

TOWN OF SMOKY LAKE

Financial Statements

Year Ended December 31, 2024

TOWN OF SMOKY LAKE
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Year Ended December 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Town of Smoky Lake's management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying consolidated financial statements and the notes thereto. Management believes that the consolidated financial statements present fairly the Town's financial position as at December 31, 2024 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

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

The Town Council is responsible for overseeing management in the performance of its reporting responsibilities, and for approving the consolidated financial statements. Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Town's external auditors.

The consolidated financial statements have been audited by the independent firm of JDP Wasserman LLP. Their report to the Members of Council of the Town of Smoky Lake, stating the scope of their examination and opinion on the financial statements, follow.

Crystal Bryks, Interim Chief Administrative Officer

April 28, 2025

INDEPENDENT AUDITOR'S REPORT

To the Councils of Town of Smoky Lake

Opinion

We have audited the consolidated financial statements of the Town of Smoky Lake and its controlled entities (the Town), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of operations and accumulated surplus, changes in net financial assets and cash flows 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 Town as at December 31, 2024, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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 Town in accordance with 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 PSAS, 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 Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

(continues)

Independent Auditor's Report to the Councils of Town of Smoky Lake (*continued*)

Those charged with governance are responsible for overseeing the Town'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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Town 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.

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.

JDP Wasserman LLP

JDP Wasserman LLP

Chartered Professional Accountants

Wetaskiwin, Alberta

April 28, 2025

TOWN OF SMOKY LAKE
Consolidated Statement of Financial Position
December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash (Note 2)	\$ 397,257	\$ 908,616
Restricted cash (Note 2)	735,099	556,159
Taxes receivable (Note 3)	319,827	376,732
Trade and other receivable (Note 3)	429,758	351,844
Due from other governments (Note 4)	3,443,848	4,470,198
Notes receivable (Note 5)	590,000	590,000
Land held for resale	371,477	245,531
Investments (Note 6)	10,000	10,000
	<u>6,297,266</u>	<u>7,509,080</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	1,072,494	691,914
Deposit liabilities (Note 8)	115,257	10,346
Deferred revenue (Note 9)	2,239,407	4,209,696
Long-term debt (Note 10)	631,501	688,895
Contaminated site liability (Note 12)	34,904	34,904
Asset retirement obligation (Note 13)	147,103	124,076
	<u>4,240,666</u>	<u>5,759,831</u>
NET FINANCIAL ASSETS	<u>2,056,600</u>	<u>1,749,249</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	189,728	121,725
Prepaid expenses	27,870	49,455
Tangible capital assets (Schedule 1)	11,303,775	8,728,188
	<u>11,521,373</u>	<u>8,899,368</u>
ACCUMULATED SURPLUS (Note 14)	<u>\$ 13,577,973</u>	<u>\$ 10,648,617</u>

CONTINGENCIES AND COMMITMENTS (Note 20)

CONTRACTUAL RIGHT (Note 21)

APPROVED BY COUNCIL:

The accompanying notes form an integral part of these financial statements

TOWN OF SMOKY LAKE**Consolidated Statement of Operations and Accumulated Surplus****Year Ended December 31, 2024**

	Budget 2024 (Unaudited)	Actual 2024	Actual 2023
REVENUES			
Net municipal property tax (Schedule 2)	\$ 1,130,268	\$ 1,122,682	\$ 1,071,955
User fees and sale of goods	2,205,411	2,192,902	2,090,759
Penalties and costs on taxes	51,200	47,391	47,829
Franchise and concession contracts (Note 15)	102,620	97,767	97,692
Licenses and permits	16,700	20,621	16,941
Other revenue	42,666	50,009	31,057
Investment income	36,000	87,889	121,338
Rentals	41,560	41,944	41,289
Government transfers for operating (Schedule 3)	266,819	656,470	623,832
	3,893,244	4,317,675	4,142,692
EXPENSES			
Legislative	158,100	125,211	131,327
General administration	552,634	562,338	602,672
Protective services	166,125	171,987	156,583
Transportation	779,939	870,767	891,853
Environmental	1,068,855	1,318,606	1,204,950
Community services	145,223	183,357	154,315
Planning and development	109,997	165,464	134,719
Recreation and culture	194,429	210,519	437,733
Other	609,333	742,224	845,752
	3,784,635	4,350,473	4,559,904
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	108,609	(32,798)	(417,212)
OTHER ITEMS			
Government transfers for capital	-	2,866,148	283,267
Other transfers for capital	-	77,910	-
Gain on disposal of tangible capital assets	-	18,096	-
	-	2,962,154	283,267
ANNUAL SURPLUS (DEFICIT)	108,609	2,929,356	(133,945)
ACCUMULATED SURPLUS - TO BEGIN YEAR	10,648,617	10,648,617	10,782,562
ACCUMULATED SURPLUS - END OF YEAR	\$ 10,757,226	\$ 13,577,973	\$ 10,648,617

The accompanying notes form an integral part of these financial statements

TOWN OF SMOKY LAKE**Consolidated Statement of Changes in Net Financial Assets****Year Ended December 31, 2024**

	Budget 2024	2024	2023
ANNUAL SURPLUS (DEFICIT)	\$ 108,609	\$ 2,929,356	\$ (133,945)
Amortization of tangible capital assets	-	429,765	460,744
Acquisition of tangible capital assets	-	(3,009,458)	(726,726)
Proceeds on disposal of tangible capital assets	-	18,096	-
Gain on disposal of assets	-	(18,096)	-
Remeasurement of tangible capital assets	-	(3,908)	71,190
Land asset transferred to land held for resale	-	8,015	-
Use (acquisition) of prepaid expenses	-	21,585	(28,267)
Use (acquisition) of inventory for consumption	-	(68,004)	(18,803)
	-	(2,622,005)	(241,862)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	108,609	307,351	(375,807)
NET FINANCIAL ASSETS - BEGINNING OF YEAR	1,788,299	1,749,249	2,125,056
NET FINANCIAL ASSETS - END OF YEAR	\$ 1,896,908	\$ 2,056,600	\$ 1,749,249

The accompanying notes form an integral part of these financial statements

TOWN OF SMOKY LAKE
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2024

	2024	2023
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ 2,929,356	\$ (133,945)
Item not affecting cash and cash equivalents:		
Amortization of tangible capital assets	429,765	460,744
Gain on disposal of tangible capital assets	(18,096)	-
Accretion	6,795	6,468
	<u>3,347,820</u>	<u>333,267</u>
Changes in non-cash working capital:		
Prepaid expenses	21,585	(28,267)
Taxes and grants in place of taxes	56,905	55,165
Trade and other receivables	(77,915)	101,105
Accounts payable and accrued liabilities	380,579	139,873
Deferred revenue	(1,970,289)	3,270,599
Deposit liabilities	104,911	-
Land held for resale	(125,946)	76,789
Due from other governments	1,026,350	(3,096,374)
Inventory for consumption	(68,003)	(18,803)
	<u>(651,823)</u>	<u>500,087</u>
Cash flow from operating transactions	<u>2,695,997</u>	<u>833,354</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(3,009,458)	(726,726)
Proceeds on disposal of tangible capital assets	18,096	-
Transfer of tangible capital asset to inventory	8,015	-
Remeasurement of asset retirement obligation	16,232	13,836
Remeasurement of tangible capital asset	(3,908)	71,190
Cash flow used by capital transactions	<u>(2,971,023)</u>	<u>(641,700)</u>
FINANCING TRANSACTIONS		
Repayment of long-term debt	(57,393)	187,687
Designation of restricted cash	(178,940)	(294,736)
Repayment of contaminated site liability	-	(5,046)
Cash flow used by financing transactions	<u>(236,333)</u>	<u>(112,095)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>(511,359)</u>	<u>79,559</u>
Cash and cash equivalents - beginning of year	<u>908,616</u>	<u>829,057</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 397,257</u>	<u>\$ 908,616</u>

The accompanying notes form an integral part of these financial statements

TOWN OF SMOKY LAKE
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2024

(Schedule 1)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2024	2023
<u>Cost:</u>								
Balance, beginning of year	\$ 842,238	\$ 558,813	\$ 1,112,010	\$ 17,447,055	\$ 2,390,556	\$ 499,746	\$ 22,850,418	\$ 22,182,454
Acquisition of tangible capital assets	-	38,311	37,320	2,764,014	169,813	-	3,009,458	726,726
Asset value remeasurement (Note 13)			9,342				9,342	(58,762)
Disposals and transfers	(8,015)	-	-	-	(70,358)	-	(78,373)	-
Balance, end of year	834,223	597,124	1,158,672	20,211,069	2,490,011	499,746	25,790,845	22,850,418
<u>Accumulated Amortization</u>								
Balance, beginning of year	-	308,675	335,301	11,356,696	1,746,581	374,977	14,122,230	13,649,057
Add:								
Amortization	-	20,028	23,086	279,487	92,211	14,952	429,764	460,202
Asset value remeasurement (Note 13)			5,434					12,971
Less:								
Accumulated amortization on disposals	-	-	-	-	(70,358)	-	(70,358)	-
Balance, end of year	-	328,703	363,821	11,636,183	1,768,434	389,929	14,481,636	14,122,230
Net book value of tangible capital assets	\$ 834,223	\$ 268,421	\$ 794,851	\$ 8,574,886	\$ 721,577	\$ 109,817	\$ 11,303,775	\$ 8,728,188
2023 Net book value of tangible capital assets	\$ 842,238	\$ 250,138	\$ 776,709	\$ 6,090,359	\$ 643,975	\$ 124,769	\$ 8,728,188	

TOWN OF SMOKY LAKE**Schedule of Property Taxes****(Schedule 2)****For the Year Ended December 31, 2024**

	Budget 2024	Actual 2024	Actual 2023
TAXATION			
Real property taxes	\$ 1,398,464	\$ 1,389,062	\$ 1,344,379
Linear property tax	52,739	54,527	52,739
Government grants in place of property tax	20,985	21,014	10,493
	<u>1,472,188</u>	<u>1,464,603</u>	<u>1,407,611</u>
REQUISITIONS			
Alberta School Foundation Fund	271,784	271,784	267,638
Smoky Lake Foundation	70,137	70,137	68,018
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>341,921</u>	<u>341,921</u>	<u>335,656</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 1,130,267</u>	<u>\$ 1,122,682</u>	<u>\$ 1,071,955</u>

TOWN OF SMOKY LAKE**Schedule of Government Transfers****(Schedule 3)****For the Year Ended December 31, 2024**

	Budget 2024	Actual 2024	Actual 2023
TRANSFERS FOR OPERATING			
Provincial government	\$ 237,052	\$ 624,279	\$ 608,332
Local government	29,167	30,271	2,100
Federal government	600	1,920	13,400
	<u>266,819</u>	<u>656,470</u>	<u>623,832</u>
TRANSFERS FOR CAPITAL			
Provincial government	-	2,866,148	283,267
	<u>-</u>	<u>2,866,148</u>	<u>283,267</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 266,819</u>	<u>\$ 3,522,618</u>	<u>\$ 907,099</u>

The accompanying notes form an integral part of these financial statements

TOWN OF SMOKY LAKE
Schedule of Segmented Disclosure
For the Year Ended December 31, 2024

(Schedule 4)

	General government	Protective services	Transportation services	Environmental services	Community services	Planning and development	Recreation and culture	Other services	2024
<u>REVENUES</u>									
Net municipal taxes	\$ 1,122,682	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,122,682
User fees and sales of goods	58,318	60	715	1,220,632	-	195,186	-	717,991	2,192,902
Penalties and costs on taxes	47,391	-	-	-	-	-	-	-	47,391
Franchise and concession contracts	97,767	-	-	-	-	-	-	-	97,767
Licenses and permits	14,047	1,088	-	-	-	5,486	-	-	20,621
Other revenues	16,404	-	4,249	1,413	17,960	7,239	2,100	644	50,009
Investment income	87,889	-	-	-	-	-	-	-	87,889
Rentals	19,379	22,565	-	-	-	-	-	-	41,944
Government transfers for operating	100,848	-	-	184,111	131,090	5,500	34,921	200,000	656,470
	1,564,725	23,713	4,964	1,406,156	149,050	213,411	37,021	918,635	4,317,675
<u>EXPENSES</u>									
Contracted and general services	252,707	86,917	90,295	927,081	104,501	102,312	24,827	63,241	1,651,881
Materials, goods and utilities	67,344	47,811	183,708	23,831	14,494	-	39,710	305,324	682,222
Provisions for allowances	1,681	-	-	-	-	-	17,438	-	19,119
Salaries, wages and benefits	317,984	25,392	402,368	234,067	64,362	62,484	15,150	121,906	1,243,713
Transfers to local boards and agencies	-	-	-	-	-	-	92,004	200,000	292,004
Transfer to individuals and organizations	8,120	-	-	-	-	-	-	-	8,120
Interest on long-term debt	12,040	-	4,714	1,743	-	-	-	5,152	23,649
Amortization of tangible capital assets	27,673	11,867	189,682	131,884	-	668	21,390	46,601	429,765
	687,549	171,987	870,767	1,318,606	183,357	165,464	210,519	742,224	4,350,473
<u>OTHER ITEMS</u>									
Government transfers for capital	20,369	-	118,196	2,651,428	-	-	7,205	68,950	2,866,148
Other transfers for capital	15,000	-	-	-	-	62,910	-	-	77,910
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	-	-	18,096	18,096
ANNUAL SURPLUS (DEFFICIT)	\$ 912,545	\$ (148,274)	\$ (747,607)	\$ 2,738,978	\$ (34,307)	\$ 110,857	\$ (166,293)	\$ 263,457	\$ 2,929,356

The accompanying notes are an integral part of these consolidated financial statements
JDP Wasserman LLP

TOWN OF SMOKY LAKE
Schedule of Segmented Disclosure
For the Year Ended December 31, 2023

(Schedule 5)

	General government	Protective services	Transportation services	Environmental services	Community services	Planning and development	Recreation and culture	Other services	2023
<u>REVENUES</u>									
Net municipal taxes	\$ 1,071,955	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,071,955
User fees and sales of goods	56,087	-	1,050	1,208,725	-	26,000	-	798,897	2,090,759
Penalties and costs on taxes	47,829	-	-	-	-	-	-	-	47,829
Franchise and concession contracts	97,692	-	-	-	-	-	-	-	97,692
Licenses and permits	13,570	370	-	-	-	3,001	-	-	16,941
Other revenues	11,269	-	4,800	-	10,790	125	2,610	1,463	31,057
Investment income	121,338	-	-	-	-	-	-	-	121,338
Rentals	14,199	27,090	-	-	-	-	-	-	41,289
Government transfers for operating	120,470	-	7,208	90,739	135,047	5,500	64,868	200,000	623,832
	1,554,409	27,460	13,058	1,299,464	145,837	34,626	67,478	1,000,360	4,142,692
<u>EXPENSES</u>									
Contracted and general services	335,377	77,439	76,107	811,149	95,982	87,595	31,480	63,603	1,578,732
Materials, goods and utilities	68,877	40,377	224,135	41,477	4,682	-	32,286	426,525	838,359
Provisions for allowances	540	-	-	-	-	-	6,028	-	6,568
Salaries, wages and benefits	286,699	25,898	363,367	219,492	53,651	47,124	16,659	105,254	1,118,144
Transfers to local boards and agencies	-	-	-	-	-	-	329,927	200,000	529,927
Transfer to individuals and organizations	8,366	-	-	-	-	-	-	-	8,366
Interest on long-term debt	6,156	-	5,210	1,960	-	-	-	5,738	19,064
Amortization of tangible capital assets	27,984	12,869	223,034	130,872	-	-	21,353	44,632	460,744
	733,999	156,583	891,853	1,204,950	154,315	134,719	437,733	845,752	4,559,904
<u>OTHER ITEMS</u>									
Government transfers for capital	19,541	26,400	92,900	83,565	-	-	60,861	-	283,267
Other transfers for capital	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-
ANNUAL SURPLUS (DEFFICIT)	\$ 839,951	\$ (102,723)	\$ (785,895)	\$ 178,079	\$ (8,478)	\$ (100,093)	\$ (309,394)	\$ 154,608	\$ (133,945)

TOWN OF SMOKY LAKE**Schedule of Expenses by Object
For the Year Ended December 31, 2024****(Schedule 6)**

	Budget 2024	(Actual) 2024	(Actual) 2023
Contracted and general services	\$ 1,486,487	\$ 1,651,881	\$ 1,578,732
Materials, goods and utilities	903,840	682,222	838,359
Provision for allowances	50	19,119	6,568
Salaries, wages and benefits	1,258,412	1,243,713	1,118,144
Transfers to local boards and agencies	92,196	292,004	529,927
Transfers to individuals and organizations	20,000	8,120	8,366
Interest on long-term debt	23,649	23,649	19,064
Amortization of tangible capital assets	-	429,765	460,744
	<u>\$ 3,784,634</u>	<u>\$ 4,350,473</u>	<u>\$ 4,559,904</u>

Note, included in "Transfers to local boards and agencies" is \$200,000 (2023 - \$200,000) that the Municipality awarded to the Metis Crossing Solar Ltd. in accordance with the collaborative agreement related to a solar project. This transfer was fully funded by the Provincial Government with operating transfers. See Note 20. for additional information.

TOWN OF SMOKY LAKE**Schedule of Equity in Tangible Capital Assets****(Schedule 7)****For the Year Ended December 31, 2024**

	2024	2023
BALANCE, BEGINNING OF YEAR	\$ 8,355,705	\$ 8,113,046
Purchase of tangible capital assets	3,009,458	726,726
Amortization of tangible capital assets	(429,765)	(460,744)
Repayment of long-term debt	50,102	48,803
Local improvement tax recovered	(21,857)	(26,608)
Transfer tangible capital asset to inventory	(8,015)	-
Accretion of asset retirement obligation	(6,795)	(6,468)
Asset retirement obligation - remeasurement	(12,323)	(39,050)
BALANCE, END OF YEAR	<u>\$ 10,936,510</u>	<u>\$ 8,355,705</u>
Equity in tangible capital assets is comprised of:		
Net book value of tangible capital assets <i>(Schedule 1)</i>	\$ 11,303,775	\$ 8,728,188
Long-term debt	(402,303)	(452,404)
Local improvement tax recoverable	182,141	203,997
Asset retirement obligation	(147,103)	(124,076)
	<u>\$ 10,936,510</u>	<u>\$ 8,355,705</u>

The accompanying notes form an integral part of these financial statements

TOWN OF SMOKY LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

1. ACCOUNTING POLICIES

The consolidated financial statements of the Town of Smoky Lake (the "Town") are the representations of management prepared in accordance with generally accepted accounting principals for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town of Smoky Lake are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, cash flows, changes in accumulated surplus and change in financial position of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Town and are, therefore, accountable to Town Council for the administration of their financial affairs and resources. Included with the municipality is the following:

Smoky Lake Mineral Rights Development Company Ltd

The schedule of property taxes also includes requisitions that are not part of the reporting entity.

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

(b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. User fee revenues are recognized as services are provided. Franchise, and concession revenues are recognized monthly based on the term of the agreement as earned. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

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

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

(continues)

TOWN OF SMOKY LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

1. ACCOUNTING POLICIES (*continued*)

(c) Use of Estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The Town has used estimates to determine accrued liabilities, tangible capital asset useful lives, asset retirement obligations, and provisions made for allowances for amounts receivable or any provision for impairment.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash and investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition, or are redeemable, and are held for the purpose of meeting short-term cash commitments rather than for investing.

(e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized 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. Gains on principal protected notes are recognized as income when sold.

(f) Land Held for Resale

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.

(g) 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 annual surplus (deficit), provides the Consolidated Statement of Changes in Net Financial Assets for the year (page 7).

(continues)

TOWN OF SMOKY LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

1. ACCOUNTING POLICIES *(continued)*

(h) Inventories

Inventories of materials and supplies for consumption are recorded at the lower of cost or net realizable value with cost determined using the average cost method.

Inventories consisting of land and improvements not currently available for resale are recorded as non-financial assets.

(i) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(continues)

TOWN OF SMOKY LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

1. ACCOUNTING POLICIES *(continued)*

(j) 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:

Land improvements	10 - 25years
Buildings	20 - 100 years
Engineered structures:	
Water system	20 - 75 years
Wastewater system	50 - 75 years
Roads	20 - 40 years
Electrical production	30 - 60 years
Gas distribution	36 years
Machinery and equipment	5 - 40 years
Vehicles	10 - 25 years

Tangible capital assets received or purchased as part of a restructuring transaction are recorded at carrying value at the date of receipt and also are recorded as revenue.

Tangible capital assets under construction are not amortized until the asset is substantially complete and available for productive use. Those tangible capital assets not meeting this criteria are categorized as work-in-progress as of year-end.

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

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

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.

(k) Contaminated Sites

Contaminated sites are defined as a result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Town is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(continues)

TOWN OF SMOKY LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

1. ACCOUNTING POLICIES *(continued)*

(I) 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 consolidated financial statement date when:

- a) there is a legal obligation for the Town to incur retirement costs,
- b) the past transaction or event giving rise to the liability has occurred,
- c) it is expected that future economic benefits will be given up, and
- d) a reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period. At each financial reporting date, the Town reviews the carrying amount of the liability.

The Town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(continues)

TOWN OF SMOKY LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

1. ACCOUNTING POLICIES *(continued)*

(m) Tax Revenue

Property taxes are recognized as revenue in the year they are levied.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the Town and are recognized as revenue in the year in which the local improvement project is completed.

(n) Other Revenue

Sales and user charges are recognized as revenue as goods are transferred or services are rendered.

Contributed assets are recognized as revenue at fair market value of the assets at the date of receipt.

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(o) Requisition Over-levies and Under-levies

Requisition 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. If 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.

(p) New Accounting Standards Adopted in the Year

Effective for fiscal years beginning on or after April 1, 2023, PS3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

Effective for fiscal years beginning on or after April 1, 2023, PSG-8 This new guideline allows for recognition of intangibles purchased through an exchange transaction.

Effective for fiscal years beginning on or after April 1, 2023, PS3160 establishes standards on how to account for public private partnership arrangements.

(q) Excess Collections and Under-levies

Excess collections 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 excess collection is accrued as a liability and as a reduction in property tax revenue. Requisition tax rates in the subsequent year are adjusted for any excess collections.

(continues)

TOWN OF SMOKY LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

1. ACCOUNTING POLICIES *(continued)*

(r) Financial Instruments

Cash and equity Instruments quoted In an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial Instruments is presented on the statement of financial position.

Unrealized gains and losses from changes In the fair value of financial Instruments are recognized In the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported In the statement of operations.

When investment Income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the Investment Income and fair value changes are recognized as revenue In the period In which the resources are used for the purpose specified.

For financial Instruments measured using amortized cost, the effective interest rate method is used to determine Interest revenue or expense.

All financial assets are tested annually for Impairment. When financial assets are Impaired, Impairment losses are recorded In the statement of operations.

Transaction costs are added to the carrying value for financial Instruments measured using cost or amortized cost. Transaction costs are expensed for financial Instruments measured at fair value.

Investments In derivatives and equity Instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes In fair value are recognized In the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations. Investments In Interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective Investments. When there has been a loss In value that Is other than a temporary decline, the respective Investment is written down to recognize the loss.

TOWN OF SMOKY LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of twelve months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

	2024	2023
Cash and temporary investments	\$ 397,257	\$ 908,616
Externally restricted cash	735,099	556,159
	<u>\$ 1,132,356</u>	<u>\$ 1,464,775</u>

Included in cash are savings accounts which bear interest between 1.55% and 5.45%.

The Town has a line of credit for operation purposes with ATB with interest payable at 6.45%. As at December 31, 2024 the balance owing on this facility is \$NIL (2023 - \$NIL).

Included in cash is \$449,724 (2023 - \$415,566) externally restricted funds for operations and other capital projects as outlined in note 9.

Included in cash is \$285,375 (2023 - \$140,593) in deposits held in trust for external parties.

Included in cash is a commitment to fund \$2,099,130 (2023 - \$1,999,992) in internally restricted funds related to reserves. (Note 14) As of December 31, 2024, cash held by the Town of Smoky Lake is insufficient to support these internally restricted funds.

3. RECEIVABLES

	2024	2023
Current taxes and grants in place of taxes	\$ 132,860	\$ 104,050
Arrears taxes	4,826	68,684
Local improvement tax recoverable	182,141	203,998
	<u>319,827</u>	<u>376,732</u>
Utilities receivable	343,491	275,887
Trade and accrued receivables	86,267	75,957
	<u>429,758</u>	<u>351,844</u>

The Town follows the methods of recovering taxes in arrears as prescribed in section 411 of the Municipal Government Act, which Includes the right of the Town to offer up for sale at a public auction those properties with taxes in arrears.

Local improvement tax recoverable is comprised of four local improvement bylaws as follows:

- Bylaw 005-16 - Paving 51 & 52 St. loan receivable bearing interest at 2.48% per annum, repayable in annual blended total payment of \$9,066. The note matures on December 31, 2031 and is secured by the property of each resident.

(continues)

TOWN OF SMOKY LAKE

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

3. RECEIVABLES *(continued)*

	2024	2023
<ul style="list-style-type: none">Bylaw 006-16 - Paving 53A, 54 & 55 Ave. loan receivable bearing interest at 2.498% per annum, repayable in annual blended total payment of \$11,521. The note matures on December 31, 2031 and is secured by the property of each resident.Bylaw 014-13 - Southside Sewer loan receivable bearing interest at 2.498% per annum, repayable in annual blended total payment of \$6,392. The note matures on December 31, 2031 and is secured by the property of each resident.Bylaw 013-19 - Paving - 52 Ave loan receivable bearing interest at 2.464% per annum, repayable in annual blended payments of \$3,811. The loan matures on December 31, 2039 and is secured by the property of each resident.		

4. DUE FROM OTHER GOVERNMENTS

	2024	2023
Due from provincial government	\$ 2,943,495	\$ 4,345,326
Due from federal government	373,517	9,016
GST receivable	126,836	115,856
	<u>\$ 3,443,848</u>	<u>\$ 4,470,198</u>

5. NOTES RECEIVABLE

The Town has an outstanding loan receivable of \$590,000 with MCC for Smoky Lake Development Corp. related via a 50% ownership of the corporation. The Town recorded accrued interest receivable of \$40,149 in 2023 and \$9,036 in 2022. These transactions are subject to normal trade terms, and were measured at the exchange amount, being the amount of consideration established and agreed by the related parties.

The Smoky Lake Development Corporation Investment loan agreement specifies the loan bearing interest at 6.5% per annum, repayable in annual blended payments of \$100,000 starting on December 31, 2024. The note is secured by the net assets of the company.

The Town did not accrue interest in 2024, as per the terms of the agreement, as the Town is uncertain if additional interest revenue would be recoverable beyond what has been accrued to date.

TOWN OF SMOKY LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

6. INVESTMENT IN MCC FOR SMOKY LAKE DEVELOPMENT CORP.

The municipality has a \$10,000 investment in the MCC for Smoky Lake Development Corp. for a 50% investment in the corporation.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are employee benefit obligations (accrued wages and vacation) of \$32,663 (2023 - \$28,671). Employees have either earned the benefits or are entitled to these within the next budgetary year.

8. DEPOSIT LIABILITIES

	2024	2023
Deposits on land sales	\$ 4,000	\$ -
Tax recovery land sale proceeds to be distributed	111,207	10,296
Other deposits	50	50
	\$ 115,257	\$ 10,346

9. DEFERRED REVENUE

Deferred revenue represents unspent externally restricted funds that are related to expenses that will be incurred in a future period.

	2024	2023
Municipal Sustainability Initiative - Capital	\$ 215,337	\$ 388,142
Alberta Community Partnership	69,301	23,684
Local Government Fiscal Framework - Capital	317,267	-
Canada Community Building Fund	326,673	294,647
Alberta Municipal Water & Wastewater Program	836,982	3,448,734
Housing Accelerator Fund	423,092	-
Other	50,755	54,489
	\$ 2,239,407	\$ 4,209,696

Deferred revenue includes \$449,724 (2023 - \$415,566) in grant funds received and held for future projects, and \$1,789,683 (2023 - \$3,794,130) in grant funding approved but not yet received by the Town.

TOWN OF SMOKY LAKE

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

10. LONG-TERM DEBT

	2024	2023
Alberta Capital Finance Authority debenture repayable in semiannual installments of \$13,081 including interest at 2.85% maturing December 2031.	\$ 164,962	\$ 185,972
Alberta Capital Finance Authority debenture repayable in semiannual installments of \$1,940 including interest at 2.464% maturing September 2039.	48,427	51,066
Alberta Capital Finance Authority debenture repayable in semiannual installments of \$5,292 including interest at 2.498% maturing March 2031.	63,143	71,984
Alberta Capital Finance Authority debenture repayable in semiannual installments of \$10,542 including interest at 2.498% maturing March 2031.	125,771	143,382
Alberta Capital Finance Authority debenture repayable in semiannual installments of \$9,666 including interest at 5.130% maturing June 2043.	229,198	236,491
	<u>\$ 631,501</u>	<u>\$ 688,895</u>

Principal and interest payments are due as follows:

	Principal	Interest	Total
2025	\$ 59,105	\$ 21,937	\$ 81,042
2026	60,873	20,169	81,042
2027	62,698	18,344	81,042
2028	64,582	16,460	81,042
2029	66,528	14,514	81,042
Thereafter	317,715	81,913	399,628
	<u>\$ 631,501</u>	<u>\$ 173,337</u>	<u>\$ 804,838</u>

Long term debt related to capital \$402,303 (2023 - \$452,404). Long term debt related to operational expenditures \$229,199 (2023 - \$236,490)

11. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 294/2020 for the Town of Smoky Lake be disclosed as follows:

	2024	2023
Total debt limit	\$ 6,476,513	\$ 6,214,038
Total debt	(631,501)	(688,895)
Total debt limit remaining	\$ 5,845,012	\$ 5,525,143

(continues)

TOWN OF SMOKY LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

11. DEBT LIMITS (*continued*)

	2024	2023
Service on debt limit	\$ 1,079,419	\$ 1,035,673
Service on debt	<u>(81,042)</u>	<u>(52,557)</u>
Total service on debt limit remaining	<u>\$ 998,377</u>	<u>\$ 983,116</u>

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

12. CONTAMINATED SITES LIABILITY

Accrued liabilities have been estimated for the cost of post-remediation for two old gas well sites and the former landfill site within the Town. The initial costs have been reduced by the reclamation work performed as follows:

	2024	2023
<u>Gas Well Sites</u>		
Post remediation costs liability	\$ 349,000	\$ 349,000
Less: reclamation work performed	<u>(334,096)</u>	<u>(329,050)</u>
	14,904	19,950
<u>Landfill Sites</u>		
Post remediation costs liability	20,000	20,000
	<u>-</u>	<u>-</u>
	<u>\$ 34,904</u>	<u>\$ 39,950</u>

TOWN OF SMOKY LAKE

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

13. ASSET RETIREMENT OBLIGATION

PS 3280 ARO is a standard that establishes guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization.

Effective January 1, 2023 the Town adopted the new accounting standard PS 3280 Asset Retirement Obligations and applied the standard using an undiscounted method. For 2024, the Town has recalculated the asset retirement obligation using the modified retroactive approach with restatement of prior year comparative information.

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

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

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

	2023 as Reported	Other Reclass Entries	ARO Adjustment	2023 Restated
Statement of Operations				
Revenues	\$ 4,399,960	\$ 26,000	\$ -	\$ 4,425,960
Expenses	4,526,892	26,000	7,012	4,559,904
Excess of revenue over expenditures	(126,933)	-	(7,012)	(133,945)
Accumulated surplus, beginning of the year	10,886,333	-	(103,771)	10,782,562
Accumulated surplus, end of the year	10,759,400	-	(110,783)	10,648,617
Statement of Financial Position				
Financial Asset	7,253,253	255,827	-	7,509,080
Liability	5,710,485	10,296	39,050	5,759,831
Net Financial Assets	1,542,768	245,531	(39,050)	1,749,249
Non-Financial Assets	9,216,632	(245,531)	(32,037)	8,939,064
Statement of Changes in Net Financial Assets				
Excess of revenue over expenditures	(126,933)	-	(7,012)	(133,945)
Net Financial Assets beginning of the year	1,906,505	322,323	-	2,228,828
Net Financial Assets end of the year	1,542,768	245,531	(39,050)	1,749,249

TOWN OF SMOKY LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

14. ACCUMULATED SURPLUS

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

	<u>2024</u>	<u>2023</u>
Unrestricted surplus	\$ 542,333	\$ 292,920
Restricted operating surplus		
General Operating	998,663	996,172
CN Station	-	2,491
Recreation	58,670	58,670
Family and Community Support Services	19,454	19,454
	<u>1,076,787</u>	<u>1,076,787</u>
Restricted capital surplus		
Local Improvement	31,851	31,851
General Capital	247,325	176,000
Natural Gas System	623,167	595,354
Land Development	120,000	120,000
	<u>1,022,343</u>	<u>923,205</u>
Equity in tangible capital assets (<i>Schedule 7</i>)	<u>10,936,510</u>	<u>8,355,705</u>
	<u>\$ 13,577,973</u>	<u>\$ 10,648,617</u>

15. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of franchise fees under each utility franchise agreement entered into by the Town as required by Alberta Regulation 313/2000 is as follows:

	2024 (Budget)	2024 (Actual)	2023 (Actual)
ATCO ELECTRIC LTD.	\$ 102,620	\$ 97,767	\$ 97,692

TOWN OF SMOKY LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

16. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for Town officials, the Town Chief Administrative Officer and designated officers are required by Alberta Regulation 313/2000 is as follows:

	Salary (i)	Benefits (ii)	2024	2023
Cherniwchan, A (Mayor)	\$ 18,625	\$ 4,090	\$ 22,715	\$ 23,377
Councillors				
Morton, M (Deputy Mayor)	18,850	-	18,850	18,550
Prockiw-Zaruskyy, M	18,725	4,090	22,815	21,302
Kobes, E	22,050	-	22,050	21,675
Makowichuk, T	13,175	4,089	17,264	17,752
 Chief Administrative Officer	 141,831	 23,851	 165,682	 158,120
 Designated Officers (2 positions)	 27,477	 -	 27,477	 26,607
	<u>\$ 260,733</u>	<u>\$ 36,120</u>	<u>\$ 296,853</u>	<u>\$ 287,383</u>

- (i) Salary includes regular base pay, bonuses, overtime lump sum payments, gross honoraria and any other direct cash remuneration.
- (ii) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.
- (iii) Benefits also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

TOWN OF SMOKY LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

17. BUDGET FIGURES

	2024 (Budget)	2024 (Actual)
Annual surplus (deficit)	\$ 108,609	\$ 2,929,356
Amortization of tangible capital assets	-	429,765
Repayment of long-term debt	(57,393)	(57,393)
Transfers for capital	-	(2,944,058)
	<u>51,216</u>	<u>357,670</u>
Transfer to reserves		
Operating	-	-
Capital	(51,216)	(71,325)
	<u>(51,216)</u>	<u>(71,325)</u>
Transfer from reserves		
Operating	-	-
Capital	-	16,106
	<u>-</u>	<u>16,106</u>
Results of operations	<u>\$ -</u>	<u>\$ 302,451</u>

The budget data presented in these financial statements is based on the operating and capital budgets approved by Town Council on March 18, 2024. The note above reconciles the approved financial plan to the figures reported in these financial statements.

18. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Town is not exposed to significant market or liquidity risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The Town is exposed to credit risk with respect to its accounts receivable. Credit risk arises from the possibility that customers, tax and rate-payers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers, tax and rate-payers minimizes the Town's credit risk.

TOWN OF SMOKY LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

19. SEGMENTED INFORMATION

The Town provides a range of services to its citizens. Segmented information has been identified based upon lines of service provided by the Town. Services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segments information, along with the services they provide, are as follows:

- a) General government:
The mandate of general government includes all taxation, Council and administrative functional activities.
- b) Protective services:
The mandate of protective services is to provide for the rescue and protection of people and property within the Town through effective and efficient management and coordination of emergency service systems and resources.
- c) Transportation services:
Roads, streets, walks, and lighting services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, streets, walks, lighting and drainage.
- d) Environmental services:
Environmental services is responsible for water supply and distribution services within the Town, as well as wastewater treatment and disposal activities, and waste management and recycling functions.
- e) Planning and development:
Planning and development is responsible for the administration of residential, commercial, industrial and agricultural development services within the Town.
- f) Recreation and culture:
The parks and recreation department is responsible for operation and maintenance of parks, sports fields, recreation, community and cultural facilities within the Town.
- g) Community services:
Community services provides funding for programs that support individuals, families, and communities. Programs and services are delivered through Family and Community Support Services. Other public health services are also included in community services.
- h) Other services:
Other services include natural gas and solar generation activities. Smoky Lake County is a member of the Federation of Alberta Gas Co-ops. Natural gas is purchased through Gas Alberta Inc. to achieve favorable gas pricing for residents. The Town engages in solar micro-generation for the purpose of reducing town infrastructure power costs.

For additional information see the Schedules of Segmented Disclosure (*Schedule 4 & Schedule 5*).

TOWN OF SMOKY LAKE
Notes to Consolidated Financial Statements
Year Ended December 31, 2024

20. CONTINGENCIES AND COMMITMENTS

i. Highway 28/63 Regional Water Commission

The Town has entered into an agreement with the Highway 28/63 Regional Water Services Commission (the Commission) to provide water services and build infrastructure. The members of the Commission are the County of Thorhild No. 7, Smoky Lake County, the Town of Smoky Lake and the Villages of Vilna and Waskatenau.

To fund building infrastructure beyond grant funding received, the Commission financed \$3.062 million. For the current year, the Town has repaid debenture costs including principal and interest totaling \$119,258 (2023 - \$119,258). Future annual debenture commitments including principal and interest are estimated as follows:

Contractual obligation repayment schedule:

2025	\$ 119,258
2026	119,258
2027	119,258
2028	119,258
2029	119,258
Thereafter	<u>996,741</u>
	<u>\$ 1,593,031</u>

ii. The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

21. LOCAL AUTHORITIES PENSION PLAN

In 2024, the employees of the Town participated in the Local Authorities Pension Plan ("LAPP"), which is one of the plans covered by the Alberta Public Sector Pension Plans Act.

Contributions for current and past service are recorded as expenses in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 8.45% (2023 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (2023 - 12.23%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% (2023 - 7.45%) of pensionable salary up to the year's maximum pensionable salary and 10.65% (2023 - 11.23%) on pensionable salary above this amount.

Total current and past service contributions by the Town to the LAPP in 2024 totalled \$66,266 (2023 - \$53,711). Total current and past service contributions by the employees of the Town to the LAPP in 2024 totalled \$58,942 (2023 - \$47,888).

As at December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.057 billion (2022 - \$12.67 billion). This amount was not specifically allocated to the participating government organizations. The actuarial surplus or deficit is determined by an actuarial funding valuation performed, at a minimum, every three years.

TOWN OF SMOKY LAKE

Notes to Consolidated Financial Statements

Year Ended December 31, 2024

22. CONTRACTUAL RIGHT

In 2022 the Municipality entered into a cooperation agreement with Metis Crossing Solar Ltd. to collaborate on a solar project. In relation to this project the Municipality received and then awarded a \$200,000 (2023 - 200,000) grant from the Provincial Government to Metis Crossing Solar Ltd. The Municipality will be entitled to 15% of the future net incomes annually from the project for the next 30 years.

23. COMPARATIVE INFORMATION

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

24. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These financial statements were approved by Town Council and management on April 28, 2025.
