.

(n) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Debt for the year.

(i) Tangible capital assets

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

	Years
Land improvements	15-25
Buildings	25-50
Engineered structures	45-75
Machinery and equipment	5-25
Vehicles	10-25

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**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

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**1. Significant accounting policies, continued**

One-half of the annual amortization is charged in the year of acquisition and disposal. Assets under construction are not amortized until available for productive use.

(ii) Contributions of tangible capital assets

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

(iii) Inventories

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

(o) Future accounting standard pronouncements

The following summarizes upcoming changes to Canadian public sector accounting standards. In 2024, the Town will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently.

a) Revenue

PS3400, Revenue establishes standards on how to account for and report on revenue, specifically in regard to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). This standard is applicable for fiscal years beginning on or after April 1, 2023.

b) Purchased Intangibles

PSG-8, Purchased Intangibles, allows for purchased intangible assets to be recognized as assets in the public sector entity's financial statements. This standard is applicable for fiscal years beginning on or after April 1, 2023.

c) Public Private Partnerships

PS3160, Public Private Partnerships, establishes standards on how to account for certain arrangements between public and private entities. The standard provides guidance on situations where a public entity acquires infrastructure asset past the point where it is ready for use. This standard is applicable for fiscal years beginning on or after April 1, 2023.

**2. Change in accounting policy**

Effective January 1, 2023, the new accounting standard PS 3280 Asset Retirement Obligations became effective. The standard provides guidance on how to account for and report a liability for retirement of tangible capital assets, and was intended to be applied using the modified retroactive approach with restatement of prior year comparative information.

The Town has not yet adopted the new standard and is assessing its impact on future operations.

**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**3. Cash and temporary investments**

	2023	2022
Cash	\$ 3,700,836	\$ 3,386,297
Temporary investments	286,094	-
	<u>\$ 3,986,930</u>	<u>\$ 3,386,297</u>

Temporary investments consist of a high interest savings account with variable interest rates.

The Town has an available overdraft loan in the amount of \$770,000 with interest at a rate of prime less 0.75%. Security consists of a general security agreement. This amount is undrawn.

**4. Taxes and grants in place of taxes receivables**

	2023	2022
Taxes and grants in place of taxes receivable	\$ 472,749	\$ 618,424
Arrears	171,617	162,492
	<u>\$ 644,366</u>	<u>\$ 780,916</u>

**5. Trade and other receivables**

	2023	2022
Canada Community Building Fund	\$ 1,657,423	\$ 192,738
Municipal Sustainability Initiative	1,432,830	-
Trade accounts receivable - operating	1,059,127	958,490
Utilities receivable	976,838	878,505
Goods and services tax receivable	106,005	124,486
Allowance for doubtful accounts	(56,420)	(41,283)
	<u>\$ 5,175,803</u>	<u>\$ 2,112,936</u>

**6. Investments**

	2023		2022	
	Carrying value	Market value	Carrying value	Market value
Commercial notes	\$ 11,701,281	\$ 11,441,698	\$ 11,724,872	\$ 10,830,375
Other	4,118	4,118	3,967	3,967
	<u>\$ 11,705,399</u>	<u>\$ 11,445,816</u>	<u>\$ 11,728,839</u>	<u>\$ 10,834,342</u>

Commercial notes consist of government or government guaranteed bonds, are recorded at amortized cost, and have interest rates from 1.67% to 3.22% (2022 - 0% to 3.22%). Maturity dates are from the year 2024 to 2031.

Investment income recognized in the statement of operations includes \$143,505 (2022 - \$156,704) of interest income.

**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**7. Employee benefit obligations**

	2023	2022
Vacation payable	\$ 197,090	\$ 155,214
Overtime payable	28,208	20,936
	<u>\$ 225,298</u>	<u>\$ 176,150</u>

The vacation and overtime liability is vested and employees are entitled to these benefits within the next budgetary year.

**8. Deferred revenue**

	2023	2022
Canada Community Building Fund	\$ 1,326,186	\$ -
Other	315,296	148,319
Municipal Sustainability Initiative	291,522	68,787
Family and Community Support Services	222,450	13,486
Alberta Community Partnership	145,781	138,750
Community Foundation grant	30,000	30,000
Alberta Recycling grant	-	11,319
	<u>\$ 2,331,235</u>	<u>\$ 410,661</u>

Deferred revenue, together with any earnings thereon, is restricted by agreement. These funds are recognized as revenue in the period they are used for the purpose specified.

**9. Long-term debt**

	2023	2022
Self-supported long-term debt - capital	\$ 16,137,124	\$ 18,306,137
Self-supported long-term debt - future capital projects	-	412,587
Self-supported long-term debt	<u>\$ 16,137,124</u>	<u>\$ 18,718,724</u>
Current portion	<u>\$ 2,194,938</u>	<u>\$ 2,169,012</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2024	\$ 2,194,938	\$ 444,742	\$ 2,639,680
2025	2,221,821	362,287	2,584,108
2026	1,419,035	298,258	1,717,293
2027	3,474,986	256,924	3,731,910
2028	909,850	161,751	1,071,601
Thereafter	5,916,494	102,513	6,019,007
	<u>\$ 16,137,124</u>	<u>\$ 1,626,475</u>	<u>\$ 17,763,599</u>



**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**9. Long-term debt, continued**

Long term debt is repayable to the Treasury Board and Finance, Canada Mortgage and Housing Corporation, CIBC and Lee Maher Engineering Associates Ltd. Interest rates range from 0% to 6.03% per annum.

The long term debt is issued on the credit and security of the Town at large. The average annual interest rate is 3.01% (3.07% for 2022). Interest on long-term debt amounted to \$483,065 (2022 - \$650,433). The Town's total cash payments for interest in 2023 were \$517,456 (2022 - \$651,742).

**10. Reserves**

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

	2023	2022
<b>Operating</b>		
Financial stabilization	\$ 3,107,346	\$ 1,860,391
Roads	-	156,904
Affordable housing	-	143,143
Economic development	-	89,737
Community protection	-	28,351
Cemetery	-	13,202
	3,107,346	2,291,728
<b>Capital</b>		
Water	1,680,597	1,106,604
Wastewater	1,341,569	1,000,979
Capital equipment and infrastructure replacement	1,238,744	500,041
Storm sewer	1,012,777	762,378
Fire	248,171	14,537
Affordable Housing	145,791	-
General municipal	136,153	330,687
Solid waste	97,067	53,869
Recreation and parks	86,798	792,208
Roads	52,462	34,093
Solar panel disposal	-	1,500
	6,040,129	4,596,896
<b>Offsite Levies</b>		
Storm water	1,757,639	1,739,548
Water	1,300,469	1,197,571
Wastewater	1,114,633	1,016,630
Cash in lieu - Municipal reserves	340,408	-
Roads	335,109	604,311
	4,848,258	4,558,060
	\$ 13,995,733	\$ 11,446,684

**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**11. Accumulated operating surplus**

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

	2023	2022
Unrestricted surplus	\$ 664,410	\$ 260,457
Internally restricted reserves (note 10)	13,995,733	11,446,684
Equity in tangible capital assets (note 12)	201,473,555	201,484,688
	<u>\$ 216,133,698</u>	<u>\$ 213,191,829</u>

**12. Equity in tangible capital assets**

	2023	2022
Tangible capital assets (schedule 2)	\$ 306,613,986	\$ 302,806,395
Accumulated amortization (schedule 2)	(89,003,307)	(83,015,570)
Long-term debt (note 9)	(16,137,124)	(18,718,724)
Operating debt (note 9)	-	412,587
	<u>\$ 201,473,555</u>	<u>\$ 201,484,688</u>

**13. Net municipal property taxes**

	Budget (Unaudited)	2023	2022
<b>Net municipal taxes (after requisitions)</b>			
Real property taxes	\$ 12,079,200	\$ 11,921,537	\$ 11,209,728
Business taxes	2,681,500	2,570,163	2,430,039
Linear property taxes	215,000	486,076	361,850
Government grants in place of property taxes	-	19,724	11,995
	<u>14,975,700</u>	<u>14,997,500</u>	<u>14,013,612</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	5,188,333	5,188,333	5,135,979
Christ the Redeemer School Division	412,422	412,422	415,947
Wheatland Housing requisition	195,565	195,564	168,976
	<u>\$ 5,796,320</u>	<u>\$ 5,796,319</u>	<u>\$ 5,720,902</u>

**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**14. Government transfers**

	Budget (Unaudited)	2023	2022
<b>Transfers for operating:</b>			
Provincial government	\$ 854,300	\$ 1,095,324	\$ 816,920
Municipal government	550,800	531,081	425,416
Federal government	20,000	20,806	83,170
	1,425,100	1,647,211	1,325,506
<b>Transfers for capital:</b>			
Provincial government	2,180,000	2,879,136	3,900,126
Federal government	-	169,590	-
	2,180,000	3,048,726	3,900,126
	\$ 3,605,100	\$ 4,695,937	\$ 5,225,632

**15. Expenses by object**

	Budget (Unaudited)	2023	2022
Salaries, wages and benefits	\$ 13,281,700	\$ 13,072,421	\$ 12,310,366
Contracted and general services	12,384,800	11,460,852	11,179,511
Materials, goods and utilities	4,211,200	4,134,576	4,177,038
Bank charges and short term interest	52,000	72,671	55,011
Interest on long term debt	488,800	483,065	650,433
Transfers to local boards and agencies	468,400	427,204	384,173
Transfers to other governments	435,300	437,750	433,665
Amortization of tangible capital assets	6,608,400	6,153,184	6,023,395
Loss on disposal of tangible capital assets	-	92,998	96,244
	\$ 37,930,600	\$ 36,334,721	\$ 35,309,836

**16. Financial instruments**

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risk arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the 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.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**17. Debt limits and debt servicing limit**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town be disclosed as follows:

	2023	2022
Total debt limit	\$ 54,341,796	\$ 50,248,097
Total debt	16,137,124	18,718,724
	<u>\$ 38,204,672</u>	<u>\$ 31,529,373</u>
Debt servicing limit	\$ 9,056,966	\$ 8,374,683
Debt servicing	2,639,680	2,707,708
	<u>\$ 6,417,286</u>	<u>\$ 5,666,975</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**18. Salary and benefits disclosure**

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

	(1) Salary	(2) Benefits & allowances	2023	2022
Mayor Pat Fule	\$ 65,009	\$ 3,691	\$ 68,700	\$ 68,617
Councillor Jason Montgomery	35,326	9,439	44,765	47,195
Councillor Debbie Mitzner	36,976	4,874	41,850	42,172
Councillor Richard Wegener	37,426	9,528	46,954	45,556
Councillor Denise Peterson	37,726	2,552	40,278	39,700
Councillor Melissa Langmaid	35,426	4,782	40,208	42,617
Councillor Brent Wiley	35,001	2,431	37,432	37,109
CAO (1) (2022 - 2)	258,194	42,979	301,173	325,528
Designated Officers (2)	\$ 172,409	\$ 33,255	\$ 205,664	\$ 342,798

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long- and short-term disability plans, professional memberships, and tuition. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits.

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**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

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**19. Commitments and contingencies**

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX) which provides liability insurance. 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.

The Town contracted EPCOR Water Services Inc. to provide management and operations services related to the public utilities and infrastructure system until 2028. Billing under the contract is an annual rate of \$2,667,624, adjusted yearly by the consumer price index.

The Town has contracted Capital Power Canada Ltd. to provide a supply of electricity for Town owned facilities. The contract is in effect from January 1, 2024 until December 31, 2026. The Town is obligated to purchase a minimum of 3,933,000 kWh to a maximum of 6,555,000 kWh at \$0.053 per kWh.

The Town has entered in an agreement with Alberta Municipal Services Corporation to provide a future supply of electricity for Town owned facilities. The agreement is from January 1, 2027 until December 31, 2033, with a bid price to be determined at a future date and estimated usage of 5,956,800 kWh of electricity per year.

The Town has contracted Access Gas Services Inc. to provide a supply of natural gas for Town owned facilities. The contract is in effect from January 1, 2023 to December 31, 2026 with a maximum bid price of \$5.37 per GJ and estimates a purchase and usage of 26,751 GJs of natural gas per year.

The Town has contracted with the Western Irrigation District to convey stormwater from the Town of Eagle Lake. The contract is in effect until 2027. Billing under the contract is an annual rate of \$32,315 adjusted yearly by the consumer price index. The contract is currently under renegotiation to cover expanded areas.

The Town has contracted BluPlanet Recycling Inc. to provide automated curbside solid waste, organic collection and operation of the recycling facility. The curbside solid waste and organic collection is a 5-year contract expiring December 31, 2028; billing under the contract is based on the number of households and total tonnes collected, totaling approximately \$870,000 per year. The recycling contract is a 5-year contract expiring December 31, 2028; billing under the contract is based on total tonnes collected along with a facility management fee, totaling approximately \$340,000 per year. Both contracts increase annually by 1.50%.

The Town has contracted the City of Calgary to supply the Town's potable water until December 31, 2035. The Town pays a fixed flow charge of \$103,097.50 per ML times a maximum daily flow rate 7.64 ML/Day, totaling approximately \$802,000 for 2024. The Town will pay a variable water supply rate of \$0.3602 per cubic meter and estimates a purchase of 1.475 million cubic meters annually, totaling approximately \$531,000 for 2024.

The Town has an agreement with Wild Rose Assessment Services Inc. to provide assessment services, which are required by municipalities to carry out the assessment of property within each municipality, primarily for taxation purposes. The contract is from April 1, 2023 to March 31, 2028. Under the terms of the agreement the Town is committed to \$120,000 for 2024.

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**TOWN OF STRATHMORE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

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**20. Local authorities pension 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 Pensions Plans Act. The LAPP is financed by the employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year they become due.

The Town is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2023 were \$715,606 (2022 - \$698,303). Total current service contributions by the employees of the Town to the LAPP in 2023 were \$637,339 (2022 - \$623,838).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.67 billion.

**21. Budget amounts**

The 2023 budget for the Town was approved by Council on December 7, 2022 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

Budgeted deficit per financial statements	\$ (823,200)
Less: Capital expenditures	(2,905,000)
Long-term debt repayments	(2,118,200)
Transfers to reserves	(1,484,800)
Add: Amortization	6,608,500
Transfers from reserves	442,700
Long-term debt proceeds	280,000
Equals: Balanced budget	\$ -

**22. Contaminated sites liability**

The Town has adopted PS3260 liability for contaminated sites. The Town has not identified any financial liabilities as a result of this standard.

**23. Approval of financial statements**

These financial statements were approved by Council and Management.

**TOWN OF STRATHMORE**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

Schedule of changes in accumulated operating surplus				Schedule 1	
	Unrestricted	Restricted reserves	Equity in tangible capital assets	2023	2022
Balance, beginning of year	\$ 260,457	\$ 11,446,684	\$ 201,484,688	\$ 213,191,829	\$ 209,505,246
Excess of revenue over expenses	2,941,869	-	-	2,941,869	3,686,583
Unrestricted funds designated for future use	(3,646,272)	3,646,272	-	-	-
Restricted funds used for operations	119,950	(119,950)	-	-	-
Restricted funds used for tangible capital assets	-	(977,273)	977,273	-	-
Current year funds used for tangible capital assets	(3,134,261)	-	3,134,261	-	-
Disposal of tangible capital assets	138,496	-	(138,496)	-	-
Amortization of tangible capital assets	6,153,183	-	(6,153,183)	-	-
Long-term debt related to tangible capital assets repaid	(2,169,012)	-	2,169,012	-	-
Change in accumulated surplus	403,953	2,549,049	(11,133)	2,941,869	3,686,583
<b>Balance, end of year</b>	<b>\$ 664,410</b>	<b>\$ 13,995,733</b>	<b>\$ 201,473,555</b>	<b>\$ 216,133,698</b>	<b>\$ 213,191,829</b>

**TOWN OF STRATHMORE**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**Schedule of tangible capital assets**

**Schedule 2**

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2023	2022
<b>Cost:</b>									
Balance, beginning of year	\$ 17,877,520	\$ 10,062,833	\$ 50,201,039	\$ 207,176,757	\$ 13,406,044	\$ 3,954,126	\$ 128,077	\$ 302,806,395	\$ 295,550,802
Acquisitions	-	245,066	38,248	1,400,759	1,161,016	-	1,266,445	4,111,534	7,801,084
Transfers	-	-	-	43,580	16,234	-	(59,814)	-	-
Disposals	-	-	-	-	(303,943)	-	-	(303,943)	(545,491)
Balance, end of year	17,877,520	10,307,899	50,239,287	208,621,096	14,279,351	3,954,126	1,334,708	306,613,986	302,806,395
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	3,340,060	12,309,962	59,263,640	6,160,209	1,941,700	-	83,015,571	77,322,351
Annual amortization	-	453,795	1,089,111	3,740,874	678,306	191,097	-	6,153,183	6,023,395
Disposals	-	-	-	-	(165,447)	-	-	(165,447)	(330,176)
Balance, end of year	-	3,793,855	13,399,073	63,004,514	6,673,068	2,132,797	-	89,003,307	83,015,570
<b>Net book value</b>	<b>\$ 17,877,520</b>	<b>\$ 6,514,044</b>	<b>\$ 36,840,214</b>	<b>\$ 145,616,582</b>	<b>\$ 7,606,283</b>	<b>\$ 1,821,329</b>	<b>\$ 1,334,708</b>	<b>\$ 217,610,679</b>	<b>\$ 219,790,825</b>
<b>2022 net book value</b>	<b>\$ 17,877,520</b>	<b>\$ 6,722,774</b>	<b>\$ 37,891,077</b>	<b>\$ 147,913,117</b>	<b>\$ 7,245,834</b>	<b>\$ 2,012,425</b>	<b>\$ 128,077</b>	<b>\$ 219,790,825</b>	

Engineered structures of NIL (2022 - \$1,647,562) were acquired as contributed tangible capital assets.



**TOWN OF STRATHMORE**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**Schedule of segmented disclosure**

**Schedule 3**

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
<b>Revenue</b>								
Net municipal property taxes	\$ 14,997,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,997,500
User fees and sales of goods	3,218,732	218,801	859,941	11,248,437	90,322	3,450	1,365,968	17,005,651
Government transfers for operating	204,692	408,224	101,816	50,000	391,631	43,801	447,047	1,647,211
Investment income	398,167	-	-	-	-	-	-	398,167
Penalties and costs of taxes	195,892	-	-	27,743	-	-	-	223,635
Development levies	-	-	74,734	157,076	-	-	3,538	235,348
Licenses and permits	-	355,536	-	-	700	213,690	-	569,926
Gain on disposal of capital assets	-	-	50,630	-	-	-	-	50,630
Other	23,204	619,810	2,381	89,853	178,006	-	186,542	1,099,796
	19,038,187	1,602,371	1,089,502	11,573,109	660,659	260,941	2,003,095	36,227,864
<b>Expenses</b>								
Salaries, wages and benefits	4,162,426	2,683,775	1,481,939	482,840	474,055	618,381	3,169,005	13,072,421
Contracted and general services	1,682,618	3,013,447	835,331	4,505,420	420,535	225,705	777,796	11,460,852
Materials, goods and utilities	145,969	185,315	1,102,437	1,789,608	5,214	1,658	904,375	4,134,576
Bank charges and short term interest	72,671	-	-	-	-	-	-	72,671
Interest on long term debt	124,760	-	36,952	157,133	-	-	164,220	483,065
Transfers to individuals and organizations	29,872	-	-	-	397,332	-	427,204	427,204
Transfers to other governments	-	-	-	-	-	-	437,750	437,750
Amortization of tangible capital assets	348,273	199,082	2,148,563	2,133,695	7,846	-	1,315,725	6,153,184
Loss on disposal of tangible capital assets	-	-	92,998	-	-	-	-	92,998
	6,566,589	6,081,619	5,698,220	9,068,696	1,304,982	845,744	6,768,871	36,334,721
<b>Excess (deficiency) of revenue over expenses before other</b>	12,471,598	(4,479,248)	(4,608,718)	2,504,413	(644,323)	(584,803)	(4,765,776)	(106,857)
<b>Other</b>								
Government transfers for capital	-	-	1,975,910	215,995	750	-	856,071	3,048,726
<b>Excess (deficiency) of revenue over expenses</b>	\$ 12,471,598	\$ (4,479,248)	\$ (2,632,808)	\$ 2,720,408	\$ (643,573)	\$ (584,803)	\$ (3,909,705)	\$ 2,941,869