

TOWN OF STRATHMORE
Consolidated Financial Statements
For the year ended December 31, 2025

TOWN OF STRATHMORE
TABLE OF CONTENTS
For the year ended December 31, 2025

INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT REPORT	3
FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENT OF OPERATIONS	5
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES	6
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	7
CONSOLIDATED STATEMENT OF CASH FLOW	8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9 - 24
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS	25 - 27



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the Town of Strathmore which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Strathmore as at December 31, 2025, the results of its operations, remeasurement gains and losses, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our 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 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 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:

INDEPENDENT AUDITOR'S REPORT, continued

- 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 15, 2026

A handwritten signature in black ink that reads "Avail LLP". The signature is written in a cursive, flowing style.

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, 2025 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

Chief Administrative Officer

Kara Rusk

Director of Strategic, Administrative & Financial Services

TOWN OF STRATHMORE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2025

	2025	2024
Financial assets		
Cash and temporary investments (note 2)	\$ 13,858,763	\$ 4,290,809
Taxes and grants in place of taxes receivable (note 3)	884,541	731,627
Trade and other receivables (note 4)	4,619,096	4,963,813
Investments (note 5)	13,023,831	12,553,676
	32,386,231	22,539,925
Liabilities		
Accounts payable and accrued liabilities	4,438,033	2,553,549
Employee benefit obligations (note 6)	337,899	266,687
Deposits	1,427,018	1,351,227
Deferred revenue (note 7)	2,592,861	1,803,541
Long-term debt (note 8)	17,170,355	13,942,176
Asset retirement obligations (note 9)	131,379	128,000
	26,097,545	20,045,180
Net financial assets	6,288,686	2,494,745
Non-financial assets		
Prepaid expenses	341,020	261,817
Inventory for consumption	36,215	117,583
Intangible assets (note 12)	610,221	627,122
Tangible capital assets (schedule 2)	219,736,955	216,015,372
	220,724,411	217,021,894
Accumulated surplus (note 10 and schedule 1)		
Accumulated operating surplus	227,013,097	219,516,639
Accumulated rereasurement gains (losses)	-	-
	\$ 227,013,097	\$ 219,516,639

Commitments and contingencies (note 20)

Approved on behalf of Council:

Councillor Pat Fule

Councillor Deputy Mayor Brent Will

TOWN OF STRATHMORE
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2025

	Budget (Unaudited)	2025	2024
Revenue			
Net municipal property taxes (note 14)	\$ 16,676,700	\$ 16,791,949	\$ 15,821,667
User fees and sales of goods	19,456,600	19,323,929	17,956,395
Government transfers for operating (note 15)	1,366,000	1,984,834	1,930,038
Investment income	460,300	705,267	687,307
Penalties and costs of taxes	210,500	245,105	203,979
Development levies	-	1,472,674	1,037,334
Licenses and permits	604,400	1,513,336	731,659
Gain on disposal of tangible capital assets	-	-	147,098
Other	398,500	1,137,832	858,620
	39,173,000	43,174,926	39,374,097
Expenses (note 16)			
General government			
Legislative	406,500	479,100	449,779
Administration	6,924,800	6,979,625	6,632,747
Protective services			
Police, fire, disaster, ambulance and bylaw enforcement	6,855,400	6,709,119	6,348,871
Transportation services			
Transportation services	5,285,400	5,106,928	5,509,684
Environmental use and protection			
Water supply and distribution	3,888,600	4,326,623	3,546,368
Wastewater treatment and disposal	4,207,500	4,148,731	4,012,540
Waste management	1,455,600	1,423,848	1,383,578
Storm sewers and drainage	482,300	452,771	654,486
Public health and welfare			
Public health and welfare services	1,328,700	1,215,693	1,353,099
Planning and development			
Planning and development	1,160,500	1,672,691	1,340,263
Recreation and culture			
Parks and recreation	6,863,300	6,794,481	6,886,462
Culture - libraries, museums, halls	1,097,500	972,549	949,529
	39,956,100	40,282,159	39,067,406
(Deficiency) excess of revenue over expenses before capital revenue	(783,100)	2,892,767	306,691
Capital revenue			
Government transfers for capital (note 15)	3,078,000	2,556,924	3,190,119
Contributed assets	-	2,046,767	-
	3,078,000	4,603,691	3,190,119
Excess of revenue over expenses	2,294,900	7,496,458	3,496,810
Accumulated operating surplus, beginning of year	219,516,639	219,516,639	216,019,829
Accumulated operating surplus, end of year	\$ 221,811,539	\$ 227,013,097	\$ 219,516,639

TOWN OF STRATHMORE
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
For the year ended December 31, 2025

	2025	2024
Accumulated remeasurement gains (losses), beginning of year	\$ -	\$ -
Unrealized gains (losses) attributable to: Equity investments	-	-
Amounts reclassified to statements of operations: Equity investments realized gains	-	-
Net remeasurement gains (losses) for the year	-	-
Accumulated remeasurement gains (losses), end of year	\$ -	\$ -

TOWN OF STRATHMORE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2025

	Budget (Unaudited)	2025	2024
Excess of revenue over expenses	\$ 2,294,900	\$ 7,496,458	\$ 3,496,810
Acquisition of tangible capital assets	(9,313,000)	(8,387,239)	(5,095,593)
Amortization of tangible capital assets	6,205,800	6,636,705	6,644,055
Contributed tangible capital assets	-	(2,046,767)	-
Net loss (gain) on disposal of tangible capital assets	-	75,718	(147,664)
Proceeds on disposal of tangible capital assets	-	-	154,921
Acquisition of intangible assets	-	(9,058)	(589,496)
Amortization of intangible assets	-	25,959	12,798
	(3,107,200)	(3,704,682)	979,021
Net change in inventory for consumption	-	81,368	872
Net change in prepaid expense	-	(79,203)	(25,695)
	-	2,165	(24,823)
Increase in net financial assets (debt)	(812,300)	3,793,941	4,451,008
Net financial assets (debt), beginning of year	2,494,745	2,494,745	(1,956,263)
Net financial assets, end of year	\$ 1,682,445	\$ 6,288,686	\$ 2,494,745

TOWN OF STRATHMORE
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2025

	2025	2024
Operating transactions		
Excess of revenue over expenses	\$ 7,496,458	\$ 3,496,810
Adjustments for items which do not affect cash		
Net loss (gain) on disposal of tangible capital assets	75,718	(147,664)
Amortization of tangible capital assets	6,636,705	6,644,055
Contributed tangible capital assets	(2,046,767)	-
Accretion of asset retirement obligation	3,379	3,293
Amortization of intangible assets	25,959	12,798
	12,191,452	10,009,292
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(152,914)	(87,261)
Trade and other receivables	344,717	211,989
Inventory for consumption	81,368	872
Prepaid expenses	(79,203)	(25,695)
Accounts payable and accrued liabilities	1,884,484	(1,309,182)
Employee benefit obligations	71,212	41,389
Deposits	75,791	563,558
Deferred revenue	789,320	(527,694)
	15,206,227	8,877,268
Capital transactions		
Proceeds on disposal of tangible capital assets	-	154,921
Acquisition of tangible capital assets	(8,387,239)	(5,095,593)
Acquisition of intangible assets	(9,058)	(589,496)
	(8,396,297)	(5,530,168)
Investing transactions		
Increase in investments	(470,155)	(848,278)
Financing transactions		
Proceeds of long-term debt	5,450,000	-
Repayment of long-term debt	(2,221,821)	(2,194,948)
	3,228,179	(2,194,948)
Increase in cash and temporary investments	9,567,954	303,874
Cash and temporary investments, beginning of year	4,290,809	3,986,935
Cash and temporary investments, end of year	\$ 13,858,763	\$ 4,290,809

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

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.

There is measurement uncertainty related to asset retirement obligations as it involves estimates in determining settlement amount, discount rates and timing of settlement. Changes to any of these estimates and assumptions may result in change to the obligation.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. Significant accounting policies, continued

(d) Valuation of financial assets and liabilities

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

<u>Financial statement component</u>	<u>Measurement</u>
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

(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.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. Significant accounting policies, continued

(g) Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Town 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. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an 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.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. 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 Town reviews the carrying amount of the liability. The Town 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 Town 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.

(h) 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.

(i) 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.

(j) 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.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. Significant accounting policies, continued

(k) 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.

(l) 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.

(m) 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.

(n) 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.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. Significant accounting policies, continued

(o) Non-financial assets

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

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. 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

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) Intangible asset

Intangible assets are recorded at cost. The cost less residual value of the intangible assets with a finite life are amortized on a straight-line basis over their estimated useful life as follows:

	Years
Water licenses - definite	25

Intangible assets with an indefinite life are not amortized and are monitored annually for impairment.

(iv) Inventories

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

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. Significant accounting policies, continued

(p) Future accounting standard pronouncements

The following summarizes upcoming changes to Canadian public sector accounting standards. In 2026, 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) The Conceptual Framework of Financial Reporting in the Public Sector

The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of the specific standards. The standard is applicable for the fiscal years beginning on or after April 1, 2026.

b) PS 1202 Financial Statement Presentation

Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework. The standard is applicable for the fiscal years beginning on or after April 1, 2026.

2. Cash and temporary investments

	2025	2024
Cash and temporary investments	\$ 13,858,763	\$ 4,290,809

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.

3. Taxes and grants in place of taxes receivables

	2025	2024
Taxes and grants in place of taxes receivable	\$ 654,482	\$ 559,647
Arrears	230,059	171,980
	\$ 884,541	\$ 731,627

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

4. Trade and other receivables

	2025	2024
Canada Community Building Fund	\$ 1,806,250	\$ 885,348
Trade accounts receivable - operating	1,602,766	1,150,277
Utilities receivable	1,137,687	1,140,196
Goods and services tax receivable	124,079	106,995
Local Government Fiscal Framework	-	1,737,417
Allowance for doubtful accounts	(51,686)	(56,420)
	\$ 4,619,096	\$ 4,963,813

5. Investments

	2025		2024	
	Carrying value	Market value	Carrying value	Market value
Commercial notes	\$ 13,019,503	\$ 12,780,759	\$ 12,549,348	\$ 11,945,227
Other	4,328	4,328	4,328	4,328
	\$ 13,023,831	\$ 12,785,087	\$ 12,553,676	\$ 11,949,555

Commercial notes consist of government or government guaranteed bonds, are recorded at amortized cost, and have interest rates from 1.67% to 5.18% (2024 - 1.67% to 4.35%). Maturity dates are from the year 2027 to 2035.

Investment income recognized in the statement of operations includes \$456,858 (2024 - \$490,421) of interest income.

6. Employee benefit obligations

	2025	2024
Vacation payable	\$ 293,497	\$ 238,944
Overtime payable	44,402	27,743
	\$ 337,899	\$ 266,687

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

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

7. Deferred revenue

	2025	Received	Recognized	2024
Canada Community Building Fund	\$ 1,197,553	\$ 942,028	\$ 791,854	\$ 1,047,379
Other	651,933	1,385,285	1,067,802	334,450
Local Government Fiscal Framework	546,038	2,203,539	1,795,336	137,835
Prepaid Property Taxes	84,688	84,688	42,274	42,274
Prepaid Utilities	60,127	60,127	67,621	67,621
Family and Community Support Services	52,522	365,211	456,671	143,982
Community Foundation grant	-	(30,000)	-	30,000
	\$ 2,592,861	\$ 5,010,878	\$ 4,221,558	\$ 1,803,541

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.

8. Long-term debt

	2025	2024
Capital		
Self-supported long-term debt	\$ 15,101,775	\$ 13,942,176
Self-supported long-term debt - future capital projects	2,068,580	-
	\$ 17,170,355	\$ 13,942,176
Current portion	\$ 1,543,049	\$ 2,221,821

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2026	\$ 1,543,049	\$ 533,998	\$ 2,077,047
2027	3,604,443	487,212	4,091,655
2028	1,045,011	386,346	1,431,357
2029	5,235,806	316,828	5,552,634
2030	837,370	216,279	1,053,649
Thereafter	4,904,676	2,422,666	7,327,342
	\$ 17,170,355	\$ 4,363,329	\$ 21,533,684

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 2.97% (3.01% for 2024). Interest on long-term debt amounted to \$412,101 (2024 - \$382,904). The Town's total cash payments for interest in 2025 were \$380,563 (2024 - \$517,456).

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

9. Asset retirement obligation

Asbestos abatement

The Town owns a building which contains asbestos and, therefore, the Town is legally required to perform abatement activities upon renovation or demolition of this building. Abatement activities include handling and disposal of the asbestos in a prescribed manner when it is disturbed. The estimated total liability is based on the sum of discounted future cash flows for abatement activities using a discount rate of 2.64% and assuming annual inflation of 2%. The Town has not designated assets for settling the abatement activities.

Asset retirement obligations are expected to be settled over the next 7 to 24 years.

	2025	2024
Balance, beginning of year	\$ 128,000	\$ 124,708
Liabilities incurred	-	-
Liabilities settled	-	-
Change in estimated cash flows	-	-
Accretion expenses	3,379	3,292
Balance, end of year	\$ 131,379	\$ 128,000

10. Accumulated operating surplus

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

	2025	2024
Unrestricted surplus	\$ 11,859	\$ 14,524
Internally restricted reserves (note 11)	21,887,216	16,929,797
Equity in tangible capital assets (note 13)	204,503,801	201,945,196
Equity in intangible assets (note 12)	610,221	627,122
Total	\$ 227,013,097	\$ 219,516,639

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

11. 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.

	2025	2024
Operating		
Financial stabilization	\$ 6,411,546	\$ 5,102,768
Development application	486,330	70,000
Snow reserve	273,097	110,296
Non-annual recurring expense	164,350	-
	7,335,323	5,283,064
Capital		
Water	1,948,776	1,600,589
Wastewater	1,848,843	1,568,065
Storm sewer	1,285,539	1,115,404
Capital equipment and infrastructure replacement	562,391	436,021
Recreation and parks	517,023	387,589
Fire	358,533	211,788
Solid waste	323,352	100,852
Affordable Housing	154,357	151,477
General municipal	92,739	141,463
Roads	78,888	77,418
	7,170,441	5,790,666
Offsite Levies		
Water	2,237,377	1,686,199
Storm water	2,117,939	1,867,899
Wastewater	1,634,296	1,303,951
Roads	1,026,215	639,213
Cash in lieu - Municipal reserves	365,625	358,805
	7,381,452	5,856,067
	\$ 21,887,216	\$ 16,929,797

12. Intangible asset

	2025		2024	
	Cost	Accumulated amortization	Net	Net
Water licenses - definite	\$ 648,979	\$ 38,758	\$ 610,221	\$ 627,122
	\$ 648,979	\$ 38,758	\$ 610,221	\$ 627,122

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

13. Equity in tangible capital assets

	2025	2024
Tangible capital assets (schedule 2)	\$ 321,367,530	\$ 311,328,567
Accumulated amortization (schedule 2)	(101,630,575)	(95,313,195)
Asset retirement obligation (note 9)	(131,379)	(128,000)
Long-term debt (note 8)	(15,101,775)	(13,942,176)
	\$ 204,503,801	\$ 201,945,196

14. Net municipal property taxes

	Budget (Unaudited)	2025	2024
Net municipal taxes (excluding requisitions)			
Real property taxes	\$ 13,250,400	\$ 13,259,183	\$ 12,579,307
Business taxes	3,424,400	2,935,472	2,652,078
Linear property taxes	1,900	574,316	575,852
Government grants in place of property taxes	-	22,978	14,430
	16,676,700	16,791,949	15,821,667
Requisitions			
Alberta School Foundation Fund	6,728,795	6,728,795	5,503,830
Christ the Redeemer School Division	539,314	539,314	459,803
Wheatland Housing requisition	153,889	153,889	145,154
Designated Industrial Property	-	4,813	5,039
	\$ 7,421,998	\$ 7,426,811	\$ 6,113,826

15. Government transfers

	Budget (Unaudited)	2025	2024
Transfers for operating:			
Provincial government	\$ 787,200	\$ 1,409,460	\$ 1,340,909
Municipal government	565,700	506,614	571,142
Federal government	13,100	68,760	17,987
	1,366,000	1,984,834	1,930,038
Transfers for capital:			
Provincial government	3,078,000	2,488,169	1,986,534
Federal government	-	68,755	1,203,585
	3,078,000	2,556,924	3,190,119
	\$ 4,444,000	\$ 4,541,758	\$ 5,120,157

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

16. Expenses by object

	Budget (Unaudited)	2025	2024
Salaries, wages and benefits	\$ 14,420,400	\$ 14,756,439	\$ 14,465,947
Contracted and general services	12,763,300	12,596,138	11,900,456
Materials, goods and utilities	5,053,200	4,712,705	4,552,095
Bank charges and short term interest	90,000	112,904	97,632
Interest on long term debt	362,500	412,101	382,904
Transfers to local boards and agencies	569,600	470,617	538,596
Amortization of tangible capital assets	6,205,800	6,636,705	6,644,055
Accretion of asset retirement obligation	-	3,379	3,293
Transfers to other governments	491,300	479,494	469,630
Amortization of intangible assets	-	25,959	12,798
Loss on disposal of tangible capital assets	-	75,718	-
	\$ 39,956,100	\$ 40,282,159	\$ 39,067,406

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:

	2025	2024
Total debt limit	\$ 64,762,391	\$ 59,061,146
Total debt	17,170,355	13,942,176
	\$ 47,592,036	\$ 45,118,970
Debt servicing limit	\$ 10,793,732	\$ 9,843,524
Debt servicing	2,077,047	2,584,108
	\$ 8,716,685	\$ 7,259,416

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.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

18. 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.

19. 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	2025	2024
Mayor Pat Fule	\$ 64,665	\$ 10,729	\$ 75,394	\$ 69,745
Councillor Jason Montgomery (ii)	29,490	8,481	37,971	46,480
Councillor Debbie Mitzner (ii)	29,490	8,677	38,167	41,934
Councillor Richard Wegener	35,459	15,660	51,119	47,620
Councillor Denise Peterson (ii)	29,490	4,272	33,762	39,105
Councillor Melissa Langmaid	35,522	9,494	45,016	45,430
Councillor Brent Wiley	35,459	4,857	40,316	38,106
Councillor Jim Chisholm (i)	6,257	3,336	9,593	-
Councillor Matt Hyde (i)	6,257	4,085	10,342	-
Councillor Claude Brown (i)	6,257	3,229	9,486	-
CAO	267,305	46,817	314,122	316,540
Designated Officers (4) (2024 - 2)	\$ 552,274	\$ 121,209	\$ 673,483	\$ 204,603

(i) Term began October 29, 2025

(ii) Term ended October 29, 2025

(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.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

20. 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 entered in an agreement with Alberta Municipal Services Corporation to provide a future supply of natural gas for Town owned facilities. The agreement is from January 1, 2027 until December 31, 2027, with a fixed price of \$3.2800/GJ and estimated usage of 25,350 GJs of natural gas per year of electricity.

The Town has contracted with the Western Irrigation District to deal with municipal storm water issues. 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 Blu Planet Recycling Inc. to provide curbside solid waste and organic collection and disposal, and operation of the recycling facility from January 1, 2024 to December 31, 2028. Billing under the contract is based on the number of households and total tonnes collected, totaling approximately \$770,000 per year. The recycling contract is \$188,531 for 2026.

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 \$2,306.26 per day (2026), totaling approximately \$847,000 per year. The Town will pay a variable water supply rate of \$0.365600 per cubic meter (2026) and estimates a purchase of 1.5 million cubic meters annually, totaling approximately \$550,000 per year.

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 2026.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

21. 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 in which 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 2025 were \$821,189 (2024 - \$763,702). Total current service contributions by the employees of the Town to the LAPP in 2025 were \$727,661 (2024 - \$680,247).

At December 31, 2024, the LAPP disclosed an actuarial surplus of \$19.56 billion.

22. Budget amounts

The 2025 budget for the Town was approved by Council on December 4, 2024 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 surplus per financial statements	\$ 2,294,900
Less:	Capital expenditures	(9,313,000)
	Long-term debt repayments	(2,221,800)
	Transfers to reserves	(2,265,900)
Add:	Amortization	6,205,800
	Long-term debt proceeds	5,300,000
Equals:	Balanced budget	\$ -

23. 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.

24. Approval of financial statements

These financial statements were approved by Council and Management.

TOWN OF STRATHMORE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

25. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

TOWN OF STRATHMORE
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

Schedule of changes in accumulated operating surplus

	Unrestricted	Restricted reserves	Equity in tangible capital assets	Equity in intangible assets	2025	2024
Balance, beginning of year	\$ 14,524	\$ 16,929,797	\$ 201,945,196	\$ 627,122	\$ 219,516,639	\$ 216,019,829
Excess of revenue over expenses	7,496,458	-	-	-	7,496,458	3,496,810
Unrestricted funds designated for future use	(8,032,756)	8,032,756	-	-	-	-
Restricted funds used for operations	626,440	(626,440)	-	-	-	-
Restricted funds used for tangible capital assets	-	(2,448,897)	2,448,897	-	-	-
Current year funds used for tangible capital assets	(5,938,342)	-	5,938,342	-	-	-
Contributed tangible capital assets	(2,046,767)	-	2,046,767	-	-	-
Disposal of tangible capital assets	75,718	-	(75,718)	-	-	-
Amortization of tangible capital assets	6,636,705	-	(6,636,705)	-	-	-
Asset retirement obligation accretion expense	3,379	-	(3,379)	-	-	-
Long-term debt related to tangible capital assets issued	3,381,420	-	(3,381,420)	-	-	-
Long-term debt related to tangible capital assets repaid	(2,221,821)	-	2,221,821	-	-	-
Acquisition of intangible assets	(9,058)	-	-	9,058	-	-
Amortization of intangible assets	25,959	-	-	(25,959)	-	-
Change in accumulated surplus	(2,665)	4,957,419	2,558,605	(16,901)	7,496,458	3,496,810
Balance, end of year	\$ 11,859	\$ 21,887,216	\$ 204,503,801	\$ 610,221	\$ 227,013,097	\$ 219,516,639

TOWN OF STRATHMORE
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

	Schedule 2								
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2025	2024
Cost:									
Balance, beginning of year	\$ 17,877,520	\$ 10,362,180	\$ 51,802,227	\$ 209,136,906	\$ 15,443,461	\$ 5,432,827	\$ 1,273,446	\$ 311,328,567	\$ 306,619,242
Acquisitions	-	128,213	17,251	6,315,836	511,376	404,455	3,056,875	10,434,006	5,095,593
Transfers	-	-	230,885	374,095	245,103	-	(850,083)	-	-
Disposals	-	(55,199)	-	(339,844)	-	-	-	(395,043)	(386,268)
Balance, end of year	17,877,520	10,435,194	52,050,363	215,486,993	16,199,940	5,837,282	3,480,238	321,367,530	311,328,567
Accumulated amortization:									
Balance, beginning of year	-	3,887,309	14,782,850	67,099,848	7,296,148	2,247,040	-	95,313,195	89,048,145
Annual amortization	-	442,917	1,191,986	3,742,307	929,110	330,385	-	6,636,705	6,644,055
Disposals	-	(31,739)	-	(287,586)	-	-	-	(319,325)	(379,005)
Balance, end of year	-	4,298,487	15,974,836	70,554,569	8,225,258	2,577,425	-	101,630,575	95,313,195
Net book value	\$ 17,877,520	\$ 6,136,707	\$ 36,075,527	\$ 144,932,424	\$ 7,974,682	\$ 3,259,857	\$ 3,480,238	\$ 219,736,955	\$ 216,015,372
2024 net book value	\$ 17,877,520	\$ 6,474,871	\$ 37,019,376	\$ 142,037,059	\$ 8,147,313	\$ 3,185,787	\$ 1,273,446	\$ 216,015,372	

Engineered structures of \$2,046,767 (2024 - NIL) were acquired as contributed tangible capital assets.

TOWN OF STRATHMORE
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025

Schedule of segmented disclosure

Schedule 3

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net municipal property taxes	\$ 16,791,949	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,791,949
User fees and sales of goods	3,386,175	246,335	733,198	13,025,748	98,640	64,880	1,768,953	19,323,929
Government transfers for operating	209,692	717,997	26,486	46,607	491,031	6,902	486,119	1,984,834
Investment income	705,267	-	-	-	-	-	-	705,267
Penalties and costs of taxes	216,147	-	-	28,958	-	-	-	245,105
Development levies	-	-	656,951	815,723	-	-	-	1,472,674
Licenses and permits	-	1,004,586	-	-	3,000	505,750	-	1,513,336
Other	34,188	607,869	61,257	331,107	39,147	-	64,264	1,137,832
	21,343,418	2,576,787	1,477,892	14,248,143	631,818	577,532	2,319,336	43,174,926
Expenses								
Salaries, wages and benefits	4,722,118	3,206,491	1,300,132	564,530	617,306	855,595	3,490,267	14,756,439
Contracted and general services	1,964,345	2,926,691	392,151	5,314,927	32,493	794,767	1,170,764	12,596,138
Materials, goods and utilities	206,342	278,149	1,202,558	1,915,165	120,990	22,330	967,171	4,712,705
Bank charges and short term interest	112,904	-	-	-	-	-	-	112,904
Interest on long term debt	65,147	-	27,022	182,726	-	-	137,206	412,101
Transfers to individuals and organizations	30,000	-	-	-	440,617	-	-	470,617
Amortization of tangible capital assets	357,866	297,789	2,183,977	2,296,863	4,288	-	1,495,922	6,636,705
Loss on disposal of tangible capital assets	-	-	454	51,804	-	-	23,460	75,718
Accretion of asset retirement obligation	-	-	634	-	-	-	2,745	3,379
Transfers to other governments	-	-	-	-	-	-	479,494	479,494
Amortization of intangible assets	-	-	-	25,959	-	-	-	25,959
	7,458,722	6,709,120	5,106,928	10,351,974	1,215,694	1,672,692	7,767,029	40,282,159
Excess (deficiency) of revenue over expenses before capital revenue	13,884,696	(4,132,333)	(3,629,036)	3,896,169	(583,876)	(1,095,160)	(5,447,693)	2,892,767
Other								
Government transfers for capital	288,379	547,488	884,385	529,932	-	-	306,741	2,556,924
Contributed assets	-	-	1,314,907	731,859	-	-	-	2,046,767
	288,379	547,488	2,199,292	1,261,791	-	-	306,741	4,603,691
Excess (deficiency) of revenue over expenses	\$ 14,173,075	\$ (3,584,845)	\$ (1,429,744)	\$ 5,157,960	\$ (583,876)	\$ (1,095,160)	\$ (5,140,952)	\$ 7,496,458