



C I T Y O F  
**FORT SASKATCHEWAN**  
ALBERTA

Consolidated Financial Statements

For the year ended December 31, 2025

City of Fort Saskatchewan  
Consolidated Financial Statements  
For the year ended December 31, 2025

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**Management's Responsibility for Financial Reporting**

The accompanying consolidated financial statements of the City of Fort Saskatchewan ("City") are the responsibility of the City's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Council met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP independent external auditors appointed by the City. 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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Troy Fleming  
City Manager



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Jeremy Emann  
Chief Financial Officer



**KPMG LLP**

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## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Council of the City of Fort Saskatchewan

### ***Opinion***

We have audited the consolidated financial statements of the City of Fort Saskatchewan (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2025;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of accumulated surplus for the year then ended;
- the consolidated statement of remeasurement gains and losses for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025, and its consolidated results of operations, its consolidated accumulated surplus, its consolidated remeasurement gains and losses, its consolidated 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 Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Other Information***

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in the "December 31, 2025 Annual Report" ("Annual Report").

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in Annual Report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the financial statements.

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



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group 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 the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Edmonton, Canada

April 28, 2026

City of Fort Saskatchewan  
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**Consolidated Statement of Financial Position**

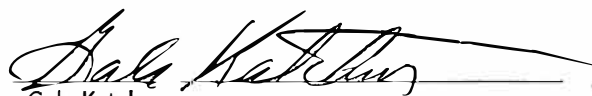
<i>In thousands of Canadian Dollars</i>	Note	2025	2024
<b>Financial Assets</b>			
Cash and Cash Equivalents	2	37,571	31,347
Revenues Receivable			
Property Taxes Receivable	3	1,326	894
Government Transfers Receivable	4	1,829	2,231
Trade and Other Receivables	5	9,980	6,247
Inventory Held for Resale	6	1,462	1,462
Investments	7	49,737	46,377
		<b>101,905</b>	<b>88,558</b>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities			
Trade Payables		(8,289)	(10,855)
Employee Benefit Obligations	8	(3,416)	(3,040)
Payroll and Remittances		(417)	(1,663)
Interest Payable		(85)	(95)
Temporary loans payable	9	(2,000)	-
Deposits on Account		(2,551)	(2,236)
Deferred Revenue	10	(2,680)	(3,092)
Liability for Contaminated Sites	11	(1,405)	(1,381)
Asset Retirement Obligations	12	(3,903)	(3,721)
Long-Term Debt	13, 14	(17,325)	(19,485)
		<b>(42,071)</b>	<b>(45,568)</b>
<b>Net Financial Assets</b>		<b>59,834</b>	<b>42,990</b>
<b>Non-Financial Assets</b>			
Tangible Capital Assets	15	566,718	547,234
Prepaid Expenses		1,500	1,397
Inventory of Supplies		701	568
		<b>568,919</b>	<b>549,199</b>
<b>Accumulated Surplus</b>	16	<b>628,753</b>	<b>592,189</b>
Accumulated operating surplus		628,584	592,189
Accumulated remeasurement gains		169	-
<b>Accumulated Surplus</b>	16	<b>628,753</b>	<b>592,189</b>

Commitments and Contingencies – Note 27

These Consolidated Financial Statements were approved by Council on April 28, 2026 and signed on their behalf by:



Lisa Makin  
Mayor



Gale Katchur  
Councillor

City of Fort Saskatchewan  
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**Consolidated Statement of Operations**

	Note	Budget (Note 21)	2025	2024
<i>In thousands of Canadian Dollars</i>				
<b>Revenue</b>				
Property Taxes	17	61,741	<b>61,747</b>	56,777
Utility User Rates		24,050	<b>24,143</b>	22,781
User Fees and Charges		8,404	<b>12,358</b>	10,327
Fines and Penalties		956	<b>1,463</b>	2,192
Investment Income		3,030	<b>3,715</b>	3,307
Government Transfers - Operating		2,185	<b>2,165</b>	2,249
Other Revenue		38	<b>2,193</b>	630
		100,404	<b>107,784</b>	98,263
<b>Expenses</b>	18			
<b>Infrastructure and Planning Services</b>				
Public Works		(21,499)	<b>(20,966)</b>	(19,396)
Fleet, Facilities, and Engineering		(13,774)	<b>(12,798)</b>	(9,012)
Planning and Development		(2,473)	<b>(2,481)</b>	(2,216)
Economic Development		(1,163)	<b>(1,021)</b>	(1,253)
Sustainability		(124)	<b>(55)</b>	-
		(39,033)	<b>(37,321)</b>	(31,877)
<b>Community and Protective Services</b>				
Culture and Recreation		(7,153)	<b>(7,317)</b>	(10,446)
Protective Services		(10,387)	<b>(8,833)</b>	(9,271)
Fire		(6,286)	<b>(6,431)</b>	(6,007)
Family and Community Support Services		(1,535)	<b>(1,514)</b>	(1,338)
		(25,361)	<b>(24,095)</b>	(27,062)
<b>Corporate Services</b>				
Information Technology		(4,263)	<b>(3,921)</b>	(3,521)
People Services		(2,291)	<b>(2,276)</b>	(1,763)
Legislative Services		(2,016)	<b>(1,910)</b>	(1,689)
Financial Services		(2,144)	<b>(1,958)</b>	(1,685)
Corporate Communications		(962)	<b>(964)</b>	(946)
		(11,676)	<b>(11,029)</b>	(9,604)
Senior Leadership		(2,225)	<b>(2,381)</b>	(2,473)
Elected Officials		(570)	<b>(542)</b>	(521)
Fiscal Services		(1,735)	<b>(2,432)</b>	(1,979)
Utility Operations		(22,156)	<b>(21,454)</b>	(21,275)
Public Library		(1,612)	<b>(1,510)</b>	(1,469)
		(104,367)	<b>(100,764)</b>	(96,260)
<b>Surplus (Deficit) before Capital Revenue</b>		(3,964)	<b>7,020</b>	2,003
<b>Capital Revenue</b>				
Contributed Tangible Capital Assets		11,671	<b>17,578</b>	12,513
Government Transfers - Capital		4,377	<b>3,255</b>	11,627
Developer Payments and Offsite Levies		-	<b>7,513</b>	1,313
Other Capital Funding		-	<b>1,029</b>	10
		16,048	<b>29,375</b>	25,463
<b>Surplus from Operations</b>		12,084	<b>36,395</b>	27,466

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**Consolidated Statement of Accumulated Surplus**

	Unrestricted Surplus	Financial Reserves	Equity in Tangible Capital Asset	2025	2024
<i>In thousands of Canadian Dollars</i>					
<b>Accumulated Surplus, Beginning</b>	2,057	66,104	524,028	<b>592,189</b>	564,723
Surplus from Operations	36,395	-	-	<b>36,395</b>	27,466
Funds Designated for Future Use	(26,886)	26,886	-	-	-
Restricted Funds Used for Operations	1,978	(1,978)	-	-	-
Restricted Funds Used for Tangible Capital Assets	-	(13,359)	13,359	-	-
Current Year Funds Used for Tangible Capital Assets	(4,779)	-	4,779	-	-
Contributed Tangible Capital Assets	(17,578)	-	17,578	-	-
Disposal of Tangible Capital Assets	821	-	(821)	-	-
Annual Amortization Expense	17,412	-	(17,412)	-	-
Accretion of Asset Retirement Obligations	182	-	(182)	-	-
Long-Term Debt Related to Tangible Capital Assets Repaid	(2,194)	-	2,194	-	-
Proceeds of Long-Term Debt Related to Tangible Capital Assets	34	-	(34)	-	-
Changes in Accumulated Surplus	5,385	11,549	19,461	<b>36,395</b>	27,466
<b>Accumulated Surplus, Ending</b>	7,442	77,653	543,489	<b>628,584</b>	592,189

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**Consolidated Statement of Remeasurement Gains and Losses**

<i>In thousands of Canadian Dollars</i>	Note	2025	2024
Accumulated remeasurement gains (losses) at beginning of the year		-	-
Unrealized Gains attributable to:			
Equity Investments	7	(843)	-
Amounts Reclassified to Statements of Operations:			
Equity Investments realized Gains	7	674	-
Net Remeasurement Gains for the year		(169)	-
<b>Accumulated Remeasurement Gains at end of the year</b>		<b>(169)</b>	-

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**Consolidated Statement of Changes in Net Financial Assets**

	Note	Budget (Note 21)	2025	2024
<i>In thousands of Canadian Dollars</i>				
<b>Surplus from Operations</b>		12,084	<b>36,395</b>	27,466
<b>Changes due to Tangible Capital Assets</b>				
Purchased Additions	15	(17,809)	<b>(20,139)</b>	(26,301)
Contributed Additions	15	(11,671)	<b>(17,578)</b>	(12,513)
Amortization Expense	15, 18	18,788	<b>17,412</b>	16,294
Losses (Gain) on Disposals	15, 18	-	<b>314</b>	(318)
Proceeds from Disposals		-	<b>507</b>	425
		(10,692)	<b>(19,484)</b>	(22,413)
<b>Changes due to Other Non-Financial Assets</b>				
Purchased Materials and Supplies		(4,443)	<b>(4,590)</b>	(4,082)
Use of Materials and Supplies		4,443	<b>4,457</b>	4,248
Prepayment of Expenses		-	<b>(1,500)</b>	(1,397)
Use of Prepaid Expenses		-	<b>1,397</b>	558
		-	<b>(236)</b>	(673)
Net Remeasurement Gains for the Year		-	<b>169</b>	-
<b>Increase in Net Financial Assets</b>		1,392	<b>16,844</b>	4,380
<b>Net Financial Assets, Beginning</b>		42,990	<b>42,990</b>	38,610
<b>Net Financial Assets, Ending</b>		44,382	<b>59,834</b>	42,990

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**Consolidated Statement of Cash Flows**

<i>In thousands of Canadian Dollars</i>	Note	2025	2024
<b>Cash Provided by (Used in):</b>			
<b>Cash Provided by Operating Activities</b>			
Surplus from Operations		36,395	27,466
<b>Items Not Involving Cash</b>			
Amortization of Tangible Capital Assets	15,18	17,412	16,294
Contributed Tangible Capital Assets	15	(17,578)	(12,513)
Loss on Disposal of Tangible Capital Assets	15,18	314	(318)
Accretion of Asset Retirement Obligations	12	182	168
Investments Realized Gains		(674)	-
<b>Changes in Non-Cash Assets and Liabilities</b>			
Revenues Receivable		(3,762)	(457)
Inventory Held for Resale		-	(6)
Accounts Payable and Accrued Liabilities		(3,445)	3,119
Deposits on Account		315	74
Deferred Revenue	10	(412)	(3,659)
Liability for Contaminated Sites	11	24	25
Inventory of Supplies		(133)	168
Prepaid Expenses		(103)	(839)
		<b>28,535</b>	<b>29,522</b>
<b>Cash (Used in) Provided by Investing Activities</b>			
Purchase of Investments		(35,660)	(44,259)
Proceeds from Investments		33,141	52,500
		<b>(2,519)</b>	<b>8,241</b>
<b>Cash Used in Financing Activities</b>			
Temporary Loans Payable	9	2,000	-
Repayment of Long-Term Debt	13	(2,194)	(2,133)
Proceeds from Long-Term Debt		34	-
		<b>(160)</b>	<b>(2,133)</b>
<b>Cash Used in Capital Activities</b>			
Acquisition of Tangible Capital Assets	15	(20,139)	(26,301)
Proceeds on Disposal of Tangible Capital Assets	15	507	425
		<b>(19,632)</b>	<b>(25,876)</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>6,224</b>	<b>9,754</b>
<b>Cash and Cash Equivalents, Beginning</b>		<b>31,347</b>	<b>21,593</b>
<b>Cash and Cash Equivalents, Ending</b>		<b>37,571</b>	<b>31,347</b>
Cash paid for interest		627	714
Cash received from interest		3,769	4,614

**1. Significant Accounting Policies**

**a. Basis of Accounting**

These consolidated financial statements ("financial statements") have been prepared in accordance with the Canadian Public Sector Accounting Standards that are applicable for governments.

**b. Reporting Entity**

These consolidated financial statements are prepared for the City and reflect the consolidated assets, liabilities, revenues, expenses, and accumulated surplus of the reporting entity.

The reporting entity includes all divisions and departments that comprise City operations and the City of Fort Saskatchewan Library Board ("Library Board").

The City is a member of various other boards, commissions and other organizations that are not part of the government reporting entity, including but not limited to the Heartland Housing Foundation, Alberta Industrial Heartland Association, Arrow Utilities, the Capital Region Northeast Water Services Commission, the Capital Region Assessment Services Commission and the Edmonton Region Waste Advisory Committee.

Property taxes levied include requisitions for education, senior's housing, and the assessment of designated industrial properties, which are collected on behalf of organizations that are not part of the reporting entity.

**c. Inter Entity Transactions**

Inter-departmental and inter-entity transactions and balances have been eliminated.

**d. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts 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 expenditures during the period. Actual results could differ from these estimates.

Significant financial statement areas requiring the use of management estimates include:

- accrued receivables;
- valuation of inventory;
- valuation of investments;
- accrued liabilities;
- employee benefit obligations;
- valuation of liabilities for contaminated sites;
- valuation of asset retirement obligations;
- useful life and amortization of tangible capital assets; and
- valuation of contributed tangible capital assets.

**e. Financial Instruments**

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

<b>Financial Statement Component</b>	<b>Measurement</b>
Cash and Cash Equivalents	Cost
Trade and Other Receivables	Lower of cost and net recoverable value
Investments	Fair value or amortized cost
Accounts Payable and Accrued Liabilities	Cost
Deposit Liabilities	Cost
Temporary Loans	Fair value or amortized cost
Long-Term Debt	Amortized cost

Contractual obligations are evaluated for the existence of embedded derivatives. The City measures and recognizes embedded derivatives separately from the host contract when the economic characteristics and risk of the embedded derivative are not closely related to those of the host contract, when it meets the definition of a derivative and when the entire contract is not measured at fair value. An election can be made to either measure the entire contract at fair value or measure the value of the derivative component separately when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. For investments with embedded derivatives, the City has made the irrevocable election to measure the entire investment at fair value.

Transaction costs related to the acquisition of financial instruments are added to the carrying value of items in the cost or amortized cost category when they are initially recognized. However, transaction costs for financial instruments in the fair value category are expensed in the statement of operations when the instrument is acquired.

The City assesses financial assets for impairment at each financial statement date to determine if there is evidence of impairment. Impairment charges are recognized in the statement of operations when there has been a loss in value in the underlying economic resource, other than a temporary loss.

Financial instruments recorded at fair value are measured using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

**f. Cash and Cash Equivalents**

Cash includes cash equivalents, which are highly liquid securities with a maturity of three months or less when purchased.

**g. Inventory Held for Resale**

Inventory held for resale are items that are held for resale in the ordinary course of operations and, therefore, are expected to provide resources to discharge existing liabilities or finance future operations.

Land and other assets may be classified as inventory held for resale when Council commits to selling the assets, the asset is in a condition to be sold, the asset is publicly seen to be for sale, there is an active market for the asset, there is a plan in place to sell the asset, and it is reasonably expected that the asset will be sold to a purchaser external to the City within one year of the financial statement date. Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

**h. Investments**

Investments not containing embedded derivatives are recorded at amortized cost less amounts written off to reflect other than temporary declines in value. Investment premiums and discounts are amortized on the straight-line basis over the term of the respective investments. The City invests its funds pursuant to authorized investments allowed by the Municipal Government Act and its investment policy.

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

Investments containing embedded derivatives are recorded at fair value.

**i. Employee Benefit Obligations**

Certain City employees are entitled to accumulating non-vesting sick leave benefits. The City recognizes a liability and expense for accumulating non-vesting sick leave benefits using an actuarial cost method as the employees render services to earn the benefits. The liability and expense are determined using

the projected benefit method which includes management's best estimates of an expected discount rate, inflation, rate of compensation increases, termination and retirement dates, and mortality. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the employee group.

The City is a member of defined benefit multiemployer and multiple-employer pension plans.

Multiemployer pension plans are accounted for similarly to defined contribution plans where contributions are recorded as expenses in the year in which they become due.

Multiple-employer pension plans are accounted for as defined benefit plans. As employees render services, the value of the retirement benefits attributed to those services are recorded as a liability within accounts payable and accrued liabilities and expensed within salaries, wages, and benefits along with other forms of current compensation. The value of the pension liability is determined actuarially using the projected benefit method. Actuarial gains and losses are amortized over the average estimated remaining years of service of the employees.

**j. Deferred Revenue**

Deferred revenue represents amounts received for which the related activities have yet to be performed. These amounts will be recognized as revenue in the period when the revenue recognition criteria have been met.

**k. Contaminated Site Liabilities**

The City recognizes contaminated site liabilities when sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination being introduced in air, soil, water, or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

The City records a liability at the estimated cost of remediation of these sites when contamination exceeds an existing environmental standard, either the City is solely responsible or it accepts responsibility for the contamination, and a reasonable estimate of the amount can be made.

**l. Temporary Loans Payable**

Temporary loans represent short-term borrowings used to address timing differences in the City's cash flows and working capital requirements. These borrowings primarily consist of amounts drawn on the City's revolving credit facility.

Temporary loans are initially recognized at fair value, which approximates the proceeds received. Subsequently, they are measured at amortized cost using the effective interest method. Given their short-term nature and repayment terms, the carrying amount typically approximates the principal outstanding.

The city has access to unsecured credit facilities to support its short-term financing needs, including a demand revolving credit facility that is repayable on demand. As such, amounts drawn are classified as current liabilities.

**m. Long-Term Debt**

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

**n. Asset Retirement**

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to:

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use;
- post-retirement activities such as monitoring; and
- constructing other tangible capital assets to perform post-retirement activities.

A liability for an asset retirement obligation is recognized when all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- 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.

Asset retirement obligations are initially measured at the later of the date of acquisition or when a legal obligation arises. When a liability for an asset retirement obligation is recognized, asset retirement costs related to the recognized tangible capital asset in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets or those not in productive use are expensed.

When the future retirement date is unknown, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. When the future retirement date is known, a present value technique is used to measure the liability; the liability is adjusted for the passage of time which is recognized as accretion expense in the consolidated statement of operations.

Asset retirement obligations reflect the City's best estimate, at year end, of the amounts of the legal obligations required to retire tangible capital assets. Estimates are made by management using professional judgment, similar contractor costs, and third-party quotes, and are subsequently re-measured taking into account any new information and the appropriateness of assumptions used at each reporting date.

The City continues to recognize asset retirement obligations until they are settled or otherwise extinguished. Disbursements made to settle an obligation are deducted from the reported obligation when they are made.

**o. Non-Financial Assets**

**i. Tangible Capital Assets**

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

Assets	Useful Life - Years
Land Improvements	15 - 25
Engineering Structures	5 - 80
Buildings	10 - 50
Machinery and Equipment	3 - 25
Vehicles	6 - 20

Assets under construction are not amortized until the asset is available for productive use.

**ii. Contributions of Tangible Capital Assets**

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

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

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

**iv. Leased Tangible Capital Assets**

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

**v. Inventory of Supplies**

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

**p. Revenue Recognition**

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

Revenue from transactions with performance obligations, including utility user rates, user fees and charges, licenses and permits, and other revenue, is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. Revenue is recognized as the City satisfies each performance obligation, either over time or at a point in time, depending on the nature of the obligation.

Revenue from transactions with no performance obligations, including fines and penalties, is recognized when the City has the authority to claim or retain an inflow of economic resources resulting from a past transaction or event giving rise to an asset.

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 or construction of tangible capital assets. These transfers 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. These 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.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Levies refer to taxes requisitioned from other levels of government for education, seniors housing, and assessment of designated industrial properties. Over-levies and under-levies arise from the difference between the actual 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 from the prior year.

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, and are not the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met by the City, and reasonable estimates of the amounts can be made. Amounts to be recognized in future periods are recorded as deferred revenue.

**q. Segmented Disclosure**

The segmented information in note 19 has been identified based on the types of services provided by the City to its residents. The types of services provided are identified in the Consolidated Statement of Operations. The total revenue for all segments reconciles to the revenue per the Statement of Operations, the total expenses for each segments reconciles to the expenses per the Statement of Operations, and the total expenses by object for all segments reconciles to note 18.

**r. Future Accounting Standards**

The following summarizes upcoming substantial changes to Public Sector Accounting Standards and their expected impact on the City’s financial statements. Early adoption is permitted, however certain standards must be adopted concurrently.

**i. Amendments effective for years beginning on or after April 1, 2026:**

Standard	Details	Expected Impact
The Conceptual Framework for Financial Reporting in the Public Sector	Establish a conceptual framework for financial reporting in the public sector.	Assessing impact.

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PS1202 – Financial Statement Presentation	Establishes a revised financial statement presentation to align with the Conceptual Framework. Replaces PS1201.	Assessing impact.
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**2. Cash and Cash Equivalents**

	2025	2024
	\$000	\$000
Operating Accounts	36,611	30,418
Short Term Deposits	960	929
	<b>37,571</b>	<b>31,347</b>

Short term deposits require between 31 and 90 days notice of demand to redeem and are held in accounts guaranteed by the Province of Alberta. Short term deposits bare interest at variable rates which is earned daily and paid monthly.

**3. Property Taxes Receivable**

	2025	2024
	\$000	\$000
Current	1,204	722
Arrears	122	172
	<b>1,326</b>	<b>894</b>

**4. Government Transfers Receivable**

	2025	2024
	\$000	\$000
Federal Government	1,265	243
Provincial Government	564	1,988
	<b>1,829</b>	<b>2,231</b>

**5. Trade and Other Receivables**

	2025	2024
	\$000	\$000
Utilities Receivable	2,846	2,048
Developer Payments and Offsite Levies Receivable	150	303
Other Trade Receivables	6,984	3,896
	<b>9,980</b>	<b>6,247</b>

**6. Inventory Held for Resale**

	2025	2024
	\$000	\$000
Land for Resale	1,422	1,422
Other Inventory for Resale	40	40
	<b>1,462</b>	<b>1,462</b>

These notes are integral to the consolidated financial statements.

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**7. Investments**

	2025	2024
	Carrying Value \$000	Carrying Value \$000
Guaranteed Investment Certificates	10,000	25,000
Corporate and Government Bonds	24,786	13,473
Principal Protected Notes	14,782	7,750
Other	169	154
	<b>49,737</b>	<b>46,377</b>

- a) The guaranteed investment certificates which have effective interest rates of 2.65% to 5.45% (2024 – 5.00% to 6.15%), are for fixed terms and have maturity dates of less than four years at the time of purchase.
- b) The corporate and government bonds have effective interest rates of 4% to 6.60% (2024 – 2.65% to 6.60%), with maturity dates between 2026 and 2035. These investments are comprised of both marketable and non-marketable securities. Marketable securities as at December 31, 2025, have an aggregate fair value of \$24,669,000 (2024 - \$13,794,000).
- c) Principal protected notes contain embedded derivatives, are recorded at fair value, and are classified as level 2 within the fair value hierarchy. Principal protected notes mature between 2029 and 2035.

**8. Employee Benefit Obligations**

	2025	2024
	\$000	\$000
Vacation and Other Accrued Leave	(1,912)	(1,704)
Non-Vesting Sick Leave	(1,363)	(1,220)
Other Benefits	(141)	(116)
	<b>(3,416)</b>	<b>(3,040)</b>

**a. Vested Vacation and Other Accrued Leave**

Accrued leave includes accruals for vacation leave, time off in lieu of overtime and vested sick leave. The accruals for vacation and time off in lieu of overtime are comprised of the time banked that employees are deferring to future years. Employees have earned the benefits (and are vested) and are entitled to the benefits in the next calendar year.

**b. Non-Vesting Sick Leave**

The City has a sick leave program where certain employees can accumulate a benefit to compensate absences for sick time. The program is non-vesting and the benefit is forfeited upon end of service. The accrued benefit obligation for this non-vesting sick leave benefit has been actuarially determined.

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The non-vested sick leave liability at December 31 was:

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Accrued Benefit Obligation	<b>1,363</b>	1,220
Unamortized Actuarial Gains	<b>(160)</b>	(205)
<b>Net Liability included in Employee Benefits Obligation</b>	<b>1,203</b>	1,015

Movements in the accrued benefit obligation are as follows:

	<b>2025</b>	2024
	<b>\$000</b>	\$000
<b>Accrued Benefit Obligation, Beginning</b>	<b>1,220</b>	1,097
<b>Service Costs:</b>		
Current Service Costs	<b>199</b>	184
Current Benefit Payments	<b>(105)</b>	(117)
Interest Expense	<b>49</b>	56
<b>Defined Benefit Expense Included in Statement of Operations</b>	<b>143</b>	123
<b>Accrued Benefit Obligation, Ending</b>	<b>1,363</b>	1,220

Significant actuarial assumptions were as follows:

	<b>2025</b>	2024
Discount Rate	<b>4.40%</b>	4.40%
Estimated Average Remaining Service Life	<b>6</b>	7
Salary Growth Rate	<b>3.30%</b>	3.30%

**c. Other Benefits**

The City offers defined retirement benefits to its employees under three plans, the Local Authorities Pension Plan ("LAPP"), the APEX Supplementary Pension Plan ("APEX"), and the MuniSERP Supplemental Executive Employee Retirement Program ("MuniSERP").

LAPP and APEX are multiemployer plans sponsored by the Province of Alberta and Alberta Municipalities respectively. LAPP is available to substantively all of its employees, while APEX is available only to a specified class of employees. Employees and the City each make contributions to the plans based on specified rates set by the sponsors. In 2025, the City recognized current service costs in the statement of operations equal to \$2,246,000 (2024 - \$2,101,000) for LAPP and \$24,000 (2024 - \$17,000) for APEX. In 2025, the City contributed \$2,150,000 (2024 - \$2,077,000) to LAPP and \$24,000 (2024 - \$17,000) to APEX. Employees contributed in 2025 \$2,011,000 (2024 - \$1,880,000) to LAPP and \$20,000 (2024 - \$14,000) to APEX.

According to its latest annual report dated December 31, 2024, LAPP held a surplus of net assets available for benefits in the amount of \$19,557,000,000 (2023 - \$15,057,000,000). Valuation of LAPP's

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net assets and benefit obligations are actuarially determined at the beginning of each year using the projected benefit method pro-rated on service and extrapolated to year end.

According to Alberta Municipalities latest annual report dated December 31, 2024, APEX held a surplus of net assets available for benefits in the amount of \$111,557,000 (2023 – \$95,389,000). Valuation of APEX's net assets and benefit obligations are actuarially determined every three years using the projected benefit method pro-rated on service and extrapolated for the current period. The latest actuarial valuation was completed for the period ended December 31, 2025. The next valuation will be for December 31, 2027.

MuniSERP is an unfunded Multiple-Employer defined benefit retirement plan managed by the Alberta Municipal Services Corporation ("AMSC"). The plan supplements the LAPP and APEX, providing retirement benefits to a prescribed class of employees in excess of the maximum allowable pensionable amount under the Income Tax Act. Pursuant to an Advance Tax Ruling, the City earmarks assets in an investment fund managed by AMSC equal to the accrued benefit obligation. At December 31, 2025, the City earmarked \$180,000 (2024 - \$154,000) in the investment fund.

The MuniSERP liability at December 31 was:

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Accrued Benefit Obligation	<b>178</b>	149
Unamortized Actuarial Gains	<b>(18)</b>	(18)
	<b>160</b>	131

Movements in the accrued benefit obligation are as follows:

	<b>2025</b>	2024
	<b>\$000</b>	\$000
<b>Accrued Benefit Obligation, Beginning</b>	<b>149</b>	123
<b>Service Costs:</b>		
Current Service Costs	<b>20</b>	20
Amortization of Actuarial Gains	<b>1</b>	1
Interest Expense	<b>8</b>	7
<b>Defined Benefit Expense Included in Statement of Operations</b>	<b>29</b>	28
Change in Unamortized Actuarial Gains	-	(2)
<b>Accrued Benefit Obligation, Ending</b>	<b>178</b>	149

Significant actuarial assumptions were as follows:

	<b>2025</b>	2024
Discount Rate	<b>5.00%</b>	5.00%
Inflation Rate	<b>2.00%</b>	2.00%
Salary Growth Rate	<b>2.75%</b>	2.75%

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**9. Temporary Loans Payable**

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Operating line – Draw down of facility	<b>2,000</b>	-
	<b>2,000</b>	-

The City has entered into a credit agreement providing for unsecured credit facilities consisting of (i) a demand revolving credit facility with a maximum limit of \$20.0 million, including an overdraft sub-facility up to \$5.0 million, and (ii) a corporate credit card facility with a limit of \$1.25 million. The revolving facility is available for general municipal and working capital purposes, including the issuance of letters of credit, and bears interest at the Bank's prime rate less 0.75%, with interest payable monthly and amounts repayable on demand; advances may be drawn, repaid, and re-borrowed subject to compliance with the agreement terms.

**10. Deferred Revenue**

Deferred revenue is comprised of the funds noted below, the use of which, 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.

	2024	Received	Recognized	<b>2025</b>
	\$000	\$000	\$000	<b>\$000</b>
<b>Capital Government Transfers</b>				
Provincial	(1,033)	(2,098)	2,019	<b>(1,112)</b>
Federal	(280)	(956)	1,236	-
	<b>(1,313)</b>	<b>(3,054)</b>	<b>3,255</b>	<b>(1,112)</b>
<b>Operating Government Transfers</b>				
Provincial	(372)	(2,370)	2,167	<b>(575)</b>
Federal	(13)	(63)	1	<b>(75)</b>
	<b>(385)</b>	<b>(2,433)</b>	<b>2,168</b>	<b>(650)</b>
<b>Other Deferred Revenue</b>	<b>(1,394)</b>	<b>(3,629)</b>	<b>4,105</b>	<b>(918)</b>
	<b>(3,092)</b>	<b>(9,116)</b>	<b>9,528</b>	<b>(2,680)</b>

**11. Liability for Contaminated Sites**

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Public Works Yard – underground fuel tanks	1,285	1,261
Old Snow Dump Site	120	120
	<b>1,405</b>	<b>1,381</b>

The City has two sites where the soil became contaminated to a level that exceeds standards set by the Government of Alberta, including contamination from underground fuel tanks in the Public Works Yard, and contamination from an old snow dump site. These estimates are based on quotes from third parties to monitor and remediate the contamination. Changes in estimate are reflected in the Statement of Operations and Note 18.

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**12. Asset Retirement Obligations**

	<b>2025</b>	2024
	<b>\$000</b>	\$000
<b>Balance, Beginning</b>	<b>(3,721)</b>	(3,553)
<b>Net change for the year:</b>		
Accretion expense	<b>(182)</b>	(168)
<b>Net change for the year</b>	<b>(182)</b>	(168)
<b>Balance, Ending</b>	<b>(3,903)</b>	(3,721)

Tangible capital assets with associated retirement obligations include buildings and water systems.

The City has asset retirement obligations to remove various hazardous materials including asbestos, ammonia, antifreeze, lead, mercury, PCBs, and other chemicals from various buildings systems under its control and the City's water tower. Regulations require the City to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when a building undergoes renovations or is demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the City to remove the materials when asset retirement activities occur.

The extent of the liability is limited to costs directly attributable to the removal of the listed hazardous materials from various water systems under the City's control in accordance with the legislation establishing the liability. The City estimated the nature and extent of hazardous materials in its buildings primarily based on third party quotations, discounted to the present value using a discount rate of 4.9% (2024 – 4.9%) and an inflation rate of 2.5% (2024 – 2.5%). The liabilities are adjusted for the passage of time and accretion expense is recorded in the consolidated statement of operations. At December 31, 2025, the aggregate undiscounted amount of the estimated future cash flows required to settle the obligations is \$16,456,000 (2024 - \$16,456,000) and are expected to be settled between 2026 and 2077.

Management has determined that the closing balance of \$3,903,000 (2024 - \$3,721,000) includes any settlements that would have occurred during the prior year.

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**13. Long-Term Debt**

	<b>2025</b>	2024
	<b>\$000</b>	\$000
<b>Debentures Supported By:</b>		
Property Taxes	<b>(15,728)</b>	(17,469)
Special Levies	<b>(137)</b>	(137)
Utility User Rates	<b>(1,403)</b>	(1,842)
	<b>(17,268)</b>	(19,448)
<b>Capital Lease Obligations</b>	<b>(57)</b>	(37)
	<b>(17,325)</b>	(19,485)

Debentures are payable in semi-annual or annual amounts up to the year 2042, with accompanying interest rates ranging from 2.299% to 4.99%. Debenture debt is issued on the credit and security of the City at large.

Principal and interest payment obligations for long-term debt are as follows:

	Principal	Interest	Total
	\$000	\$000	\$000
2026	2,268	552	<b>2,820</b>
2027	2,070	487	<b>2,557</b>
2028	2,124	417	<b>2,541</b>
2029	2,194	345	<b>2,539</b>
2030	2,151	273	<b>2,424</b>
Subsequent	6,518	479	<b>6,997</b>
	<b>17,325</b>	<b>2,553</b>	<b>19,878</b>

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For the year ended December 31, 2025

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**14. Debt Limits**

Section 276(2) of the Municipal Government Act requires that debt limits as defined by regulation for the City be disclosed as follows:

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Debt Limit	<b>174,488</b>	149,379
Temporary Loans Payable	<b>(2,000)</b>	-
Long term Debt	<b>(17,325)</b>	(19,448)
Debt Limit in Excess of Outstanding Debt	<b>155,163</b>	129,931

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Service on Debt Limit	<b>29,081</b>	24,897
Service on Long term Debt	<b>(2,801)</b>	(2,801)
Service on Debt Limit in Excess of Service on Outstanding Debt	<b>26,280</b>	22,096

The debt limit is calculated at 1.5 times revenue of the City (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 financial statements must be interpreted as a whole.

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**15. Tangible Capital Assets**

<b>Historic Cost</b>	2024 \$000	Additions \$000	Disposals & Transfers \$000	<b>2025 \$000</b>
Engineering Structures				
Roadway Systems	245,166	11,260	(641)	<b>255,785</b>
Water Systems	70,116	2,785	(12)	<b>72,889</b>
Wastewater Systems	73,690	5,568	(39)	<b>79,219</b>
Storm Systems	86,595	3,100	(77)	<b>89,618</b>
Fibre Optics	1,688	-	-	<b>1,688</b>
Buildings	98,092	16,942	-	<b>115,034</b>
Machinery and Equipment	30,439	1,387	(1,124)	<b>30,702</b>
Land	118,850	2,610	(1)	<b>121,459</b>
Land Improvements	37,171	1,601	132	<b>38,904</b>
Vehicles	8,467	931	(310)	<b>9,088</b>
Construction In Progress <sup>(a)</sup>	18,037	(8,464)	(321)	<b>9,252</b>
	<b>788,311</b>	<b>37,720</b>	<b>(2,393)</b>	<b>823,638</b>
<b>Accumulated Amortization</b>	2024 \$000	Amortization \$000	Disposals \$000	<b>2025 \$000</b>
Engineering Structures				
Roadway Systems	(117,231)	(7,967)	289	<b>(124,909)</b>
Water Systems	(15,898)	(1,071)	9	<b>(16,960)</b>
Wastewater Systems	(18,302)	(1,318)	27	<b>(19,593)</b>
Storm Systems	(16,452)	(1,185)	29	<b>(17,608)</b>
Fibre Optics	(959)	(31)	-	<b>(990)</b>
Buildings	(33,095)	(2,166)	(1)	<b>(35,262)</b>
Machinery and Equipment	(16,826)	(1,800)	912	<b>(17,714)</b>
Land Improvements	(18,158)	(1,259)	(6)	<b>(19,423)</b>
Vehicles	(4,156)	(615)	310	<b>(4,461)</b>
	<b>(241,077)</b>	<b>(17,412)</b>	<b>1,569</b>	<b>(256,920)</b>
<b>Net Book Value</b>	2024 \$000			<b>2025 \$000</b>
Engineering Structures				
Roadway Systems	127,935			<b>130,876</b>
Water Systems	54,218			<b>55,929</b>
Wastewater Systems	55,388			<b>59,626</b>
Storm Systems	70,143			<b>72,010</b>
Fibre Optics	729			<b>698</b>
Buildings	64,997			<b>79,772</b>
Machinery and Equipment	13,613			<b>12,988</b>
Land	118,850			<b>121,459</b>
Land Improvements	19,013			<b>19,481</b>
Vehicles	4,311			<b>4,627</b>
Construction In Progress	18,037			<b>9,252</b>
	<b>547,234</b>			<b>566,718</b>

(a) Construction in progress additions includes a transfer of \$19,980,000 to the other assets put to service.

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**16. Accumulated Surplus**

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

	<b>2025</b>	2024
	<b>\$000</b>	\$000
Equity in Tangible Capital Assets	<b>543,489</b>	524,028
Financial Reserves	<b>77,653</b>	66,104
Unrestricted Surplus	<b>7,442</b>	2,057
Accumulated Remeasurement Gain	<b>169</b>	-
	<b>628,753</b>	592,189

**17. Property Taxes**

	Budget (Note 21) \$000	<b>2025</b>	2024
		<b>\$000</b>	\$000
<b>Revenues</b>			
Residential Land and Improvements	37,828	37,949	34,574
Non-Residential:			
Land and Improvements	19,202	19,164	17,135
Machinery and Equipment	20,685	20,852	19,603
Linear Property	1,628	1,627	1,508
Farm Land	7	7	7
Federal and Provincial Grants in Place of Taxes	787	593	356
Local Improvement Levies	30	22	22
	80,167	<b>80,214</b>	73,205
<b>Requisitions</b>			
Alberta School Fund Foundation	(15,575)	(15,613)	(13,725)
Elk Island Catholic Separate Regional District	(1,980)	(1,980)	(1,845)
Heartland Housing Foundation	(721)	(723)	(707)
Designated Industrial Properties Assessment	(150)	(151)	(151)
	(18,426)	(18,467)	(16,428)
	61,741	<b>61,747</b>	56,777

City of Fort Saskatchewan  
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**18. Expenses by Object**

	Budget (Note 21) \$000	2025 \$000	2024 \$000
Salaries, Wages and Benefits	40,012	<b>40,157</b>	37,560
Purchases from Other Governments and Agencies (Note 19)	20,147	<b>18,179</b>	18,245
Contracted Services	8,668	<b>8,858</b>	8,404
Service Maintenance Contracts	3,347	<b>3,467</b>	3,962
Materials and Supplies	4,443	<b>4,457</b>	4,248
Utilities	3,483	<b>3,400</b>	3,305
General Administration	1,075	<b>929</b>	1,103
Interest on Long-Term Debt	760	<b>617</b>	685
Insurance	712	<b>685</b>	643
Training and Development	833	<b>698</b>	577
Transfers to Individuals and Organizations	670	<b>562</b>	658
Advertising and Printing	588	<b>406</b>	413
Contaminated Sites Revaluation	-	<b>(23)</b>	(26)
Amortization of Tangible Capital Assets	18,788	<b>17,412</b>	16,294
Loss (Gain) on Disposal of Tangible Capital Assets	-	<b>314</b>	(318)
Accretion of Asset Retirement Obligations	178	<b>182</b>	168
Other Expenses	663	<b>464</b>	335
	104,367	<b>100,764</b>	96,260

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19. Segmented Disclosure

Municipal Operations										
	Infrastructure & Planning Services \$000	Community & Protective Services \$000	Corporate Services \$000	Senior Leadership \$000	Elected Officials \$000	Fiscal Services \$000	Total Municipal Operations \$000	Utility Operations \$000	Public Library \$000	2025 \$000
<b>Revenue</b>										
Property Taxes	14	-	-	-	-	61,733	61,747	-	-	61,747
Utility User Rates	-	-	-	-	-	-	-	24,143	-	24,143
User Fees & Charges	7,353	3,717	133	-	-	10	11,213	1,128	17	12,358
Fines and Penalties	11	820	-	-	-	455	1,286	173	4	1,463
Investment Income	-	8	-	-	-	3,666	3,674	-	41	3,715
Government Transfers - Operating	219	1,525	99	70	-	-	1,913	92	160	2,165
Other Revenue	825	1,079	13	-	-	236	2,153	12	28	2,193
<b>Total Revenue</b>	<b>8,422</b>	<b>7,149</b>	<b>245</b>	<b>70</b>	<b>-</b>	<b>66,100</b>	<b>81,986</b>	<b>25,548</b>	<b>250</b>	<b>107,784</b>
<b>Expenses</b>										
Salaries, Wages and Benefits	(12,105)	(15,352)	(6,828)	(1,448)	(476)	(80)	(36,289)	(2,816)	(1,052)	(40,157)
Purchases from Other Governments	(438)	(5,453)	(10)	-	-	(471)	(6,372)	(11,707)	(100)	(18,179)
Contracted Services	(4,550)	(1,159)	(2,251)	(6)	-	(80)	(8,046)	(711)	(101)	(8,858)
Service Maintenance Contracts	(856)	(129)	(69)	(17)	-	(1)	(1,072)	(2,382)	(13)	(3,467)
Utilities	(3,250)	-	-	-	-	-	(3,250)	(150)	-	(3,400)
Materials and Supplies	(2,369)	(912)	(399)	(104)	-	-	(3,784)	(644)	(29)	(4,457)
Transfers to Individuals and Organizations	(46)	(167)	-	-	-	(349)	(562)	-	-	(562)
Interest on Long-term Debt	-	-	-	-	-	(567)	(567)	(50)	-	(617)
Insurance	-	-	(652)	-	-	-	(652)	(28)	(5)	(685)
Training and Development	(165)	(221)	(170)	(64)	(23)	-	(643)	(52)	(3)	(698)
Advertising and Printing	(28)	(87)	(221)	(7)	(32)	-	(375)	(23)	(8)	(406)
General Administration	(484)	(143)	(119)	(57)	(10)	-	(813)	(101)	(15)	(929)
Contaminated Sites	-	-	-	-	-	23	23	-	-	23
Amortization of Tangible Capital Assets	(12,977)	(541)	(248)	(674)	-	-	(14,440)	(2,786)	(186)	(17,412)
Loss on Disposal of Tangible Capital Assets	2	14	-	(4)	-	(329)	(317)	-	3	(314)
Accretion of Asset Retirement Obligations	-	-	-	-	-	(182)	(182)	-	-	(182)
Other Expenses	-	-	(62)	-	-	(396)	(458)	(4)	(2)	(464)
<b>Total Operating Expenses</b>	<b>(37,266)</b>	<b>(24,150)</b>	<b>(11,029)</b>	<b>(2,381)</b>	<b>(541)</b>	<b>(2,432)</b>	<b>(77,799)</b>	<b>(21,454)</b>	<b>(1,511)</b>	<b>(100,764)</b>
<b>Other Items</b>										
Contributed Tangible Capital Assets	7,931	-	-	-	-	4,064	11,995	5,583	-	17,578
Government Transfers - Capital	3,221	-	-	-	-	-	3,221	34	-	3,255
Other Capital Funding	1,019	10	-	-	-	-	1,029	-	-	1,029
Developer Payments and Offsite Levies	6,955	-	-	-	-	558	7,513	-	-	7,513
<b>Total Other Items</b>	<b>19,126</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,622</b>	<b>23,757</b>	<b>5,617</b>	<b>-</b>	<b>29,375</b>
<b>Surplus (Deficit) from Operations</b>	<b>(9,720)</b>	<b>(16,991)</b>	<b>(10,784)</b>	<b>(2,311)</b>	<b>(541)</b>	<b>68,290</b>	<b>27,944</b>	<b>9,711</b>	<b>(1,261)</b>	<b>36,395</b>

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<i>In thousands of Canadian Dollars</i>	Municipal Operations						Total Municipal Operations \$000	Utility Operations \$000	Public Library \$000	2024 \$000
	Infrastructure & Planning Services \$000	Community & Protective Services \$000	Corporate Services \$000	Senior Leadership \$000	Elected Officials \$000	Fiscal Services \$000				
<b>Revenue</b>										
Property Taxes	-	-	-	-	-	56,777	56,777	-	-	56,777
Utility User Rates	-	-	-	-	-	-	-	22,781	-	22,781
User Fees and Charges	5,091	4,250	5	-	-	103	9,449	866	12	10,327
Fines and Penalties	23	1,629	-	-	-	426	2,078	110	4	2,192
Investment Income	-	-	12	-	-	3,239	3,251	-	56	3,307
Government Transfers - Operating	514	1,419	46	-	-	-	1,979	110	160	2,249
Other Revenue	450	135	2	-	-	22	609	-	21	630
<b>Total Revenues</b>	<b>6,078</b>	<b>7,433</b>	<b>65</b>	<b>-</b>	<b>-</b>	<b>60,567</b>	<b>74,143</b>	<b>23,867</b>	<b>253</b>	<b>98,263</b>
<b>Expenses</b>										
Salaries, Wages and Benefits	(10,460)	(15,496)	(5,884)	(1,410)	(455)	(61)	(33,766)	(2,791)	(1,003)	(37,560)
Purchases from Other Governments	(377)	(5,883)	(21)	-	-	(438)	(6,719)	(11,440)	(86)	(18,246)
Contracted Services	(3,958)	(1,561)	(1,947)	(36)	-	(39)	(7,541)	(826)	(41)	(8,408)
Service Maintenance Contracts	(859)	(491)	(35)	(14)	-	-	(1,399)	(2,548)	(15)	(3,962)
Utilities	(2,675)	(479)	-	-	-	-	(3,154)	(151)	-	(3,305)
Materials and Supplies	(2,023)	(1,185)	(311)	(150)	(1)	-	(3,670)	(547)	(31)	(4,248)
Transfers to Individuals and Organizations	(86)	(174)	-	-	-	(398)	(658)	-	-	(658)
Interest on Long-term Debt	-	-	-	(7)	-	(617)	(624)	(61)	-	(685)
Insurance	-	(1)	(607)	-	-	-	(608)	(30)	(5)	(643)
Training and Development	(148)	(182)	(117)	(60)	(23)	-	(530)	(45)	(2)	(577)
Advertising and Printing	(24)	(109)	(214)	(6)	(35)	-	(388)	(17)	(8)	(413)
General Administration	(473)	(142)	(159)	(144)	(7)	-	(925)	(86)	(92)	(1,103)
Contaminated Sites	-	-	-	-	-	26	26	-	-	26
Amortization of Tangible Capital Assets	(11,115)	(1,374)	(244)	(646)	-	-	(13,379)	(2,731)	(184)	(16,294)
Gain on Disposal of Tangible Capital Assets	322	15	-	-	-	(19)	318	-	-	318
Accretion of Asset Retirement Obligations	-	-	-	-	-	(168)	(168)	-	-	(168)
Other Expenses	(1)	-	(65)	-	-	(265)	(331)	(2)	(2)	(335)
<b>Total Operating Expenses</b>	<b>(31,877)</b>	<b>(27,062)</b>	<b>(9,604)</b>	<b>(2,473)</b>	<b>(521)</b>	<b>(1,979)</b>	<b>(73,516)</b>	<b>(21,275)</b>	<b>(1,469)</b>	<b>(96,260)</b>
<b>Other Items</b>										
Contributed Tangible Capital Assets	7,674	-	-	-	-	614	8,288	4,225	-	12,513
Government Transfers - Capital	11,345	-	307	-	-	-	11,652	(25)	-	11,627
Other Capital Funding	10	-	-	-	-	-	10	-	-	10
Developer Payments and Offsite Levies	1,313	-	-	-	-	-	1,313	-	-	1,313
<b>Total Other Items</b>	<b>20,342</b>	<b>-</b>	<b>307</b>	<b>-</b>	<b>-</b>	<b>614</b>	<b>21,263</b>	<b>4,200</b>	<b>-</b>	<b>25,463</b>
<b>Surplus (Deficit) from Operations</b>	<b>(5,457)</b>	<b>(19,629)</b>	<b>(9,232)</b>	<b>(2,473)</b>	<b>(521)</b>	<b>59,202</b>	<b>21,890</b>	<b>6,792</b>	<b>(1,216)</b>	<b>27,466</b>

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**20. Purchases from Other Governments and Agencies**

	Budget (Note 21) \$000	2025 \$000	2024 \$000
Wastewater Management Services	(8,035)	<b>(7,944)</b>	(7,267)
Policing Services	(6,686)	<b>(5,373)</b>	(5,805)
Water Supply Services	(4,347)	<b>(3,763)</b>	(4,173)
Commuter Transit Services	(468)	<b>(425)</b>	(364)
Assessment Services	(438)	<b>(471)</b>	(437)
Other	(173)	<b>(203)</b>	(200)
	(20,147)	<b>(18,179)</b>	(18,246)

**21. Budget Data**

The budget data presented in these financial statements is based upon the City's 2025 operating and capital budgets approved by Council on December 10, 2024, and the 2025 Library budget approved by the Library Board on September 9, 2024. The City's budgets are prepared on a modified cash flows basis in accordance with the Municipal Government Act.

A reconciliation of the consolidated operating budget, as approved by Council, is prepared on the modified cash flow basis and the budget prepared in these financial statements in accordance with Canadian Public Sector Accounting Standards has been provided in the table below. The table below also includes a reconciliation of the 2024 and 2025 annual surplus from operations for financial statement purposes to the surplus for operating budget purposes.

	Budget \$000	2025 \$000	2024 \$000
<b>Surplus from Operations</b>	<b>12,084</b>	<b>36,395</b>	27,466
<b>Capital Items Affecting Surplus from Operations</b>			
Amortization of Tangible Capital Assets	18,788	<b>17,412</b>	16,294
Loss (Gain) on Disposal of Tangible Capital Assets	-	<b>314</b>	(318)
Capital Accretion of Asset Retirement Obligations	-	<b>182</b>	161
Contributed Tangible Capital Assets	(11,671)	<b>(17,578)</b>	(12,513)
Government Transfers - Capital	(4,377)	<b>(3,255)</b>	(11,627)
Developers' Agreements and Offsite Levies	-	<b>(7,513)</b>	(1,313)
Other Capital Funding	-	<b>(1,029)</b>	(10)
Other Capital Items	(191)	-	-
<b>Surplus from Operations before Capital Items</b>	<b>14,633</b>	<b>24,928</b>	18,140
Net Transfers to Reserves	(12,558)	<b>(15,292)</b>	(13,950)
Repayment of Long-Term Debt	(2,075)	<b>(2,194)</b>	(2,133)
<b>Operating Budget Surplus</b>	-	<b>7,442</b>	2,057

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**22. Salaries and Benefits Disclosure**

The following disclosure of salaries and benefits for elected municipal officials, the chief administrative officer, and designated officers is presented on a cash flows basis as required by Supplementary Accounting Principles and Standards Regulation (Alta. Reg. 313/2000).

<i>Rounded to the nearest dollar</i>	Salary <sup>(a)</sup>	Benefits & Allowances <sup>(b)</sup>	2025	2024
<b>Elected Officials</b>				
Mayor Makin <sup>(d)</sup>	56,018	9,582	<b>65,600</b>	57,450
Councillor Katchur <sup>(d)</sup>	107,463	12,232	<b>119,695</b>	121,859
Councillor Blizzard	49,699	9,026	<b>58,725</b>	57,450
Councillor Kelly	40,790	5,758	<b>46,548</b>	52,308
Councillor Abitoye	41,990	8,420	<b>50,410</b>	55,967
Councillor A. Randhawa	8,488	2,231	<b>10,719</b>	-
Councillor A. Wesley	9,188	2,273	<b>11,461</b>	-
Councillor Harris	51,399	6,221	<b>57,620</b>	53,308
Councillor Noyen	50,499	9,074	<b>59,573</b>	56,073
	415,534	64,817	<b>480,351</b>	454,414

**Officers**

Chief Administrative Officer	268,275	37,149	<b>305,424</b>	323,630
Designated Officers <sup>(c)</sup>	518,449	72,870	<b>591,319</b>	662,719

- a) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and any other direct cash remuneration.
- b) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan, employment insurance, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, and long-term disability plans. Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including car allowances.
- c) The City had the following designated officers in 2025 and 2024: City Treasurer, Assessment Complaints Manager, two Municipal Assessors, Clerk of the Subdivision Development Appeals Board, and one Development Authority. The Assessment Complaints Manager and two Municipal Assessors are paid by the Capital Region Assessment Services Commission and the individual's pay is not separately identifiable.
- d) Councillor Katchur served as mayor until October 28, 2025. Mayor Makin served as councillor until October 28, 2025

**23. Transactions with Related Parties**

The City is a related party with its key management personnel and their close family members. The City may enter into transactions with these entities and individuals in the normal course of operations. There are no revenues and expenses recognized from transactions with related parties in 2025.

**24. Contingent Assets**

The City has no material contingent assets as of December 31, 2025 or 2024.

**25. Contractual Rights**

Contractual rights are rights of the City to economic resources arising from leases, licenses and contracts or agreements that will result in either assets or revenues in the future when the terms of those contracts or agreements are met.

The City expects to recognize the following revenues from existing contracts:

	<b>User Fees &amp; Charges \$000</b>	<b>Contractual Rights USD \$000</b>
2026	453	1,400
2027	430	1,400
2028	397	1,000
2029	342	-
2030	165	-
Subsequent	794	-
	2,581	3,800

At December 31, 2025, the City was entitled to an estimated \$65,071,000 (2024 - \$43,910,000) in future contributed assets and levies as result of existing developer agreements. This estimate does not include two contracts in which revenue cannot be estimated, as they are dependent on actual sales or costs.

**26. Letters of Credit and Bonds**

In 2025, the City held 42 (2024 - 44) Letters of Credit totaling \$24,909,000 (2024 - \$22,572,000), 5 surety bonds totalling \$8,235,000 (2024 - \$1,223,000), and 55 (2024 - 46) performance and labour and material bonds totalling \$41,148,000 (2024 - \$37,221,000) in the City's favour as security for property development.

**27. Commitments and Contingencies**

The City is party to various claims and legal proceedings in the normal course of its operations. While the final outcome with respect to the claims and legal proceedings pending at December 31, 2025 may not be determined with certainty, it is the opinion of management that their resolution will not have material adverse effects on the City's financial position or results of operations.

The City regularly reviews its environmental objectives and liabilities for its activities and properties as well as any potential reclamation obligations. The City inventoried properties that the City is responsible for to identify potential remediation obligations. All material known and measurable liabilities have been recognized (Note 11).

**28. Financial Instruments**

The City's financial instruments consist of cash and cash equivalents, revenues receivable, investments, temporary loans payable, accounts payable and accrued liabilities, deposit liabilities, and long-term debt.

The City is subject to credit risk with respect to property taxes and other revenues receivables. Credit risk arises from the possibility that property taxpayers and customers who use municipal services may experience financial difficulty and be unable to fulfill their obligations. The substantial number and diversity of property taxpayers and customers, coupled with collection measures available to the City under the Municipal Government Act minimizes the risk. The City is also subject to credit risk associated with counter parties to its investments. This risk is managed at the investment manager level.

The City is subject to cash flow interest rate risk arising from cash and cash equivalents and investments. The City's cash and cash equivalents are held for short term cash flow purposes and earn variable rates of interest. At December 31, 2025, if variable interest rates paid on cash and cash equivalents had increased/decreased by 100 basis points from the period-end rates with all other variables held constant, the surplus from operations for the period would have increased or decreased by approximately \$414,700 (2024 - \$313,000), as a result of higher/lower interest income.

The City's investments are primarily comprised of fixed rate interest bearing securities that mature at various dates. The City mitigates the fair value interest rate risk by generally holding investments to maturity. The City also invests in principal protected notes that are subject to fair value risk as the fair value of these instruments can fluctuate based on referenced indexes.

The City's investments must conform to the investment policy guidelines which includes restrictions on the concentration of institutional and portfolio investments, as well as comply with the Municipal Government Act.

The City is also subject to fair value interest rate risk on its long-term debt. However, as the City intends to settle its long-term debt upon contractual maturity dates, it is not subject to significant fair value risk associated with these debt instruments.

The City is not exposed to significant liquidity risk or other market risks, such as currency and other price risk, arising from its financial instruments.