

Consolidated Financial Statements



December 31, 2025

City of Camrose

December 31, 2025

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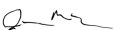
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING


The consolidated financial statements of City of Camrose have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of City of Camrose's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

City Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited on behalf of Council by RSM Canada LLP, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.

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Jason McDonald, Manager,
Financial Planning and Reporting

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Malcolm Boyd, City Manager

Camrose, AB
April 21, 2026

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of City of Camrose

Opinion

We have audited the consolidated financial statements of City of Camrose (the "City"), 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 flows and schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

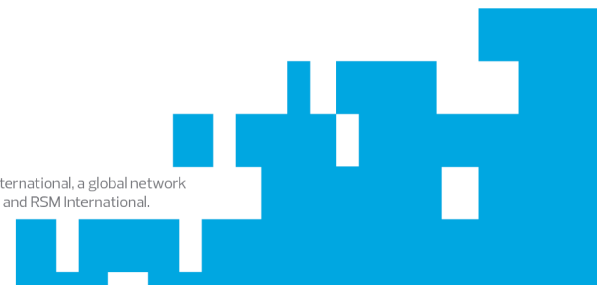
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements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

In preparing the consolidated financial statements, management is responsible for assessing the City'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 City or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 consolidated 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 City'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 City'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the City as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

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

RSM Canada LLP

Chartered Professional Accountants
April 21, 2026
Edmonton, Alberta

CITY OF CAMROSE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 17,302,908	\$ 14,678,694
Investments (Note 3)	84,676,302	82,043,505
Receivables:		
Taxes and grants in place of taxes (Note 4)	3,649,108	3,592,770
Trade and other (Note 4)	4,008,925	3,290,734
Land held for resale (Note 5)	898,794	898,794
	110,536,037	104,504,497
LIABILITIES		
Accounts payable and accrued liabilities	5,513,176	3,992,871
Deposit liabilities	842,470	2,216,682
Deferred revenue (Note 6)	13,478,177	13,927,989
Employee benefit obligations (Note 8)	4,714,253	4,216,606
Asset retirement obligation (Note 10)	3,155,770	2,075,306
Long-term debt (Note 12)	25,014,181	27,234,353
	52,718,027	53,663,807
NET FINANCIAL ASSETS	57,818,010	50,840,690
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	294,566,909	290,524,865
Land held for future development (Note 5)	5,804,910	5,804,910
Inventory for consumption	2,083,398	2,805,733
Prepaid expenses	636,580	684,265
	303,091,797	299,819,773
ACCUMULATED SURPLUS	360,909,807	350,660,463
Accumulated surplus is comprised of:		
Accumulated operating surplus (Schedule 1) (Note 15)	360,115,254	350,233,635
Accumulated remeasurement gain	794,553	426,828
ACCUMULATED SURPLUS	\$ 360,909,807	\$ 350,660,463

Contaminated Sites Liability (Note 11), Commitments (Note 22) and Contingencies (Note 23)

APPROVED ON BEHALF OF THE CITY:

Mayor  Signed by:
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City Manager  DocuSigned by:
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The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE

Consolidated Statement of Operations

For the year ended December 31, 2025

	Budget (See Note 25)	2025	2024
REVENUES			
Net municipal taxes (Schedule 3)	\$ 31,686,398	\$ 31,668,135	\$ 30,015,200
User fees and sales of goods	17,541,770	19,085,301	19,496,140
Government transfers for operating (Schedule 4)	2,264,508	2,447,183	2,175,610
Sales to other governments	133,000	201,929	128,984
Penalties and costs of taxes	276,000	301,190	285,700
Licences and permits	833,063	773,873	1,229,765
Development levies	-	-	562,510
Fines	700,000	507,055	636,841
Franchise and concession contracts	5,247,535	5,016,157	4,691,073
Investment income	4,253,252	4,068,557	4,630,687
Rentals	597,724	684,963	631,571
Other revenues	78,000	1,445,991	243,669
	63,611,250	66,200,334	64,727,750
EXPENSES			
Legislative	633,856	615,055	563,480
Administration	7,946,374	7,759,102	7,050,320
Protective Services	11,442,916	11,793,771	10,927,788
Roads, Streets, Walks & Lighting	12,337,114	12,261,167	11,691,276
Water, Wastewater and Waste Management	13,505,643	14,407,765	6,363,638
Public Health & Welfare	417,173	416,654	368,776
Planning & Development	1,589,740	1,457,585	1,528,570
Recreation & Culture	14,162,809	14,384,131	13,017,703
	62,035,625	63,095,230	51,511,551
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER	1,575,625	3,105,104	13,216,199
OTHER:			
Contributed tangible capital assets (Note 21)	-	-	3,190
Government transfers for capital (Schedule 4)	6,868,000	6,776,515	4,123,104
EXCESS OF REVENUES OVER EXPENSES	8,443,625	9,881,619	17,342,493
ACCUMULATED SURPLUS, BEGINNING OF YEAR	350,233,635	350,233,635	332,891,142
ACCUMULATED SURPLUS, END OF YEAR	\$ 358,677,260	\$ 360,115,254	\$ 350,233,635

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE

Consolidated Statement of Remeasurement Gains and Losses

For the Year Ended December 31, 2025

	2025	2024
Unrealized gains attributable to:		
Investments held at fair value	\$ 367,725	\$ 473,553
Amounts reclassified to statement of operations:		
Investments held at fair value realized gains	-	-
Net remeasurement gains for the year	367,725	473,553
ACCUMULATED REMEASUREMENT GAINS (LOSSES), BEGINNING OF YEAR	426,828	(46,725)
ACCUMULATED REMEASUREMENT GAINS, END OF YEAR	\$ 794,553	\$ 426,828

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget (See Note 25)	2025	2024
EXCESS OF REVENUES OVER EXPENSES	\$ 8,443,625	\$ 9,881,619	\$ 17,342,493
Acquisition of tangible capital assets	(19,229,000)	(16,209,191)	(13,285,436)
Contributed tangible capital assets	-	-	(3,190)
Proceeds from disposal of tangible capital assets	-	502,985	811,972
Amortization of tangible capital assets	11,786,560	11,786,560	12,325,357
Gain on sale of tangible capital assets	-	(122,398)	(118,213)
	(7,442,440)	(4,042,044)	(269,510)
Use (acquisition) of inventory for consumption	-	722,335	(278)
Decrease (increase) in prepaid expenses	-	47,685	(200,100)
Unrealized remeasurement gain	-	367,725	473,553
	-	1,137,745	273,175
INCREASE IN NET FINANCIAL ASSETS	1,001,185	6,977,320	17,346,158
NET FINANCIAL ASSETS, BEGINNING OF YEAR	50,840,690	50,840,690	33,494,532
NET FINANCIAL ASSETS, END OF YEAR	\$ 51,841,875	\$ 57,818,010	\$ 50,840,690

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	\$ 9,881,619	\$ 17,342,493
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	11,786,560	12,325,357
Gain on sale of tangible capital assets	(122,398)	(118,213)
Contributed tangible capital assets	-	(3,190)
	21,545,781	29,546,447
Non-cash contributions (charges) to operations - net change:		
(Increase) in taxes and grants in place of taxes receivable	(56,338)	(10,681)
(Increase) decrease in trade and other receivables	(718,191)	1,853,227
Decrease (increase) in inventory for consumption	722,335	(278)
Decrease (increase) in prepaid expenses	47,685	(200,100)
Increase (decrease) in accounts payable and accrued liabilities	1,520,305	(5,736,404)
(Decrease) increase in deposit liabilities	(1,374,212)	98,829
(Decrease) in deferred revenue	(449,812)	(128,841)
Increase in employee benefit obligations	497,647	238,378
Increase (decrease) in asset retirement obligation	1,080,464	(7,689,055)
NET INFLOW FROM OPERATING ACTIVITIES	22,815,664	17,971,522
CAPITAL		
Proceeds from disposal of tangible capital assets	502,985	811,972
Acquisition of tangible capital assets	(16,209,191)	(13,285,436)
NET OUTFLOW TO CAPITAL ACTIVITIES	(15,706,206)	(12,473,464)
FINANCING		
Long-term debt issued	-	392,724
Long-term debt repaid	(2,220,172)	(2,145,925)
NET OUTFLOWS TO FINANCING ACTIVITIES	(2,220,172)	(1,753,201)
INVESTING		
Purchase of investments	(33,622,677)	(34,654,988)
Proceeds on disposal of investments	31,357,605	36,000,424
NET (OUTFLOW TO) INFLOW FROM INVESTING ACTIVITIES	(2,265,072)	1,345,436
INCREASE IN CASH AND TEMPORARY INVESTMENTS DURING YEAR	2,624,214	5,090,293
CASH AND TEMPORARY INVESTMENTS AT BEGINNING OF YEAR	14,678,694	9,588,401
CASH AND TEMPORARY INVESTMENTS AT END OF YEAR	\$ 17,302,908	\$ 14,678,694

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE

Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2025

	Unrestricted surplus	Restricted surplus	Equity in Tangible Capital Assets	2025	2024
BALANCE, BEGINNING OF THE YEAR	\$ 7,327,470	\$ 76,400,772	\$ 266,505,393	\$ 350,233,635	\$ 332,891,142
Excess of revenues over expenses for the year	9,881,619	-	-	9,881,619	17,342,493
Unrestricted funds designated for future use	(15,272,493)	15,272,493	-	-	-
Restricted funds used for operations	1,570,442	(1,570,442)	-	-	-
Restricted funds used for tangible capital assets	-	(8,751,316)	8,751,316	-	-
Current year funds used for tangible capital assets	(6,122,460)	-	6,122,460	-	-
Disposal of tangible capital assets (at net book value)	380,587	-	(380,587)	-	-
Annual amortization expense	11,786,560	-	(11,786,560)	-	-
Asset retirement obligation accretion expense	25,312	-	(25,312)	-	-
Long term debt repaid	(1,946,273)	-	1,946,273	-	-
Change in accumulated surplus	303,294	4,950,735	4,627,590	9,881,619	17,342,493
BALANCE, END OF THE YEAR (NOTE 15)	\$ 7,630,764	\$ 81,351,507	\$ 271,132,983	\$ 360,115,254	\$ 350,233,635

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE
Schedule of Tangible Capital Assets
For the year ended December 31, 2025

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2025	2024
COST:									
BALANCE, BEGINNING OF YEAR	\$ 7,518,062	\$ 14,454,136	\$ 108,613,440	\$ 319,859,250	\$ 16,613,600	\$ 6,157,535	\$ 1,766,443	\$ 474,982,466	\$ 473,202,918
Acquisition of tangible capital assets	-	325,548	2,018,940	9,100,475	5,815,085	257,176	(1,308,033)	16,209,191	13,288,626
Disposal of tangible capital assets	-	-	(20,048)	-	(913,045)	(107,543)	-	(1,040,636)	(11,509,078)
BALANCE, END OF YEAR	7,518,062	14,779,684	110,612,332	328,959,725	21,515,640	6,307,168	458,410	490,151,021	474,982,466
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR	-	7,700,761	32,199,156	131,887,360	9,536,732	3,133,592	-	184,457,601	182,947,563
Annual amortization	-	516,193	2,768,193	6,889,193	1,263,634	349,347	-	11,786,560	12,325,357
Accumulated amortization on disposals	-	-	(19,837)	-	(571,594)	(68,618)	-	(660,049)	(10,815,319)
BALANCE, END OF YEAR	-	8,216,954	34,947,512	138,776,553	10,228,772	3,414,321	-	195,584,112	184,457,601
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, December 31, 2025									
	7,518,062	6,562,730	75,664,820	190,183,172	11,286,868	2,892,847	458,410	294,566,909	
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, December 31, 2024									
	\$ 7,518,062	\$ 6,753,375	\$ 76,414,284	\$ 187,971,890	\$ 7,076,868	\$ 3,023,943	\$ 1,766,443		\$ 290,524,865

Acquisition of tangible capital assets for the construction in progress category (\$1,308,033) includes additions for the year \$177,745 net of (\$1,485,778) transferred from construction in progress to other asset categories.

Included in buildings are leased equipment affixed to the building of \$381,854 with accumulated amortization of \$241,841 (2024 - \$216,384). The leased assets are amortized on a straight line basis over the estimated useful life of 15 years.

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE
Schedule of Property and Other Taxes
For the year ended December 31, 2025

	Budget	2025	2024
TAXATION			
Real property taxes	\$ 40,339,308	\$ 39,757,733	\$ 37,143,306
Linear property taxes	-	489,315	566,714
Government grants in lieu of property taxes	-	97,082	93,189
Special assessments and local improvement taxes	447,500	424,415	431,827
	40,786,808	40,768,545	38,235,036
REQUISITIONS			
Alberta School Foundation Fund	7,927,564	7,927,564	7,137,224
Elk Island CSRD No. 41	1,055,643	1,055,643	979,376
Other Requisitions	117,203	117,203	103,236
	9,100,410	9,100,410	8,219,836
NET MUNICIPAL TAXES	\$ 31,686,398	\$ 31,668,135	\$ 30,015,200

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE
Schedule of Government Transfers
For the year ended December 31, 2025

	Budget	2025	2024
TRANSFERS FOR OPERATING			
Provincial and federal grants	\$ 1,283,913	\$ 1,494,073	\$ 1,310,002
Local government transfers	980,595	953,110	865,608
	2,264,508	2,447,183	2,175,610
TRANSFERS FOR CAPITAL			
Provincial and federal government	6,868,000	6,776,515	4,123,104
TOTAL GOVERNMENT TRANSFERS	\$ 9,132,508	\$ 9,223,698	\$ 6,298,714

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE
Schedule of Consolidated Expenses by Object
For the year ended December 31, 2025

	Budget	2025	2024
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 26,896,461	\$ 27,487,863	\$ 25,455,946
Contracted and general services	8,998,028	8,968,158	8,581,369
Materials, goods and utilities	10,694,192	11,240,409	10,033,849
Provisions for allowances	9,500	7,661	27,890
Transfers to other governments	126,851	161,851	150,367
Transfers to local boards and agencies	1,808,165	1,792,324	1,193,079
Transfers to individuals and organizations	608,663	617,143	403,638
Bank charges and short-term interest	95,850	99,520	90,577
Interest on long-term debt	977,498	977,559	1,060,084
Amortization of tangible capital assets	11,786,560	11,786,560	12,325,357
Asset retirement obligation accretion expense	-	25,312	71,344
Gain on disposal of tangible capital assets	-	(122,398)	(118,213)
Gain on extinguishment of landfill asset retirement obligation	-	-	(8,368,247)
Other expenses	33,857	53,268	604,511
	\$ 62,035,625	\$ 63,095,230	\$ 51,511,551

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE

Schedule of Segmented Disclosure
For the year ended December 31, 2025

	Legislative	Administration	Protective Services	Roads, Streets, Walks & Lighting	Water, Waste Management, & Wastewater	Public Health & Welfare	Planning and Development	Recreation & Culture	Total
REVENUES									
Net municipal taxes	\$ -	\$ 31,668,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$31,668,135
User fees and sales of goods	-	71,215	963,666	224,542	14,558,880	227,021	189,070	2,850,907	19,085,301
Government transfers	-	320,406	1,178,207	1,626,194	5,250,739	-	7,801	840,351	9,223,698
Sales to other governments	-	-	201,929	-	-	-	-	-	201,929
Penalties and costs of taxes	-	271,204	-	-	29,986	-	-	-	301,190
Licences and permits	-	-	465,265	-	-	-	308,608	-	773,873
Fines	-	-	507,055	-	-	-	-	-	507,055
Franchise and concession contracts	-	5,016,157	-	-	-	-	-	-	5,016,157
Return on investments	-	2,664,714	-	-	1,403,843	-	-	-	4,068,557
Rentals	-	-	-	45,507	83,690	-	42,265	513,501	684,963
Other revenues	-	2,400	215,128	-	-	-	1,190,617	37,846	1,445,991
	-	40,014,231	3,531,250	1,896,243	21,327,138	227,021	1,738,361	4,242,605	72,976,849
EXPENSES									
Salaries, wages and benefits	479,679	4,177,662	9,044,344	3,036,910	3,332,153	142,690	1,044,044	6,230,381	27,487,863
Contracted and general services	126,186	2,315,046	1,130,421	1,121,986	2,865,224	9,180	278,521	1,121,594	8,968,158
Materials, goods and utilities	9,190	535,589	978,079	3,130,095	3,795,579	52,446	51,217	2,688,214	11,240,409
Transfers to other governments	-	-	-	-	-	161,851	-	-	161,851
Transfers to local boards and agencies	-	-	-	169,160	-	-	-	1,623,164	1,792,324
Transfers to individuals and organizations	-	-	-	-	233,329	-	80,350	303,464	617,143
Interest on long-term debt	-	-	11,512	89,418	726,850	-	-	149,779	977,559
Gain on disposal of tangible capital assets	-	-	(2,330)	(117,664)	-	-	-	(2,404)	(122,398)
Other expenses	-	72,733	12,583	7,645	39,775	18,502	3,453	31,070	185,761
	615,055	7,101,030	11,174,609	7,437,550	10,992,910	384,669	1,457,585	12,145,262	51,308,670
NET REVENUES (EXPENSES) BEFORE AMORTIZATION	(615,055)	32,913,201	(7,643,359)	(5,541,307)	10,334,228	(157,648)	280,776	(7,902,657)	21,668,179
Amortization of tangible capital assets	-	658,072	619,162	4,823,617	3,414,855	31,985	-	2,238,869	11,786,560
NET REVENUES (EXPENSES)	\$ (615,055)	\$ 32,255,129	\$ (8,262,521)	\$ (10,364,924)	\$ 6,919,373	\$ (189,633)	\$ 280,776	\$ (10,141,526)	\$ 9,881,619

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in net financial assets and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all the organizations that are owned or controlled by the City and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

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

Interdepartmental and organizational transactions and balances are eliminated.

b. Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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. Offsite levies are collected from a developer upon the execution of a Development Agreement as per the Offsite Levy Bylaw. These funds are restricted to fund the construction of specific infrastructure and are recognized as revenue once the said infrastructure has been built and the City has provided proof of construction completion.

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.

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 revenues and expenses 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.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Use of Estimates (Continued)

Financial statement areas requiring the use of management estimates include:

- useful lives of carrying value of tangible capital assets;
- fair value of contributed tangible capital assets;
- valuation of land inventory;
- asset retirement obligation;
- liabilities for potential environmental obligations;
- offsite levy liabilities;
- accrued liabilities;
- accrued receivables;
- allowance for doubtful accounts receivable; and
- employee benefit obligations.

d. Valuation of Financial Assets and Liabilities

Financial assets are tested annually for impairment. Impairment losses are recorded in the statement of operations. Any write-downs resulting from impairment are not reversed for subsequent increases in value.

Cash and temporary investments are comprised of cash on deposit with financial institutions including bank indebtedness and highly liquid investments with original term of maturity of three months or less.

Investment income is reported as revenue in the period earned. When required by agreement or legislation, investment income earned on deferred revenue forms part of the deferred revenue balance.

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

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Temporary investments	Amortized cost
Trade and other receivables	Amortized cost
Investments	Fair value and amortized cost
Accounts payable and accrued liabilities	Amortized cost
Deposit liabilities	Amortized cost
Long-term debt	Amortized cost

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Investments

Investments in 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. 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.

g. Land for Resale Inventory

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

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. Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the City 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.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Deferred Revenues

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

k. Asset Retirement Obligations

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 City 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 an asset retirement cost expensed in the period.

At each financial reporting date, the City reviews the carrying amount of the liability. The City 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 City 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.

l. Employee Future Benefits

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

m. Local Improvement Charges

Construction costs associated with local improvement projects are recovered through annual tax levies collectible from property owners for work performed by the City. Taxpayers may elect to pay over a number of years or immediately prepay the outstanding local improvement charges.

n. 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.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. Contaminated Sites

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.

p. Government Transfers

Government transfers are the transfer of assets from other governments 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.

q. 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 - 45
Buildings	10 - 50
Engineered structures	
Water system	45 - 75
Wastewater system	45 - 75
Other engineered structures	20 - 75
Machinery and equipment	5 - 20
Vehicles	4 - 20

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. Non-Financial Assets (Continued)

i. **Tangible Capital Assets (Continued)**

During 2025, the City of Camrose reviewed the amortization methodology historically used by the City. In prior years, the City of Camrose applied the half-year rule for recording amortization. Based upon the review, in 2025, the City made the change to begin recording amortization in the month the tangible capital asset is placed in service and end recording amortization in the month the asset is disposed of to more accurately reflect the amortization expense over the life of the asset. In prior years, one-half of the annual amortization was charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use. Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of the future economic benefits associated with the assets are less than their net book value. Net write-downs are accounted for as expenses in the Consolidated Statement of Operations.

The impact of the change in estimate has been reviewed and is not material to the financial statements as a whole.

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.

Tangible capital assets contributed to other organizations are recorded at cost at the date of contribution and also are recorded as an expense.

iii. **Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. **Inventories**

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

v. **Cultural and Historical Tangible Capital Assets**

Works of art for display are not recorded as tangible capital assets.

vi. **Construction in Progress**

Assets under construction are recorded at cost and will be amortized when the assets are put into service.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r. Interdepartmental Revenues and Expenses

Where identified, interdepartmental revenues and offsetting expenses have been removed from the City's consolidated financial statements. The Water, Wastewater and Waste Management segment provides a number of services such as water and wastewater services, waste collection and landfill disposal to other segments within the City of Camrose. These amounts are not material to the consolidated financial statements, and as such, have not been eliminated from the Water, Wastewater and Waste Management revenues or the other segments operating expenditures.

s. Restricted Surplus

Certain amounts, as approved by City Council, are set aside in accumulated surplus for future operating purposes and capital purposes. Transfers to or from restricted surplus are adjustments to the respective fund when approved.

t. Future Accounting Pronouncements

The following summarizes upcoming changes to public sector accounting standards issued by the Public Sector Accounting Standards Board. In the coming year, the City will continue to assess the impact and prepare for the adoption of these standards.

Revised Conceptual Framework for Financial Reporting in the Public Sector: Fiscal years beginning on or after April 1, 2026. The revised framework will replace the existing framework, currently PS1000 Financial Statement Concepts and PS1100 Financial Statement Objectives.

PS1202 - Financial Statement Presentation: Fiscal years beginning on or after April 1, 2026. In connection with the issuance of the Revised Conceptual Framework, PS1202 builds on existing section PS1201 to support the preparation of understandable financial statements.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

2. CASH AND TEMPORARY INVESTMENTS

	2025	2024
Cash	\$ 17,285,986	\$ 14,662,344
Temporary investments	16,922	16,350
	\$ 17,302,908	\$ 14,678,694

Temporary investments require between 31 and 90 days notice to redeem and are held in accounts guaranteed by the Province of Alberta. Interest rates on cash and short term deposits at December 31, 2025 ranged from 2.55% to 3.00% per annum (2024 - 3.85% to 4.00%).

Included in cash and temporary investments is a restricted amount of \$4,267,309 (2024 - \$5,165,218) received from various grant programs and held exclusively for approved projects (see Note 6).

3. INVESTMENTS

	2025		2024	
	Carrying Value	Market Value	Carrying Value	Market Value
Fixed income instruments	\$ 84,676,302	\$ 85,559,535	\$ 82,043,505	\$ 82,847,825

Fixed income instruments have effective interest rates of 3.58% to 5.70% (2024 - 3.58% to 9.00%) with maturity dates from January 26, 2027 to October 22, 2035 (2024 - January 26, 2027 to December 2, 2034).

Net investment income on cash and long-term investments recognized in the statement of operations includes \$4,050,064 (2024 - \$4,630,687) of interest income and \$NIL (2024 - \$NIL) of realized gains on disposal of investments.

Unrealized gains (losses) on investments carried at fair value of \$367,725 (2024 - \$473,553) have been recognized in the statement of remeasurement gains and losses.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

4. RECEIVABLES

	2025	2024
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	\$ 793,297	\$ 724,881
Arrears	316,400	276,862
Less: Allowance for doubtful accounts	-	(2,006)
Total current taxes and grants in place of taxes	1,109,697	999,737
Long term taxes and grants in place of taxes - local improvement levies	2,539,411	2,593,033
Total taxes and grants in place of taxes	\$ 3,649,108	\$ 3,592,770
Trade and other		
Due from federal government	\$ 288,091	\$ 256,221
Trade accounts	3,271,617	2,680,535
Allowance for doubtful accounts	(34,000)	(24,853)
Interest on investments	483,217	378,831
Total trade and other receivables	\$ 4,008,925	\$ 3,290,734

5. LAND HELD FOR RESALE AND FUTURE DEVELOPMENT

	2025	2024
Financial Assets		
Land held for resale	\$ 898,794	\$ 898,794
Non-Financial Assets		
Residential	2,369,849	2,369,849
Industrial and commercial	3,435,061	3,435,061
Land held for future development	\$ 5,804,910	\$ 5,804,910

Land held for resale is land in a condition to be sold, marketed for sale, and reasonably anticipated to be sold within a year and is recorded as a financial asset on the Consolidated Statement of Financial Position. Land held for future development is not ready for resale and is not reasonably anticipated to be sold within one year and has been recorded as a non-financial asset.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

6. DEFERRED REVENUE

	2025	2024
Developer contributions and offsite levies		
Offsite levies - Transportation	\$ 2,866,793	\$ 2,733,793
Offsite levies - Water	5,373,806	5,124,499
Other developer contributions	111,656	111,656
Total developer contributions and offsite levies	8,352,255	7,969,948
Conditional Grants		
Municipal Sustainability Initiative/Basic Municipal Transportation Grant	828,796	2,140,132
Local Government Fiscal Framework	2,382,605	2,479,100
Canada Community Building Fund	207,507	125,300
Alberta Municipal Water/Wastewater Partnership	511,666	102,332
Other Grants	336,735	318,354
Total conditional grants (Note 2)	4,267,309	5,165,218
Other		
Other deferred revenue	700,835	636,445
Prepaid property taxes	157,778	156,378
Total Other	858,613	792,823
	\$ 13,478,177	\$ 13,927,989

7. OUTSTANDING GRANTS

At December 31, 2024 and December 31, 2025, all Local Government Fiscal Framework grants and Canada Community Building Fund grants have been received from the Federal and Provincial governments.

The City was awarded \$667,228 of Alberta Municipal Water/Wastewater Partnership (AMWWP) grant for the City's Water Treatment Plant Media Filter Replacements. At December 31, 2025 the City has received \$500,000 with the project initiated in 2025 and to be completed in 2026.

The City was also awarded an additional \$2,500,000 of AMWWP grant due to the cost escalation of the Wastewater Treatment Plant Upgrade project. The City received and recognized revenue of \$1,250,000 in 2025 with the remaining \$1,250,000 outstanding at December 31, 2025.

The City was successful in its application for Strategic Transportation Infrastructure Program funding for the Airport Airside Lighting System Replacement project and awarded \$435,000. In 2025, the City received \$40,000 with the remainder outstanding.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

8. EMPLOYEE BENEFIT OBLIGATIONS

	2025	2024
Vacation accrual	\$ 1,689,256	\$ 1,512,432
Sick leave	3,024,997	2,704,174
	\$ 4,714,253	\$ 4,216,606

Vacation accrual

The vacation accrual is comprised of the vacation that employees are deferring to future years. Employees have earned the benefits (and are vested) and are entitled to the benefits in the next budgetary year.

Sick leave

The City of Camrose provides benefits for sick leave under the following conditions:

- a) All employees receive one day of sick leave per month. Sick leave can only be used for paid time off for illness of the employee and is paid at the employee's normal rate of pay.
- b) Unused sick days are accumulated in a bank. If an employee terminates, payment of accumulated sick days will be made to the employee at the rate of 5% of the accumulated sick days for each full year of continuous service with the City. If an employee terminates with at least 20 years of service, they will be paid in cash for 100% of the days accumulated to a maximum of 120 days. Payment is made at the final pay rate.

In accordance with accounting standard PS 3255 - Post-employment Benefits, Compensated Absences and Termination Benefits, benefits are accrued in the year of the service of the employee that generated the benefit, similar to a pension plan liability where an organization incurs an obligation to make payment in the future for services rendered today.

The City engaged an actuary to determine the sick leave benefit obligation for the years ending December 31, 2024 and December 31, 2025. Significant assumptions used in the valuation are highlighted in Note 9.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

9. BENEFIT OBLIGATIONS - SICK LEAVE

Change in Benefit Obligation	2025	2024
Benefit obligation, beginning of year	\$ 2,704,174	\$ 2,473,004
Expected service cost	171,132	180,020
Interest cost	131,153	131,069
Actuarial loss (gain)	377,358	244,024
Expected benefits paid	(358,820)	(323,943)
Benefit obligation, end of year	\$ 3,024,997	\$ 2,704,174

Change in Plan Assets	2025	2024
Fair value of plan assets, beginning of year	\$ -	\$ -
City contribution	223,971	304,556
Actual benefits paid	(223,971)	(304,556)
Fair value of plan assets, end of year	\$ -	\$ -

Significant Assumptions	2025	2024
Discount rate per annum, beginning of year	4.85%	5.30%
Discount rate per annum, end of year	4.35%	4.85%
Rate of compensation increases per annum	3.50%	3.50%
Estimated Average Remaining Services Life (EARSL) in years	17.51	17.54

Net Periodic Benefit Cost	2025	2024
Service Cost	\$ 171,132	\$ 180,020
Interest Cost	131,153	131,069
Recognized net actuarial gain	(81,226)	(95,136)
Net periodic benefit cost	\$ 221,059	\$ 215,953

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

10. ASSET RETIREMENT OBLIGATIONS

	2025	2024
Gun Range	\$ 630,681	\$ 619,159
Asbestos Abatement	1,770,284	715,132
Wastewater Lagoons	754,805	741,015
	<u>\$ 3,155,770</u>	<u>\$ 2,075,306</u>

Gun Range

The outdoor gun range is situated on lands owned by the City of Camrose, but leased to two separate organizations. The City has separate lease agreements with the organizations related to the permitted activities on the gun range lands.

The City has determined that remediation of the site would be required if the gun range was retired. At this time, the City has no requirement to repurpose these lands and has not identified the need to terminate the leases with no plan to do so in the near future. Undiscounted cash flows of \$1,000,000 (2024 - \$1,000,000) are expected for the remediation of the lands and a liability has been recorded. The estimated total liability of \$630,681 (\$2024 - \$619,159) is based on the sum of discounted cash flows using a discount rate of 4.00% (2024 - 4.00%) and assuming annual inflation of 2.10% (2024 - 2.10%).

	2025	2024
Balance, beginning of year	\$ 619,159	\$ -
Change in estimated cash flows	-	607,848
Accretion expense	11,522	11,311
Estimated total liability	<u>\$ 630,681</u>	<u>\$ 619,159</u>

Asbestos Abatement

Upon recognition of the asbestos abatement liability, the City reviewed its tangible capital assets and it was determined that 29 buildings were constructed in a period where they may contain asbestos and, therefore, the City is legally required to perform abatement activities upon renovation or demolition of these facilities. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed.

In 2025, the City demolished the Downtown Public Washroom facility. Due to the higher asbestos abatement expenses realized with this smaller structure, the City reviewed its valuation of undiscounted future cash flows for future abatement based on facility size. This resulted in the City recording a significant increase to the undiscounted future cash flows and the asset retirement liability.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

10. ASSET RETIREMENT OBLIGATIONS (CONTINUED)

The undiscounted future cash flows expected for abatement costs for the remaining 28 facilities are \$2,826,730 (2024 - \$1,174,786) as the facilities reach the end of their useful lives. The estimated total liability of \$1,770,284 (2024 - \$715,132) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4.00% (2024 - 4.00%) and assuming annual inflation of 2.10% (2024 - 2.10%). The City has not designated assets for settling the abatement activities.

	2025	2024
Balance, beginning of year	\$ 715,132	\$ 668,637
Liabilities settled	(2,274)	-
Change in estimated cash flows	1,057,426	-
Accretion expense	-	46,495
Estimated total liability	\$ 1,770,284	\$ 715,132

Wastewater Lagoons

The City's Wastewater Treatment Plant (WWTP) consists of ten lagoons, in addition to various mechanical processes and supporting facilities. The City operates its wastewater collection and treatment systems under an approval from the Province of Alberta which outlines the requirements related to the retirement of wastewater treatment assets.

Due to the retirement obligations as outlined in the approval, the City has recorded a liability for the decommissioning of the lagoons. Undiscounted cash flows of \$3,180,000 (2024 - \$3,180,000) are expected for the decommissioning of the lagoons. The estimated total liability of \$754,805 (2024 - \$741,015) is based on the sum of discounted cash flows using a discount rate of 4.00% (2024 - 4.00%) and assuming annual inflation of 2.10% (2024 - 2.10%).

The City recently completed a significant investment in its Wastewater Treatment Plant. With this investment, the City has effectively decided that it will continue to treat its wastewater here in Camrose for the foreseeable future. As it is very unlikely that the City will ever need to decommission any of its existing wastewater lagoons, it has not designated assets for settling these retirement activities.

	2025	2024
Balance, beginning of year	\$ 741,015	\$ 727,477
Accretion expense	13,790	13,538
Estimated total liability	\$ 754,805	\$ 741,015

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

10. ASSET RETIREMENT OBLIGATIONS (CONTINUED)

Landfill

The landfill was governed by the Camrose Regional Solid Waste Authority (CRSWA) with the City managing the day-to-day operations related to the landfill and solid waste site on the south side of the City until it was transferred to GFL Environmental (GFL) on August 9th, 2024. At December 31, 2023, due to legal obligations, a liability of \$8,368,247 was accrued for closure and post-closure activities required upon retirement of this site. The terms of the sale dictate that GFL assumes all liabilities related to closure and post-closure activities and therefore the liability was reversed in the 2024 and recorded as a reduction of water, wastewater and waste management expenses in the statement of operations.

	2025	2024
Balance, beginning of year	\$ -	\$ 8,368,247
Liabilities extinguished	\$ -	\$ (8,368,247)

11. CONTAMINATED SITES LIABILITY

In 2019, the City conducted Phase I Environmental Site Assessments on five City-owned properties. The properties included the Public Works Main Shop, Parks Maintenance Shop, Golf Course Maintenance Shop & Pro Shop, and two Public Works Satellite Facilities. The City also completed a Phase II Environmental Site Assessment on the Public Works Main Shop.

In 2019, the City conducted a Phase I Environmental Site Assessment and in 2021 a Phase II Environmental Site Assessment at the Camrose Airport in regards to the underground fuel tanks on site. In 2025, the City transitioned to above ground fuel tanks and removed the underground tanks. No contamination was detected and therefore, no contaminated site liability has been recognized.

Based upon the results of the assessments there is a risk that some extent of contamination may be present on the remaining five properties. No contaminated site liability has been recorded as of December 31, 2025 as all five operational sites are still being used productively, and estimated costs to clean up the sites are not readily available.

The City will continue to monitor and evaluate the properties to determine if any future actions need to be taken.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

12. LONG-TERM DEBT

	2025	2024
Supported by general tax levies	\$ 4,157,871	\$ 5,385,090
Supported by special levies	2,073,177	2,347,077
Supported by utility rates	18,783,133	19,502,186
	\$ 25,014,181	\$ 27,234,353

The current portion of the long-term debt amounts to \$2,280,880 (2024 - \$2,220,173).

Of the \$25,014,181 total long-term debt, \$20,278,156 (2024 - \$21,944,166) is secured against equity in tangible capital assets, with the remaining \$4,736,025 (2024 - \$5,290,187) unsecured. The unsecured debt includes \$2,662,848 of debentures related to the Jeanne & Peter Loughheed Performing Arts Centre and \$2,073,177 related to local improvement costs whereby taxpayers have elected to pay to the City these costs over a number of years. The associated local improvements receivable has been recorded and is identified in Note 4.

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2026	\$ 2,280,880	\$ 901,755	\$ 3,182,635
2027	1,668,468	818,273	2,486,741
2028	1,163,496	760,730	1,924,226
2029	1,176,287	720,785	1,897,072
2030	1,181,751	680,542	1,862,293
Thereafter	17,543,299	5,680,472	23,223,771
	\$ 25,014,181	\$ 9,562,557	\$ 34,576,738

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest rates ranging from 1.733% to 5.270% per annum, before Provincial subsidy, and matures in periods 2026 through 2047. The average annual interest rate is 3.42% for 2025 (3.38% for 2024). Debenture debt is issued on the credit and security of the City of Camrose at large.

Interest on long-term debt amounted to \$977,559 (2024 - \$1,060,084). The City's total cash payments for interest in 2025 were \$989,573 (2024 - \$1,065,007).

Included in the above debt amounts is a capital lease obligation of \$197,648 (2024 - \$218,090) relating to the purchase of building equipment. This lease bears interest at 1.54%, expires October, 2031 and includes a lease buyout of \$76,371.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

13. DEBT LIMITS

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

	2025	2024
Total debt limit	\$ 99,300,501	\$ 97,091,625
Total debt	(25,014,181)	(27,234,353)
Amount of debt limit unused	74,286,320	69,857,272
Debt servicing limit	16,550,083	16,181,938
Debt Servicing	(3,182,634)	(3,209,745)
Amount of debt servicing limit unused	\$ 13,367,449	\$ 12,972,193

The debt limit is calculated as 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 limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the consolidated financial statements must be interpreted as a whole.

14. EQUITY IN TANGIBLE CAPITAL ASSETS

	2025	2024
Tangible capital assets (Schedule 2)	\$ 490,151,021	\$ 474,982,466
Accumulated amortization (Schedule 2)	(195,584,112)	(184,457,601)
Asset retirement obligation (Note 10)	(3,155,770)	(2,075,306)
Long-term debt (Note 12)	(25,014,181)	(27,234,353)
Long-term debt not secured against tangible capital assets	4,736,025	5,290,187
	\$ 271,132,983	\$ 266,505,393

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

15. ACCUMULATED OPERATING SURPLUS

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

	2025	2024
Unrestricted surplus	\$ 7,630,764	\$ 7,327,470
Restricted surplus:		
General administration	36,190,390	33,397,403
Protective services	2,584,717	2,015,023
Roads, streets, walks and lighting	9,512,568	10,033,857
Water, sewer, and waste management	28,058,267	26,762,843
Planning and development	919,110	876,471
Recreation and culture	3,922,713	3,160,020
Public health and welfare	163,742	155,155
Total restricted surplus	81,351,507	76,400,772
Equity in tangible capital assets	271,132,983	266,505,393
	\$ 360,115,254	\$ 350,233,635

16. SEGMENTED DISCLOSURE

The City of Camrose provides a range of services to its taxpayers. The City's operations and activities are organized and reported by functions and services provided. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information, refer to the Schedule of Segmented Disclosure (Schedule 6).

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

16. SEGMENTED DISCLOSURE (CONTINUED)

Certain functions that have been disclosed in the segmented information, along with the services provided, are as follows:

(a) Legislative

This function includes activities related to City Council.

(b) Administration

This category is used to report activities that provide for the overall operation of The City, which are common to, or affect all of the services provided by the City, including corporate services, general administration, taxation and financial services.

(c) Protective Services

This category is used to report activities that provide for the public safety of the inhabitants of the City, including police, fire, bylaw enforcement and inspections.

(d) Roads, Streets, Walks & Lighting

This category is used to report activities related to public transportation, including roads and streets, public transit, storm sewers and drainage, and the equipment pool.

(e) Water, Wastewater and Waste Management

This category reports activities related to acquiring, treating, and supplying water, the collection or removal and treatment of sanitary sewage, solid waste collection and disposal, landfill operations and recycling.

(f) Public Health & Welfare

This category reports activities on cemeteries maintenance and burials, as well as maintenance of public washrooms.

(g) Planning and Development

This category is used to report activities related to economic growth and sustainability, property management, short term and long term planning, and the development of land.

(h) Recreation and Culture

This category is used to report activities related to providing recreational and cultural opportunities to the community.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

17. SALARY AND BENEFITS DISCLOSURE

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

	2025			2024
	Salary	Benefits & Allowances	Total	Total
Mayor - PJ Stasko	\$ 78,705	\$ 12,905	\$ 91,610	\$ 84,949
Councillors:				
K. Hycha	33,648	2,933	36,581	39,992
A. Hoveland	39,110	7,179	46,289	42,434
L. Banack	39,110	9,509	48,619	44,558
L. Broker	39,110	9,509	48,619	44,558
D. Francoeur	39,110	9,564	48,674	44,558
D. Ilg	39,110	9,509	48,619	44,558
J. Murphy	39,110	9,509	48,619	44,558
D. Rosland	39,110	8,667	47,777	42,554
W. Thronson	5,300	2,044	7,344	-
City Manager	253,623	41,427	295,050	293,720
Designated Officers (2)	\$ 149,185	\$ 30,105	\$ 179,290	\$ 177,910

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

Benefits and allowances figures include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, extended health and dental coverage, vision coverage, group life insurance, long-term disability insurance, professional memberships and tuition.

The City currently has a full time designated officer, and one designated on an as-needed basis.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

18. LOCAL AUTHORITIES PENSION PLAN

Employees of the City of Camrose participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plan Act. The LAPP is financed by employer and employee contributions and by investments earnings of the LAPP Fund.

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

The City of Camrose 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.

Employees of the City are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 10.65% on pensionable salary above this amount.

Total current service contributions by the City to the plan in 2025 were \$1,226,843 (2024 - \$1,186,725). The current service contributions by the employees of the City to the plan in 2025 were \$1,089,330 (2024 - \$1,056,745).

At December 31, 2024, LAPP disclosed an actuarial surplus of \$19,557,000,000 (2023 - surplus of \$15,057,000,000). The 2025 actuarial report is not yet available.

19. SPECIAL FORCES PENSION PLAN

Municipal Police Officers of the City of Camrose participate in the Special Forces Pension Plan (SFPP), which is covered by the Alberta Public Sector Pensions Plan Act. The Plan serves about 8,269 officers from seven municipalities. It is financed by employer and employee contributions and investment earnings of the SFPP Fund.

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

The City of Camrose is required to make current service contributions to the SFPP of 14.30% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan.

Police officers of the City are required to make current service contributions to the SFPP of 13.20% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan.

Total current service contributions by the City to the plan in 2025 were \$520,427 (2024 - \$505,818). Total current service contributions by employees to the plan in 2025 were \$485,322 (2024 - \$452,814).

At December 31, 2024, the SFPP plan disclosed an actuarial surplus of \$624,092,000 (2023 - surplus of \$553,089,000). The 2025 actuarial report is not yet available.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

20. APEX SUPPLEMENTARY PENSION PLAN

The APEX supplementary pension plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2004 and provides supplementary pension benefits to a prescribed class of employees (6 beneficiaries within the City of Camrose in 2025). The plan supplements the Local Authorities Pension Plan.

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

Contributions are made by the prescribed class of employees and the City. Employees and the City are required to make current service contributions to APEX of 2.42% and 2.96% respectively of pensionable earnings up to \$187,834 in 2025 (\$180,500 in 2024).

Total current service contributions by the City to APEX in 2025 were \$30,298 (2024 - \$29,622). Total current service contributions by the employees of the City in 2025 were \$24,771 (2024 - \$24,217).

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

At December 31, 2024, the APEX plan disclosed an accumulated surplus of \$17,157,288 (2023 - surplus of \$10,306,413). The 2025 report is not yet available.

21. CONTRIBUTED TANGIBLE CAPITAL ASSETS

In 2025, the City did not record any contributed tangible capital assets.

In 2024, the City recorded a contribution of \$3,190 from the Rotary Club for the installation of peace arbors and peace poles at the Stoney Creek Daypark.

22. COMMITMENTS

As at December 31, 2025, the City had no significant commitments to report.

23. CONTINGENCIES

As at December 31, 2025 the City is involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, it is Management's opinion that there will be no adverse effect on the financial position of the City. If any liability is incurred it would be accounted for as a current transaction in the year it is determined.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

24. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

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

The City 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 City provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers, along with the City's ability to collect property tax amounts through a tax sale as permitted by the Municipal Government Act, minimizes the credit risk.

The City is exposed to interest rate risk on its investments, as their fair value can fluctuate with changes in interest rates, particularly long-term interest bearing securities. To mitigate this risk, the City generally holds these investments until maturity, providing time for interest rates to stabilize and return to previous levels over the long term.

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

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

25. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2025 operating and capital budgets approved by Council. The City's budgets are prepared on a modified cash flows basis in accordance with the Municipal Government Act. Amortization was not contemplated in development of the budget, however, has been included in the budget presented in the financial statements. The amortization expense included is based on the current year actual amortization expense.

A reconciliation of the consolidated operating budget as approved by Council, and the budget as prepared in these financial statements in accordance with the Canadian Public Sector Accounting Standards, has been included in the table below. The table also includes a reconciliation of the 2025 annual surplus from operations for financial statement purposes to the surpluses for operating budget purposes.

	Budget	2025
Surplus from operations	\$ 8,443,625	\$ 9,881,619
Capital Items Affecting Surplus From Operations		
Amortization	11,786,560	11,786,560
Government transfers for capital	(6,868,000)	(6,776,515)
Taxation - local improvements	(447,500)	(424,415)
Gain on disposal of tangible capital assets	-	(122,398)
Other capital items	-	(153,233)
Surplus from Operations before Capital Items	12,914,685	14,191,618
Net operating transfers to reserves	(10,968,412)	(11,867,555)
Long-term debt repaid	(1,946,273)	(1,946,273)
Operating Budget Surplus	\$ -	\$ 377,790

26. COMPARATIVE FIGURES

Certain comparative prior year figures have been reclassified to better reflect the nature of the items and to conform to the current year presentation.

The changes include reclassifying some revenue items on the Statement of Operations, as well as reclassifying assets (cost and accumulated amortization) on the Schedule of Tangible Capital Assets.

27. APPROVAL OF FINANCIAL STATEMENTS

City Council has approved these financial statements on April 20, 2026.