



# Consolidated Financial Statements

Town of Smithers

December 31, 2025

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**TOWN OF SMITHERS**

**MANAGEMENT REPORT**

**YEAR ENDED DECEMBER 31, 2025**

The Consolidated Financial Statements of the Town of Smithers have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Mayor and Council of the Town of Smithers is responsible for ensuring that management fulfils its responsibilities for financial reporting and maintaining internal controls and exercises this responsibility through Council.

The external auditors, Doane Grant Thornton LLP, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the Town's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the financial management of the Town of Smithers and meet when required.

On behalf of the Town of Smithers:



Michael Dewar  
Chief Administrative Officer  
May 22, 2026

# Independent Auditor's Report

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Doane Grant Thornton LLP  
1245 Main Street #201  
Smithers, BC  
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**To the Mayor and Council of the Town of Smithers**

## **Qualified Opinion**

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

In our opinion, except for the possible effect of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2025, the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## **Basis for Qualified Opinion**

Management has determined that the Town has shared control over Wetzin'kwa Management Services Ltd., a business partnership, however, the Town has accounted for this investment at cost. This constitutes a departure from Canadian public sector accounting standards which requires that business partnerships be accounted for in the Town's consolidated financial statements utilizing the modified equity method applied using the Town's share of the partnership. The impact of this departure from Canadian public sector accounting standards has not been determined and therefore, we were unable to determine what adjustments were necessary to the investment in Wetzin'kwa Management Services Ltd., financial assets and net assets as at December 31, 2025 and January 1, 2025, and income from investment in Wetzin'kwa Management Services Ltd., annual surplus, and cash flows for the year ended December 31, 2025.

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 the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other matter – previous auditor**

The consolidated financial statements for the year ended December 31, 2024 were audited by another auditor who expressed an unqualified opinion on May 14, 2025.

**Other matter – supplementary information**

We draw attention to the fact that the supplementary information included in Schedules 6 to 8 are for information purposes only and do not form part of the consolidated financial statements. We have not audited or reviewed this supplementary information and accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's responsibilities for the audit of the 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.
- 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 consolidated financial statements. We are responsible for the direction, supervision and review of audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

*Doane Grant Thornton LLP*

Smithers, Canada  
May 22, 2026

Chartered Professional Accountants

# Town of Smithers

## Consolidated Statement of Financial Position

As at December 31

2025

2024

### Financial Assets

Cash and cash equivalents (Note 2)	\$ 35,222,238	\$ 32,182,521
Investments (Note 3)	442,140	-
Grants and accounts receivable (Note 4)	3,998,922	3,660,151
Deposits - Municipal Finance Authority (Note 6)	59,502	57,320
Investment in Wetzin'kwa Management Services Ltd. (Note 7)	<u>1</u>	<u>1</u>
	<b>\$ 39,722,803</b>	<b>\$ 35,899,993</b>

### Liabilities

Accounts payables and accrued liabilities (Note 8)	\$ 4,696,635	\$ 3,904,684
Restricted revenue - Municipal Finance Authority (Note 6)	59,502	57,320
Deferred revenues (Note 9)	4,938,164	5,087,039
Debt (Note 10)	5,053,882	2,747,813
Asset retirement obligations (Note 11)	<u>2,215,482</u>	<u>2,123,737</u>
	<b>16,963,665</b>	<b>13,920,593</b>

### Net Financial Assets

<b>22,759,138</b>	<b>21,979,400</b>
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### Non Financial Assets

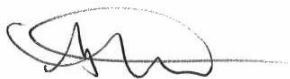
Tangible capital assets (Schedule 1)	98,207,664	81,953,341
Prepaid expenses and supply inventory (Note 5)	<u>1,069,007</u>	<u>916,112</u>
	<b>99,276,671</b>	<b>82,869,453</b>

### Net Assets (Note 13 and Schedule 2)

<b>\$ 122,035,809</b>	<b>\$ 104,848,853</b>
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### Commitments and Contingencies (Note 15)

Approved by:

  
 \_\_\_\_\_ Mayor

  
 \_\_\_\_\_ Director of Finance

# Town of Smithers

## Consolidated Statement of Operations

Year ended December 31	Budget		
	2025	2025	2024
<b>Revenue</b> (Note 14)			
Property Taxes and Grants in Lieu (Schedule 3)	\$ 10,221,200	\$ <b>10,723,942</b>	\$ 9,807,481
Municipal and Regional District Tax (Hotel Tax)	415,000	<b>358,888</b>	359,390
Interest and Penalties on Taxes	107,100	<b>88,354</b>	109,453
Government Transfers and Grants (Schedule 4)	25,079,945	<b>19,494,484</b>	10,396,721
Service Charges and User Fees	5,756,600	<b>6,741,124</b>	6,569,476
Investment Income	100,000	<b>1,152,809</b>	1,539,837
Developer Contributed Tangible Capital Assets	274,500	<b>90,564</b>	1,944,495
Non-Government Contributions and Donations	80,000	<b>422,814</b>	166,563
Gain on Disposal of Tangible Capital Assets	-	<b>200,332</b>	76,850
	<u>42,034,345</u>	<u><b>39,273,311</b></u>	<u>30,970,266</u>
<b>Expenses</b> (Note 14 and Schedule 5)			
Council and Corporate Services	2,836,300	<b>2,608,632</b>	2,354,504
Planning and Development Services	1,333,400	<b>1,048,603</b>	1,140,300
Economic Development and Tourism	851,400	<b>800,584</b>	879,400
Smithers Regional Airport	3,428,500	<b>3,247,821</b>	3,325,139
Recreation and Cultural Services	2,384,800	<b>2,850,860</b>	2,641,536
Smithers Public Library	654,000	<b>584,634</b>	613,034
Protective Services	4,428,500	<b>4,559,327</b>	4,126,475
Transportation and Mobility Services	3,290,000	<b>3,691,736</b>	3,099,194
Utility Services	2,185,000	<b>2,136,127</b>	1,620,258
Solid Waste and Recycling Services	463,800	<b>477,626</b>	535,789
Public Health Services	76,100	<b>80,405</b>	67,258
	<u>21,931,800</u>	<u><b>22,086,355</b></u>	<u>20,402,887</u>
<b>Annual Surplus</b>	20,102,545	<b>17,186,956</b>	10,567,379
<b>Net Assets, Beginning of year</b>	104,848,853	<b>104,848,853</b>	94,281,474
<b>Net Assets, End of year</b>	<u>\$ 124,951,398</u>	<u>\$ <b>122,035,809</b></u>	<u>\$ 104,848,853</u>

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## Town of Smithers

### Consolidated Statement of Changes in Net Financial Assets

Year ended December 31

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	<b>Budget 2025</b>	<b>2025</b>	<b>2024</b>
Annual surplus	\$ 20,102,545	\$ <b>17,186,956</b>	\$ 10,567,379
Acquisition of tangible capital assets	(38,228,620)	<b>(20,921,721)</b>	(10,003,991)
Contributed tangible capital assets	(274,500)	-	(2,078,702)
Proceeds on disposal of tangible capital assets	-	<b>511,592</b>	-
(Gain) loss on disposal of tangible capital assets	-	<b>(200,332)</b>	146,266
Amortization of tangible capital assets	-	<b>4,356,138</b>	3,963,269
	<b>(38,503,120)</b>	<b>(16,254,323)</b>	<b>(7,973,158)</b>
Use (acquisition) of prepaid expenses	-	<b>(53,225)</b>	206,995
Use (acquisition) of supply inventory	-	<b>(99,670)</b>	(34,800)
	-	<b>(152,895)</b>	172,195
<b>Net changes in Net financial assets</b>	<b>(18,400,575)</b>	<b>779,738</b>	<b>2,766,416</b>
<b>Net financial assets, beginning of year</b>	<b>21,979,400</b>	<b>21,979,400</b>	<b>19,212,984</b>
<b>Net financial assets, end of year</b>	<b>3,578,825</b>	<b>22,759,138</b>	<b>21,979,400</b>

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# Town of Smithers

## Consolidated Statement of Cash Flows

Year ended December 31

2025

2024

<b>Operating Activities</b>		
Annual Surplus	\$ 17,186,956	\$ 10,567,379
Items not involving cash:		
Actuarial adjustment	(60,466)	(77,122)
Amortization	4,356,138	3,963,269
Accretion	91,745	87,947
(Gain) loss on disposal of tangible capital assets	(200,332)	146,266
Contributed capital assets	-	(2,078,702)
Changes in non-cash assets and liabilities:		
Receivables	(338,771)	(2,081,664)
Prepays	(53,225)	206,993
Supply Inventory	(99,670)	(34,800)
Accounts payable and accrued liabilities	791,951	327,990
Deferred revenue	(148,875)	849,512
	<u>21,525,451</u>	<u>11,877,068</u>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(20,921,721)	(10,003,991)
Proceeds on disposal of tangible capital assets	511,592	-
	<u>(20,410,129)</u>	<u>(10,003,991)</u>
<b>Investing Activities</b>		
Purchase of investments	(442,140)	-
<b>Financing Activities</b>		
Additional financing	2,721,406	-
Repayment of debt	(354,871)	(196,969)
	<u>2,366,535</u>	<u>(196,969)</u>
Net change in Cash and cash equivalents	3,039,717	1,676,108
Cash and cash equivalents, Beginning of year	<u>32,182,521</u>	<u>30,506,413</u>
Cash and cash equivalents, End of Year	<u>\$ 35,222,238</u>	<u>\$ 32,182,521</u>

See accompanying notes to the consolidated financial statements.

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# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

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### 1. Significant accounting policies

#### Basis of presentation

#### Management's Responsibility for the Consolidated Financial Statements

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

#### (a) Reporting Entity

The Town of Smithers is a municipality that was incorporated in 1921 under the laws of the Province of British Columbia and operates under the provisions of the Community Charter and the Local Government Act.

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in fund balances, and change in financial position of the reporting entity. This entity is comprised of the municipal operations that are owned or controlled by the Town, which includes the Smithers Public Library. Interfund transactions have been eliminated on consolidation. The financial statements exclude trust assets that are administered by the Town for the benefit of external parties.

#### (b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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

#### (c) Revenue Recognition

Taxation revenue is recognized at the time of issuing the annual property tax notices for the year. Sale of services and user fee revenues are recognized when the Town renders the service or Product.

Service charges and user fees are recorded on the accrual basis and recognized when performance obligations are met, which is usually when services are provided or facilities are utilized.

Investment income is recorded on the accrual basis and recognized when earned.

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# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

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### 1. Significant accounting policies (continued)

#### (c) Revenue Recognition (continued)

Service charges and user fees and investment income transactions with performance obligations are recognized when the Town satisfies the performance obligations, which occur when control of the benefits associated with the promised goods and services have passed to a payor. Transactions without performance obligations are recognized at realizable value when the Town has the authority to claim or retain an inflow of economic resources and a past event has occurred.

#### (d) Government Transfers

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.

#### (e) Financial Assets and Liabilities

The Town of Smithers is not subject to significant risk from market, foreign currency, or price changes. The financial risks to which the Town is exposed includes the following:

##### (i) Interest Rate Risk:

The Town is exposed to interest rate risk to the extent that the cash, investments and debt it maintains at financial institutions is subject to a floating rate of interest. Fixed interest instruments subject the Town to a fair value risk, while floating rate instruments subject it to a cash flow risk.

##### (ii) Credit Risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge their obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Town to a concentration of credit risk consist primarily of cash, term deposits, pooled investment fund units, and accounts receivable. The Town limits its exposure to credit loss by placing its cash and deposits with Canadian financial institutions or in investment funds for local governments offered by the Municipal Finance Authority of BC. Credit risk to cash and deposits is concentrated as the Town's positions are held primarily by two regulated financial institutions. Management believes the risk from concentration is low. The Town limits credit risk associated with accounts receivable, by limiting credit to non-government parties where the account receivable is not ultimately secured through a connected property tax account, and by following timely collection procedures. Consequently, management believes the remaining credit risk on accounts receivable is not significant.

##### (iii) Liquidity Risk:

Liquidity risk is the risk the Town will not be able to meet its financial obligations as they fall due. The Town's approach to managing liquidity is to evaluate current and expected liquidity requirements under both normal and stressed conditions to ensure that it maintains sufficient reserves of cash or will have access to an available credit facility to meet its liquidity requirements in the short and long term.

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# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

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### 1. Significant accounting policies (continued)

#### (f) Financial Instruments

##### (i) Measurement of Financial Instruments:

All financial instruments are recorded at their cost or amortized cost. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

##### (ii) Impairment:

Financial assets measured at amortized cost are tested for impairment in value when there are indicators of impairment. The amount of a write-down is recognized as an expense. A previously recognized impairment may be reversed and the amount of a reversal is recognized in revenue.

##### (iii) Fair Value:

The Town estimates the fair value of its financial instruments that are not part of an active market based on current interest rates and/or the market pricing of comparable financial instruments.

#### (g) Cash and cash equivalents

Cash and cash equivalents include short-term investments with maturity dates within 90 days of acquisition and liquid pooled funds administered by Municipal Finance Authority of British Columbia.

#### (h) Investments

Investments are comprised of money market instruments, term deposits, banker's acceptances and corporate, federal and provincial bonds with maturity dates greater than 90 days after acquisition.

#### (i) Inventory

Inventory is comprised of supplies inventory to be used by the municipality and valued at the lower of cost or replacement cost. Cost is determined by the average cost method.

#### (j) Tangible Capital Assets

Tangible capital assets are comprised of capital assets and capital projects work-in-progress. Tangible capital assets are recorded at cost, net of capital asset disposals, write-downs and accumulated amortization. Contributed tangible capital assets are recorded at fair market value at the time of contribution. Tangible capital assets are classified according to their functional use.

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# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

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### 1. Significant accounting policies (continued)

#### (j) Tangible Capital Assets (continued)

Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put into service. Estimated useful lives are as follows:

<u>Capital Assets Categories:</u>	<u>Useful Life Range:</u>
Utility Systems (Water, Sanitary & Storm Sewers)	20 to 100 years
Engineered Structures (Roads, Sidewalks)	10 to 75 years
Buildings, facilities, Parks	15 to 50 years
Machinery, Equipment, Vehicles	5 to 20 years
Office Equipment	5 to 10 years

An impairment loss is recognized when the carrying amount of a tangible capital asset is not fully recoverable. The loss is measured as the excess carrying amount over its fair value. The fair value is market value or the sum of the undiscounted cash flows expected to result from its use or eventual disposition. Tangible capital assets are tested for impairment when events or changes in the circumstances indicate their recorded value may not be recoverable.

#### Natural Assets Category:

The Town of Smithers is fortunate to have many natural assets that reduce the need for engineered infrastructure and costs that would otherwise be required. Natural assets form an integral part of the Town's service delivery infrastructure and the Town is dependent on them. They include two Ground Water Aquifers that filter, store and supply water to the Smithers Community Water System and the Smithers Regional Airport System. The Aquifers are both in part recharged by the Bulkley River. The Dahlie, Seymour and Lake Kathlyn Creeks, along with the Willowvale Wetlands and the Bulkley River supply drainage and storm water management, including flood, drought and climate resiliency. The Town's Urban Forests and Treescapes also support drainage and storm water management and contribute to carbon sequestration. Canadian public sector accounting standards currently exclude the recognition of non-purchased natural assets in the Town's financial statements. Nevertheless, the Town acknowledges the importance of considering these assets in financial planning and management and the need to manage and invest in them in conjunction with engineered infrastructure.

#### (k) Debt

Debt is recorded at cost net of principal repayments and adjustments in accordance with the Municipal Finance Authority of BC.

#### (l) Asset Retirement Obligations

Asset Retirement Obligations ("ARO") represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use. The tangible capital assets ("TCA") include but are not limited to assets in productive use, assets no longer in productive use, and leased tangible capital assets.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the Town to incur costs in relation to a specific TCA, when the past transaction or event causing the liability has already occurred,

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# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

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### 1. Significant accounting policies (continued)

#### (l) Asset Retirement Obligations (continued)

when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related TCA is also recognized for underlying assets that have been recorded and reported within the TCA values presented in the financial statements. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates. In circumstances when the underlying asset is fully depreciated, the ARO will be amortized over the estimated future life until the cash disbursement is made in the future to settle the obligation.

At remediation, the Town derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the statement of operations.

#### (m) Pension Plan and Deferred Employee Benefit Liabilities

The Town of Smithers and its employees participate in the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. Payments in the year are expensed.

Employees are entitled to earned benefits related to vesting and accumulated sick leave credits for 20% of the balance upon retirement, and non-vesting accumulating sick leave for the remaining balance. The cost of post-employment benefits is estimated based on service provided, a best estimate of retirement ages, and expected future salary and wage increases. The liability under these benefit plans is accrued based on projected benefits as the employees render service necessary to earn the future benefits.

#### (n) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenue and expenditures of the reporting period. Significant areas requiring the use of estimates include employee benefit plans (E.g.: accrued pension obligations), provision for contingencies (E.g.: environmental, legal, regulatory compliance matters), and valuation of contributed assets and asset life expectancies. Actual results will differ from management's estimates as additional information becomes available. Adjustments, if any, will be reflected in the financial statements in the period a change in estimate is made.

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# **Town of Smithers**

## **Notes to the Consolidated Financial Statements**

December 31, 2025

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### **1. Significant accounting policies (continued)**

#### **(o) Budget Presentation**

Budget figures are from the Town of Smithers Bylaw No. 1992 – Five-Year Financial Plan (2025 - 2029) adopted by Council on May 6, 2025. The Smithers Public Library's 2025 budget, as approved by the Library's Board of Directors and by Town Council, is included in the Town's budget figures.

#### **(p) Future Accounting Changes**

PS 1000 Financial Statement Concepts, PS 1100 Financial Statement Objectives and PS 1202 Financial statement presentation will be effective for years beginning on or after April 1, 2026. The new standards will require updated classification of assets and liabilities amongst other changes.

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# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

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### 2. Cash and cash equivalents

	<b>2025</b>	<b>2024</b>
Cash and investments	\$ 34,854,698	\$ 31,815,300
Smithers Public Library - Cash	231,950	236,468
Smithers Public Library - Investments	<u>135,590</u>	<u>130,753</u>
	<u>35,222,238</u>	<u>32,182,521</u>

Cash and investments include \$34,417,321 (2024: \$30,711,470) invested in Municipal Finance Authority of BC pooled funds – Money Market Fund.

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### 3. Investments

Investments include a \$442,140 (2024: \$nil) non-redeemable deposit with Bulkley Valley Credit Union that matures on December 31, 2026.

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### 4. Grants and Accounts Receivable

	<b>2025</b>	<b>2024</b>
Due from Federal Government	\$ 435,241	\$ 250,510
Due from Provincial Government	11,347	420,313
Due From Other Gov. Bodies/ Orgs.	2,698,668	2,154,803
Taxes Receivable	523,678	433,430
Utility Billings Receivable	17,377	32,132
Trade and Accrued Receivables	306,539	359,647
Smithers Public Library - Accounts Receivable	<u>6,072</u>	<u>9,316</u>
	<u>3,998,922</u>	<u>3,660,151</u>

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# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

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### 5. Prepays Expenses and Supply Inventory

	2025	2024
	\$	\$
Prepaid Expenses	443,773	388,034
Deposits	-	5,000
Inventory of Supplies	621,960	522,290
Smithers Public Library - Prepaid Expenses	<u>3,274</u>	<u>788</u>
	<u>1,069,007</u>	<u>916,112</u>

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### 6. Municipal Finance Authority Deposits and Restrictive Revenue

	2025	2024
Cash Deposits	<u>\$ 59,502</u>	<u>\$ 57,320</u>
Demand Notes (not part of financial statements)	<u>120,317</u>	<u>120,317</u>

The Town of Smithers issues its debt instruments through the Municipal Finance Authority of BC. As a condition of these borrowings, a portion of long-term debenture proceeds is withheld by the MFA as a debt reserve fund and demand notes are required from the Town. These deposits and notes are held by the MFA to act as security against the possibility of a debt repayment default. When the debt is repaid, the deposits are refunded to the Town with interest and the demand notes are cancelled. The MFA Deposits and Restricted Revenue are included as an offsetting financial asset and liability in the financial statements. The demand notes are not included in the financial statements.

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### 7. Investment in Wetzin'kwa Management Services Ltd.

Pursuant to Section 185 of the Community Charter, the Town of Smithers and the Village of Telkwa received approval from the BC Inspector of Municipalities in 2007 to form two corporations: Wetzin'kwa Management Services Ltd. ("WMSL") and Wetzin'kwa Community Forest Corporation ("WCFC"). The shareholders of WMSL are the Town of Smithers and the Village of Telkwa, each holding 100 shares valued at \$1. By WMSL shareholders agreement a nominee from each of the Town, the Village and the Wet'suwet'en Treaty Office Society form the Board of Directors of WMSL. WMSL is the sole shareholder of the WCFC. The Town does not control or operate either of the companies and has no direct right to their assets or retained earnings. Based on assessment of control factors, the Town's investment is accounted for by the cost method. Additional disclosure from WCFC's unaudited financial statements as at June 30th is provided below.

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# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

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### 7. Investment in Wetzin'kwa Management Services Ltd. (continued)

<u>Wetzin'kwa Community Forest Corporation (Years ended June 30)</u>	<b>2025</b>	<b>2024</b>
	(Unaudited)	(Unaudited)
Total Assets	\$ 10,456,867	\$ 11,566,846
Total Liabilities	334,001	691,966
Total Equity (Retained Earnings)	10,122,866	10,874,880
Total Revenues	1,151,184	2,509,449
Total Expenses	1,431,752	2,302,269
Total Distributions - Community Organizations	291,445	384,215
Total Distributions - Stakeholders	180,000	180,000

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### 8. Accounts Payable and Accrued Liabilities

	<b>2025</b>	<b>2024</b>
Payroll Payable and Accrued Payroll Benefits	\$ 594,647	\$ 697,999
Trade Payables and Accrued Liabilities	2,554,558	2,092,663
Contract Holdbacks and Refundable Securities Payable	1,138,391	747,807
Due to Provincial Government	356,305	317,239
Smithers Public Library - Accounts Payable	52,734	48,976
	<u>4,696,635</u>	<u>3,904,684</u>

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### 9. Deferred Revenues

	<b>2025</b>	<b>2024</b>
Deferred Tax Revenue	\$ 658,987	\$ 621,873
Operating Revenue Received in Advance	151,464	46,732
Operating Project Grants Received in Advance	615,940	440,471
Capital Project Grants Received in Advance	3,511,098	3,871,183
Smithers Public Library - Deferred Revenue	675	106,780
	<u>4,938,164</u>	<u>5,087,039</u>

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# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

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### 10. Debt

	Town Bylaw	Maturity Date	Interest Rate	2025	2024
<b><u>Debenture Debt - Tax Supported</u></b>					
<b>General Capital</b>					
4200 Block 2nd Avenue	1657	April 2033	3.15%	72,828	80,602
New Arena	1508	April 2034	3.30%	354,860	387,929
<b><u>Debenture Debt - Fee Supported</u></b>					
<b>Utility Capital</b>					
South Trunk Storm Sewer	1601	April 2026	4.20%	68,546	134,774
<b>Airport Capital</b>					
Terminal Modernization	1808	Oct 2037	3.15%	<u>2,007,197</u>	<u>2,144,508</u>
				2,503,431	2,747,813
<b>Loan No.                      Maturity                      Interest</b>					
<b>   Date                              Rate</b>					
<b><u>MFA Equipment Financing Loans</u></b>					
Vactor Truck	0001-0	Jun 2030	2.81%	687,662	-
Multi-use Tractors	0002-0	Aug 2030	2.81%	422,013	-
Fire Truck	0003-0	Aug 2030	2.81%	978,784	-
Sweeper	0004-0	Nov 2030	2.81%	<u>461,992</u>	<u>-</u>
				<u>5,053,882</u>	<u>2,747,813</u>

Principal and interest payments due on debt over the next five years are as follows:

	Principal	Actuarial	Interest
2026	709,002	68,333	183,852
2027	681,124	48,455	174,813
2028	696,441	54,356	171,242
2029	712,424	60,442	167,168
2030	499,236	66,719	145,356
	<u>3,298,225</u>	<u>298,305</u>	<u>842,434</u>

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# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

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### 11. Asset Retirement Obligations

The Town of Smithers owns and operates assets that are known or are likely to contain asbestos, lead, and other materials which represent a health hazard upon renovation or demolition of the assets. There is a legal obligation to remove and dispose of these hazardous materials. The recognition of asset retirement obligations also involved an accompanying increase in the cost value of Town capital assets (primarily to buildings). The increase in capital costs is amortized on a straight-line basis over the remaining expected useful life of the related assets.

Estimated costs of \$4,002,389 have been discounted using a present value calculation with a discount rate of 4.32% and inflation rate of 3%. The timing of these expenditures is expected to occur between 2026 and 2053 with the regular replacement, renovation, or disposal of assets.

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### 12. Pension Liability

The Town of Smithers and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2024, the plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2024, indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2027.

The Town of Smithers paid \$424,268 (2024: \$421,273) for employer contributions to the plan in fiscal 2025.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

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# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

### 13. Town Position

Town Position consists of reserves for future expenditures, equity in tangible capital assets, and unrestricted surpluses as follows:

	2025	2024
<b><u>Operating Reserve Accounts</u></b>		
Municipal Elections Account	\$ 32,783	\$ 22,783
New Councils Account	30,000	20,000
Labour Agreements Account	10,805	16,000
Official Community Plan Account	82,000	57,000
Legal Expenses Reserve	14,549	14,549
Economic Development Reserve	5,973	5,973
Fire and Emergency Services Reserve	24,527	24,527
Snow Removal Reserve	15,000	15,000
Solid Waste and Recycling Reserve	184,796	184,796
Contaminated Sites Reserve	58,304	75,000
Wetzin'kwa Distributions Reserve	160,000	120,000
<b><u>Capital Reserve Funds</u></b>		
Canada Community-Building Fund Reserve (Community Works)	274,988	324,435
Facility Maintenance Capital Reserve	169,314	113,596
Library Art Gallery Donations Reserve	50,046	543,944
Debenture Surplus Fund	111,054	107,013
Wetzin'kwa Community Forest Fund	240,698	233,961
Cemetery Capital Development Fund	26,041	25,311
<b><u>Statutory Reserve Funds</u></b>		
BC Northern Capital and Planning Grant Reserve (Schedule 6)	3,081,823	6,973,193
Growing Communities Reserve Fund (Schedule 7)	577,852	1,131,497
Capital Works / Land Sales Reserve	1,111,051	1,738,674
GHG Emissions Reserve	88,187	85,719
Off-Site Works and Services Reserve	80,211	56,703
Parking In-Lieu Reserve	35,153	34,169
Park Land Reserve	101,903	99,051
Forestry Reserve Fund	168,726	164,002
Ambleside Reserve Fund	362,609	285,389
Local Area Service Fund	135	131
Roads Infrastructure Reserve	247,264	261,342
Facility Replacement Reserve	176,907	152,248
Recreational Facilities Reserve	75,179	88,820
Equipment Replacement Reserve (Muni. Ops., Utility, Waste)	2,280,322	1,833,598
Fire and Rescue Equipment Replacement Reserve	471,714	335,169
Utility - Infrastructure Reserve	2,458,323	1,866,229
Airport - Machinery and Equipment Reserve	135,280	164,636
Northwest Resource Benefits Alliance Reserve	10,651,269	4,380,215
Airport - Infrastructure Reserve	387,826	391,012
	<u>23,982,610</u>	<u>21,945,686</u>
<b><u>Equity in Tangible Capital Assets</u></b>		
Tangible Capital Assets	186,351,074	166,543,165
Amortization	(88,143,409)	(84,589,824)
Amount of Debt Proceeds not secured	-	(1,641,541)
Debt	(5,053,882)	(2,747,813)
Asset Retirement Obligations	(2,215,482)	(2,123,738)
	<u>90,938,301</u>	<u>75,440,250</u>
<b><u>Restricted Surplus Accounts</u></b>		
BC COVID Safe Restart Grant (Schedule 8)	49,826	49,826
<b><u>Unrestricted Surplus Accounts</u></b>		
General Municipal	2,754,806	3,252,654
RCMP Municipal Budget	322,385	305,836
Utility	3,037,673	2,876,144
Smithers Regional Airport	626,730	756,887
Smithers Public Library - Surplus	323,477	221,569
	<u>7,114,898</u>	<u>7,462,918</u>
	<u>122,035,809</u>	<u>104,848,853</u>

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# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

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### 14. Segmented Information

The Town of Smithers is a diversified municipal government institution that provides a wide range of services for its residents/ visitors, businesses, and regional communities. Functional segments of the Town's operations have been identified. A description of the segments and the service areas they cover are as follows:

#### **Council and Corporate Services**

This segment includes the revenue and expenses for Council, Town Hall Function, Local Government and Corporate Administration, Human Resources, Finance, Information Technology, and Municipal Buildings property management services.

#### **Planning and Development Services**

This segment includes the revenue and expenses for Planning, Building Permitting/Inspection, Business Licencing, and Engineering services.

#### **Economic Development and Tourism**

This segment includes the revenue and expenses for Economic Development and Tourism. Service delivery partners include Tourism Smithers and the Smithers and District Chamber of Commerce.

#### **Smithers Regional Airport**

This segment includes the revenue and expenses for municipal operations at the Smithers Regional Airport.

#### **Recreation and Cultural Services**

This segment includes the revenue and expenses for operating the Town's Arenas, Parks and Playgrounds, and Recreational and Cultural Programs and Facilities.

#### **Smithers Public Library**

This segment includes the revenue and expenses for the Smithers Public Library.

#### **Protective Services**

This segment includes the revenue and expenses for the Smithers RCMP Detachment's municipal officers and staff, the Smithers Fire and Rescue Department, Bylaw Enforcement, and Animal Control services. Municipal taxation collected for RCMP services is allocated to Protective Services.

#### **Transportation and Mobility**

This segment includes the revenue and expenses for Municipal Operations (Public Works admin.), Equipment/Fleet, Buildings/Facilities, Road/Streets/Hwy. 16 Blvd. (snow removal/sanding, water drainage, sweeping/dust control, line marking, sidewalks, street lighting, landscaping/placemaking). Taxation collected for Roads Infrastructure (Capital) is allocated to the Roads/Sidewalks program capital budget. Smithers and District Transit Service delivery partners include BC Transit and the Smithers Community Services Association.

#### **Utility Services**

This segment includes the revenue and expenses for Water, Sanitary Sewer, Storm Sewer/Drainage services.

#### **Solid Waste and Recycling Services**

This segment includes the revenue and expenses for Solid Waste (Garbage) and Recycling collection and transfer to solid waste station and recycling depot facilities.

#### **Public Health Services**

This segment includes the revenue and expenses for Smithers Cemetery.

# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

### 14. Segmented Information (continued)

	Council and Corporate Services	Planning and Development Services	Economic Development and Tourism	Smithers Regional Airport	Recreation and Cultural Services	Smithers Public Library	Protective Services	Transportation and Mobility Services	Utility Services	Solid Waste and Recycling Services	Public Health Services	2025 Total \$	2024 Total \$
<b>REVENUE</b>													
Property Taxes and Grants in Lieu	7,082,812	-	-	-	-	-	2,573,387	1,067,743	-	-	-	10,723,942	9,807,481
Municipal and Regional District Tax	-	-	358,888	-	-	-	-	-	-	-	-	358,888	359,390
Interest and Penalties on Taxes	88,354	-	-	-	-	-	-	-	-	-	-	88,354	109,453
Government Transfers and Grants	13,207,554	706,185	78,085	1,910,220	790,062	302,515	1,420,473	398,443	597,911	83,036	-	19,494,484	10,396,721
Service Charges and User Fees	228,271	347,674	-	2,043,738	644,069	16,235	78,311	40,923	2,823,254	481,799	36,850	6,741,124	6,569,476
Investment Income	1,143,549	-	-	331	-	-	8,929	-	-	-	-	1,152,809	1,539,837
Developer Contributed Tangible Capital Assets	-	90,564	-	-	-	-	-	-	-	-	-	90,564	1,944,495
Non-Government Contributions and Donations	-	-	-	-	400,018	22,796	-	-	-	-	-	422,814	166,563
Gain on Disposal of Tangible Capital Assets	-	133,740	-	-	-	-	-	66,592	-	-	-	200,332	76,850
	<b>21,750,540</b>	<b>1,278,163</b>	<b>436,973</b>	<b>3,954,289</b>	<b>1,834,149</b>	<b>350,475</b>	<b>4,072,171</b>	<b>1,573,701</b>	<b>3,421,165</b>	<b>564,835</b>	<b>36,850</b>	<b>39,273,311</b>	<b>30,970,266</b>
<b>EXPENSES</b>													
Salaries, Wages and Benefits	1,481,436	777,216	185,080	916,539	1,114,529	430,164	1,091,334	1,034,186	590,716	378,077	66,200	8,065,477	7,396,782
Training, Travel, Memberships	131,162	28,955	8,359	12,237	13,075	2,454	58,383	15,822	13,584	244	-	284,275	255,928
Telephone and Internet	22,584	5,681	578	27,217	13,305	4,527	14,278	12,287	9,561	-	-	110,018	104,651
Advertising and Promotion	35,233	3,618	10,228	924	300	644	252	1,299	188	-	-	52,686	38,952
Materials and Supplies	120,221	14,435	2,606	149,752	98,458	87,497	174,631	448,217	184,553	1,526	8,017	1,289,913	1,372,405
Miscellaneous Expenses	30,350	-	-	9,362	5,708	-	-	-	6,678	-	1,645	53,743	53,363
Community Grants	-	-	-	-	97,549	-	-	-	111,167	-	-	208,716	198,758
Contracted Services	638,710	106,734	493,091	443,456	268,321	39,824	284,118	663,257	291,359	49,601	-	3,278,471	2,414,696
RCMP Contract	-	-	-	-	-	-	2,309,240	-	-	-	-	2,309,240	2,045,972
Special Projects	41,321	97,246	91,168	63,984	96,985	472	215,304	-	-	9,952	-	616,432	1,236,570
Utilities - Hydro	19,052	-	-	60,502	117,043	3,749	7,958	149,328	133,091	-	136	490,859	463,220
Utilities - Natural Gas	6,785	-	-	25,052	85,406	5,066	15,467	9,686	-	-	-	147,462	151,138
Utilities - Water, Sewers, Garbage	2,266	-	-	2,476	54,974	1,596	2,068	2,640	948	-	-	66,968	54,139
Insurance	21,418	2,546	1,017	116,646	158,307	6,495	84,959	80,120	36,792	2,546	289	511,135	420,509
Interest on Long-Term Debt	-	-	-	94,500	29,380	-	12,496	6,673	11,760	-	-	154,809	144,587
Amortization	58,094	12,172	6,596	1,304,734	643,443	2,146	281,150	1,261,846	744,427	35,680	4,118	4,354,406	3,963,270
Accretion	-	-	1,861	20,440	54,077	-	7,689	6,375	1,303	-	-	91,745	87,947
	<b>2,608,632</b>	<b>1,048,603</b>	<b>800,584</b>	<b>3,247,821</b>	<b>2,850,860</b>	<b>584,634</b>	<b>4,559,327</b>	<b>3,691,736</b>	<b>2,136,127</b>	<b>477,626</b>	<b>80,405</b>	<b>22,086,355</b>	<b>20,402,887</b>
<b>SURPLUS / (DEFICIT)</b>	<b>19,141,908</b>	<b>229,560</b>	<b>(363,611)</b>	<b>706,468</b>	<b>(1,016,711)</b>	<b>(234,159)</b>	<b>(487,156)</b>	<b>(2,118,035)</b>	<b>1,285,038</b>	<b>87,209</b>	<b>(43,555)</b>	<b>17,186,956</b>	<b>10,567,379</b>

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# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

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### 15. Commitments and Contingencies

#### (a) Financial Contracts

The Town of Smithers estimated financial commitments under service contracts for the next five years are as follows:

	RCMP	Other
2026	\$ 2,658,500	\$ 534,466
2027	2,719,600	561,314
2028	2,782,100	371,245
2029	2,846,100	220,419
2030	<u>2,911,600</u>	<u>129,035</u>
	<u>13,917,900</u>	<u>1,816,479</u>

#### (b) RCMP Contract (BC Ministry of Public Safety and Solicitor General)

Under an agreement with the BC Ministry of Public Safety and Solicitor General, the Town of Smithers is obligated to pay or share the cost of municipal policing services comprised of eleven officers, two clerks, one court liaison officer, municipal prisoner costs, RCMP Smithers Detachment property, information technology and other shared RCMP services.

#### (c) Smithers Regional Airport (Transport Canada)

The Government of Canada transferred the Smithers Regional Airport to the Town of Smithers in 1999. Should the Town or its contractors cease to manage, operate and maintain the Airport, Canada has the option to purchase the Airport from the Town. The Town is reliant on grant funding from senior governments' airport capital assistance programs to maintain the Airport's lands, improvements, and equipment. Operationally, Transport Canada continues to perform or oversee its contractor's performance of air navigation and air traffic control, civil aviation security, Canadian inspection services, and passenger check-in screening. The Airport does not pay for Transport Canada services.

#### (d) Legal Claims (Uninsured Risks)

The Town of Smithers has been named as a defendant in legal actions. No liability is recognized in the financial statements for claims or possible claims where the amount of the loss is indeterminable. Settlements, if any, of claims or actions against the Town are charged current expenditures when the outcome is known.

#### (e) Wastewater Treatment Facility (Environment Canada)

The Town of Smithers received notice from Environment Canada in 2020 that effluent being discharged by the Town into the Bulkley River periodically does not comply with regulations; Environment Canada has the authority to issue fines and orders for non-compliance. The Town is upgrading its Water Treatment Facility at an estimated cost of \$8 million. Funding includes an Investing in Canada Infrastructure Program ("ICIP") grant of \$5.6 million and \$2.4 million from the Town's BC Northern Capital and Planning Grant Reserve. To obtain the ICIP grant, the Town committed to funding project costs above \$8 million. The project is in its detailed design phase and once tendered its actual construction cost and the Town's project funding obligation will be known. Project construction is projected to commence and be completed in 2026.

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# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

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### 15. Commitments and Contingencies (continued)

#### (f) Water Treatment Plants (Northern Health Authority)

The Town of Smithers received notices (2022/2023) from the Northern Health Authority (“NHA”) that manganese levels in its water systems exceed regulation. NHA requires the Town to bring the manganese levels into compliance. The Town is upgrading the Smithers Regional Airport area water system at a cost of \$6.95 million. Funding including a Canada Community Building Fund (“CCBF”) grant of \$2.5 million and \$3.7 million from the Town’s BC Northern Capital and Planning Grant Reserve. The project was completed in 2025. To bring the Smithers Community Water System into compliance will require the construction of a Water Treatment Plant at an estimated cost of \$20 million. Senior government project grant funding at the 73% level is projected. The Town’s 27% project share is currently projected to be funded by long term debt. Subject to project funding, construction is projected to commence in 2029.

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### 16. Cemetery Trust Funds

The Town of Smithers operates and maintains the Smithers Cemetery. As required under Provincial legislation, a portion of plot sales and marker installation fees must be retained for the future maintenance of the cemetery. Further, funds received for cemetery services sold for delivery at a future date must also be retained until the services have been delivered. The Town has excluded the Cemetery and Columbarium Care Trust Fund, the Cemetery Preneed Trust, and associated cash from the Statement of Financial Position and related interest earnings and transactions from the Statement of Operations.

<b>Cemetery and Columbarium Care Trust Fund</b>	<b>2025</b>	<b>2024</b>
Balance, beginning of year	\$ 125,714	\$ 123,799
Contributions and interest	63	1,915
Services charged	(96)	-
	<u>125,681</u>	<u>125,714</u>
<b>Cemetery Preneed Trust</b>	<b>2025</b>	<b>2024</b>
Balance, beginning of year	28,169	28,283
Contributions and interest	14	14
Services charged	-	(128)
	<u>28,183</u>	<u>28,169</u>

# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

### SCHEDULE 1 - TANGIBLE CAPITAL ASSETS

#### 2025

	Land	Utility Systems	Engineered Structures	Buildings	Machinery, Equipment, Vehicles	Office Equipment	Library Equipment	Work in Progress	Total \$
Cost, beginning of year	8,479,021	37,357,037	60,832,103	37,283,149	14,409,403	833,013	147,971	7,201,467	166,543,164
Acquisitions	1,414,793	7,546,541	5,888,275	825,295	1,732,850	-	-	14,344,062	31,751,816
Transfer - Work In Progress	-	-	-	-	-	-	-	(10,830,094)	(10,830,094)
Disposals	(193,114)	-	-	-	(920,698)	-	-	-	(1,113,812)
Cost, end of year	9,700,700	44,903,578	66,720,378	38,108,444	15,221,555	833,013	147,971	10,715,435	186,351,074
Accumulated amortization, beginning of year	-	23,650,659	32,514,097	17,930,711	9,623,832	731,736	138,788	-	84,589,823
Amortization	-	802,884	1,887,297	1,058,158	573,275	32,378	2,146	-	4,356,138
Disposals	-	-	-	-	(802,552)	-	-	-	(802,552)
Accumulated amortization, end of year	-	24,453,543	34,401,394	18,988,869	9,394,554	764,115	140,934	-	88,143,409
Net carrying amount, end of year	9,700,700	20,450,035	32,318,984	19,119,575	5,827,001	68,898	7,037	10,715,435	98,207,664

#### 2024

	Land	Utility Systems	Engineered Structures	Buildings	Machinery, Equipment, Vehicles	Office Equipment	Library Equipment	Work in Progress	Total \$
Cost, beginning of year	8,114,172	35,621,553	59,928,391	36,733,333	12,025,544	769,215	147,971	1,266,560	154,606,739
Acquisitions	511,115	912,484	106,093	91,734	2,383,860	63,797	-	6,158,992	10,228,075
Contributed Assets	-	823,000	797,620	458,082	-	-	-	-	2,078,702
Transfer - Work In Progress	-	-	-	-	-	-	-	(224,085)	(224,085)
Disposals	(146,266)	-	-	-	-	-	-	-	(146,266)
Cost, end of year	8,479,021	37,357,037	60,832,104	37,283,149	14,409,404	833,012	147,971	7,201,467	166,543,165
Accumulated amortization, beginning of year	-	23,057,908	30,855,000	16,805,853	9,071,793	699,358	136,643	-	80,626,555
Amortization	-	592,751	1,659,098	1,124,857	552,040	32,378	2,145	-	3,963,269
Disposals	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	-	23,650,659	32,514,098	17,930,710	9,623,833	731,736	138,788	-	84,589,824
Net carrying amount, end of year	8,479,021	13,706,378	28,318,006	19,352,439	4,785,571	101,276	9,183	7,201,467	81,953,341

**Town of Smithers**  
**Notes to the Consolidated Financial Statements**

December 31, 2025

**SCHEDULE 2 - CHANGES IN TOWN POSITION**

**YEAR ENDED DECEMBER 31**

	<b>Restricted &amp; Unrestricted Surplus</b>	<b>Reserves</b>	<b>Equity in Capital Assets</b>	<b>2025 Total</b>	<b>2024 Total</b>
				<b>\$</b>	<b>\$</b>
Balance, beginning of year	<u>7,462,916</u>	<u>21,945,687</u>	<u>75,440,250</u>	<u>104,848,853</u>	<u>94,281,474</u>
Excess of revenue over expenses	17,186,956	-	-	17,186,956	10,567,379
Amortization	4,356,138	-	(4,356,138)	-	-
Accretion	91,745	-	(91,745)	-	-
Disposal of tangible capital assets at net book value	311,261	-	(311,261)	-	-
Actuarial adjustment	(60,466)	-	60,466	-	-
Long-term debt repayment	(354,871)	-	354,871	-	-
Funds designated for future use	(18,240,892)	18,240,892	-	-	-
Tangible capital assets funded by operations	(3,637,890)	-	3,637,890	-	-
Restricted funds used for tangible capital assets	<u>-</u>	<u>(16,203,968)</u>	<u>16,203,968</u>	<u>-</u>	<u>-</u>
	<u>(348,019)</u>	<u>2,036,924</u>	<u>15,498,051</u>	<u>17,186,956</u>	<u>10,567,379</u>
Balance, end of year	<u>7,114,897</u>	<u>23,982,611</u>	<u>90,938,301</u>	<u>122,035,809</u>	<u>104,848,853</u>

# Town of Smithers

## Notes to the Consolidated Financial Statements

December 31, 2025

### SCHEDULE 3 - PROPERTY TAXES AND GRANTS IN LIEU

#### YEAR ENDED DECEMBER 31

	Budget 2025	2025	2024
	\$	\$	\$
<b>Taxes Collected</b>			
Municipal Property Taxes	10,221,200	10,199,034	9,288,684
Grants in Lieu of Taxes	329,100	341,784	329,082
1% Utility Taxes	183,800	172,295	180,088
Local Service Area Taxes	9,600	9,627	9,627
	<u>10,743,700</u>	<u>10,722,740</u>	<u>9,807,481</u>
Taxes Collected for Other Taxing Authorities	-	6,573,884	5,973,697
	<u>10,743,700</u>	<u>17,296,624</u>	<u>15,781,178</u>
<b>Less:</b>			
<b>Transfers to Other Taxing Authorities</b>			
BC Ministry of Finance - School Taxes	-	3,252,359	2,984,100
Regional District of Bulkley Nechako	-	2,271,752	2,079,011
North West Regional Hospital District	-	974,455	844,048
BC Assessment Authority	-	73,751	66,202
Municipal Finance Authority of BC	-	365	336
	<u>-</u>	<u>6,572,682</u>	<u>5,973,697</u>
	<u>10,743,700</u>	<u>10,723,942</u>	<u>9,807,481</u>

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**Town of Smithers**  
**Notes to the Consolidated Financial Statements**  
December 31, 2025

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**SCHEDULE 4 - GOVERNMENT TRANSFERS AND GRANTS**

**YEAR ENDED DECEMBER 31**

	<b>Budget 2025</b>	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Transfers for Operating</b>			
Federal Government	74,400	2,232,593	460,009
Provincial Government	15,721,345	939,545	1,075,793
First Nation Government	11,000	14,861	11,736
Regional District	778,600	1,115,325	887,561
Municipal Government	25,000	67,088	35,440
School District	5,000	-	-
Other Government Organizations	-	685,951	727,569
Wetzin'kwa Community Forest	60,000	40,000	60,000
	<u>16,675,345</u>	<u>5,095,363</u>	<u>3,258,108</u>
<b>Transfers for Capital</b>			
Federal Government - Capital	3,490,800	368,619	2,122,238
Provincial Government - Capital	4,913,800	14,030,502	4,927,723
Other Government Organizations - Capital	-	-	88,652
	<u>8,404,600</u>	<u>14,399,121</u>	<u>7,138,613</u>
	<u>25,079,945</u>	<u>19,494,484</u>	<u>10,396,721</u>

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**Town of Smithers**  
**Notes to the Consolidated Financial Statements**  
December 31, 2025

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**SCHEDULE 5 - EXPENSES BY OBJECT**

**YEAR ENDED DECEMBER 31**

	<b>Budget</b>		
	<b>2025</b>	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Consolidated Expenses by Object</b>			
Salaries, Wages and Benefits	8,244,700	8,065,477	7,396,781
Training, Travel, Memberships	388,700	284,275	255,928
Telephone and Internet	107,200	110,018	104,651
Advertising and Promotion	50,300	52,686	38,952
Materials and Supplies	1,990,900	1,289,913	1,372,405
Miscellaneous Expenses	114,000	53,743	53,363
Community Grants	405,900	208,716	198,759
Contracted Services	4,486,100	3,278,471	2,414,696
RCMP Contract	2,597,300	2,309,240	2,045,972
Special Projects	1,835,400	616,432	1,236,570
Utilities - Hydro	492,500	490,859	463,220
Utilities - Natural Gas	113,800	147,462	151,138
Utilities - Water, Sewers, Garbage	91,200	66,968	54,139
Insurance	532,400	511,135	420,509
Interest on Long-term Debt	179,000	154,809	144,587
Amortization	-	4,354,406	3,963,270
Accretion	-	91,745	87,947
	<u>21,629,400</u>	<u>22,086,355</u>	<u>20,402,887</u>

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**Town of Smithers**  
**Notes to the Consolidated Financial Statements**

December 31, 2025

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**SCHEDULE 6 - BC NORTHERN CAPITAL AND PLANNING GRANT  
RESERVE FUND**

**YEAR ENDED DECEMBER 31, 2025**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	6,973,193	8,359,978
Contribution	-	148,168
Capital and planning project funding	(4,039,814)	(2,044,653)
Investment income	148,444	509,700
	<u>3,081,823</u>	<u>6,973,193</u>

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**Town of Smithers**  
**Notes to the Consolidated Financial Statements**  
December 31, 2025

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**SCHEDULE 7 - BC GROWING COMMUNITIES RESERVE FUND**

**YEAR ENDED DECEMBER 31, 2025**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	1,131,497	1,079,364
Capital project funding:		
- Airport WWTP	(577,200)	-
Investment income	<u>23,555</u>	<u>52,133</u>
Closing balance	<u>577,852</u>	<u>1,131,497</u>

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**Town of Smithers**  
**Notes to the Consolidated Financial Statements**  
December 31, 2025

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**SCHEDULE 8 - BC COVID SAFE RESTART GRANT REPORTING**

**YEAR ENDED DECEMBER 31, 2025**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	49,826	149,435
Expenditures coverage:		
- Information technology upgrades	-	(60,208)
- NCLGA 2024 Conference Attendance	-	(39,401)
	<hr/>	<hr/>
	49,826	49,826
	<hr/>	<hr/>